



# THE COMMITTEE ON ENERGY AND COMMERCE

## MEMORANDUM

September 11, 2012

TO: Members, Subcommittee on Energy and Power

FROM: Committee Staff

RE: Hearing on “The American Energy Initiative”

On Thursday, September 13, 2012, at 10:00 a.m. in room 2322 of the Rayburn House Office Building, the Subcommittee on Energy and Power will hold the twenty-eighth day of a multi-day hearing entitled “The American Energy Initiative.” This day of the hearing will focus on the outlook for achieving North American energy independence within the decade.

### I. WITNESSES

Dr. Daniel Ahn  
Chief Commodity Economist  
Citi

Mr. John Freeman  
Managing Director  
Raymond James & Associates

Mr. Harold Hamm  
Chairman and CEO  
Continental Resources

Mr. Peter Howard  
President and CEO  
Canadian Energy Research Institute

Mr. Mark P. Mills  
Adjunct Fellow  
Manhattan Institute

Mr. John Purcell  
Vice President for Wind Energy  
Leeco Steel, LLC

Mr. Daniel Weiss  
Senior Fellow and Director of Climate Strategy  
Center for American Progress

### II. BACKGROUND

Over the past year, multiple reports and commentaries from various sources have started to outline a trajectory towards what was once thought impossible, North America reaching energy independence within the decade. This commonly is defined as the net import of crude oil reaching zero, or theoretical oil self-sufficiency, and is to be achieved through significant increases in production coupled with expected declines in domestic demand. The fact that this

milestone is viewed now as something plausibly attainable in the near future is remarkable and is being described as a “game changer” on a global scale.

In the past five years, North America has been the fastest growing oil and natural gas producing area of the world. This sudden growth in oil and natural gas production is attributed to technological advances within the industry. According to a recent report produced by Raymond James:

That this has changed so quickly – and so dramatically – is a tribute to the ingenuity and skill of the oil industry, both operators and service providers. By opening the door to vast resources of unconventional liquids (and, of course, natural gas too), the industry has radically reshaped the trajectory of U.S. oil production.<sup>1</sup>

As the Committee learned in the seventeenth day of its hearing on the American Energy Initiative (March 20, 2012), a similar story has evolved in Canada as a result of technological advances.

The growth in oil and natural gas production projected in North America over the next decade is unlikely to be rivaled anywhere in the world. According to Citi, “The North American crude oil and natural gas liquids base appears to have the potential to nearly double from 15.4 (million bpd) in 2011 to almost 27 (million bpd) by 2020.”<sup>2</sup> The growth in production is forecasted to take place in several locations across North America.

However, reaching North American energy independence is by no means a given. The Citi report stated, “The main obstacles to developing a North American oil surplus are political rather than geological or technological.” Similarly, Manhattan Institute Fellow Mark P. Mills wrote in his report:

The underlying paradigms embedded in American energy policy and regulatory structures are anchored in the idea of shortages and import dependence. A complete reversal in thinking is needed to orient North America around hydrocarbon abundance - and exports. In collaboration with Canada and Mexico, the United States could – and should –forge a broad pro-development, pro-export policy to realize the benefits of our hydrocarbon resources.<sup>3</sup>

### **III. ISSUES**

The following issues are expected to be examined at the hearing:

---

<sup>1</sup> Adkins, Marshall J., & Molchanov, Pavel (2012, April 2). *Yes, Mr. President, We Believe We Can Drill Our Way Out of This Problem*. Raymond James.

[http://www.raymondjames.com/AdvisorSitesFiles/PublicSites/silentKthoughts/files/Yes\\_Mr\\_President.pdf](http://www.raymondjames.com/AdvisorSitesFiles/PublicSites/silentKthoughts/files/Yes_Mr_President.pdf)

<sup>2</sup> Citi. (2012, March 20). *Energy 2020: North America, the New Middle East?*

<https://ir.citi.com/XrIJppnooam%2FCDzHLsIFFJI%2B2XIik7UrYk1deekRQLtTrCHYY%2Fkq2g%3D%3D>

<sup>3</sup> Mills, Mark P. (2012, July 9). *Unleashing The North American Energy Colossus: Hydrocarbons Can Fuel Growth and Prosperity*. Manhattan Institute. [http://www.manhattan-institute.org/pdf/pgi\\_01.pdf](http://www.manhattan-institute.org/pdf/pgi_01.pdf)

- Current North American oil and natural gas production growth trends and the reasons behind such growth in production.
- Outlook for oil and natural gas production over the next decade in North America.
- Obstacles that could prevent North America from reaching energy independence.
- Geopolitical implications if North America were to reach energy independence.

**IV. STAFF CONTACT**

If you have any questions regarding the hearing, please contact Committee staff Jason Knox at (202) 225-2927.