Natural Resources Committee Spring 2011 Recess Packet

Expanding American Energy Production to Create Jobs and Lower Energy Prices

Contents

Dear Colleague,

As you travel back home during this upcoming district work period, you will undoubtedly hear from your constituents about the economic hardships being caused by rising gasoline prices. You can assure families and small businesses that House Republicans are taking proactive steps to address rising prices by expanding American energy production.

While the Obama Administration has actively blocked and delayed American energy production, House Republicans have introduced the *American Energy Initiative* – an on-going effort to create jobs, lower gasoline prices, and decrease our dependence on foreign energy.

This past week, as part of the *American Energy Initiative*, the House Natural Resources Committee passed three bills to expand offshore energy production. It is my hope that the House will consider these bills in May.

Inside this packet you will find one-pagers on each of these three bills and a host of other resources and facts on the impacts of high gasoline prices, available American energy resources, Obama Administration actions that have blocked U.S. energy production, and fact checks on the Administration's energy production claims.

Please feel free to contact Committee staff should you have any questions.

Sincerely,

Doc Hastings
Chairman
House Committee on Natural Resources

H.R. 1229 Putting the Gulf Back to Work Act

- Following the Deepwater Horizon explosion, the Obama Administration in May 2010 placed a moratorium on all shallow-water and deepwater drilling in the Gulf of Mexico. Despite officially lifting the moratorium in October 2010, the Obama Administration continues to slow-walk the permitting process.

- The *Putting the Gulf Back to Work Act* will end the Obama Administration's *de facto* moratorium in a safe, responsible, transparent manner – putting thousands of Americans back to work and increasing American energy production to help address rising gasoline prices.

- Specifically, the *Putting the Gulf Back to Work Act*:

    - Reforms current law to require lease holders to receive an approved permit to drill before drilling an offshore well. This reform applies to the Gulf of Mexico and all offshore drilling in federal waters. Currently such a permit is not required by federal law, only by regulation.

    - Further reforms the law to specifically require the Secretary of the Interior to conduct a safety review to ensure that proposed drilling operations "meet all critical safety system requirements, including blowout prevention, and oil spill response and containment requirements."

    - Ends the *de facto* moratorium in the Gulf of Mexico by requiring the Secretary to act on a permit to drill within 30 days of receiving an application. This simply requires the Secretary to act within the set period of time – it is not a requirement that permits be approved. <u>This firm timeline will make certain that the Obama Administration cannot impose a moratorium through deliberate inaction.</u> The government must provide an answer – it can't stonewall and put thousands of Americans out of work.

    - Allows the Secretary, if necessary, to extend the decision-making time for up to two periods of 15 days each. However, it is required that written notice be given to the applicant with specific reasons for the delays or rejections of a permit.

    - Provides 30 days, with no extension, for the Secretary to restart Gulf permits that were approved before the Administration's moratorium was imposed on May 27, 2010. If the Secretary fails to act, the leases will be put into suspension (the clock stops ticking on the time-limited lease) until a decision is made.

    - Establishes an expedited judicial review process for resolving lawsuits relating to Gulf permits. This reform ensures that ending the *de facto* moratorium imposed by the Obama Administration isn't replaced by paralyzing, frivolous lawsuits that could take years to resolve.

Impacts of the Obama Administration's *De Facto* Gulf Moratorium

The Obama Administration's *de facto* drilling moratorium in the Gulf of Mexico is causing job losses, economic pain, a decline in energy production, and greater reliance on foreign energy.

Jobs

- According to the Obama Administration's own estimates, the six-month "official moratorium" (May–October 2010) on drilling cost up to 12,000 jobs.

- However, the long-term impacts of the *de facto* moratorium could be significantly higher. A study by Dr. Joseph Mason from Louisiana State University predicts that if the *de facto* ban on deepwater drilling were sustained for 18 months, there could be a loss of 36,137 jobs nationwide, with 24,532 jobs lost in the Gulf Coast region alone.

- According to the Louisiana Mid-Continent Oil and Gas Association, each drilling platform averages 90 to 140 employees at any one time (two shifts per day), and 180-280 for two two-week shifts. Additionally, each exploration and production job supports four other positions; therefore, 800-1,400 jobs per idle rig platform are at risk if production does not resume as soon as possible. Wages for those jobs average $1,804 weekly; potential for lost wages is more than $5 to $10 million per month, per platform.

- In February, Seahawk Drilling, which owned and operated 20 rigs in the Gulf, declared Chapter 11 bankruptcy due to the Obama Administration's *de facto* moratorium. According to the company's president, "*The government's drastic slowdown in the issuance of permits for shallow-water drilling operations – in which companies work in familiar geological formations, typically in less than 500 feet of water, mostly seeking to produce natural gas – has all but crippled the industry… Seahawk's bankruptcy risks the jobs of more than 500 loyal employees, a number already diminished 50 percent from pre-spill levels because of attempts to save the company by cutting payrolls since last April.*"

Rigs

- The Obama Administration's *de facto* moratorium has seen 12 rigs (7 deepwater, 5 shallow) leave the Gulf for other regions of the world – with each rig departure potentially taking with it hundreds, and even thousands, of American jobs.

Deepwater Rigs that Have Left the Gulf of Mexico

RIG	DESTINATION
Marianas	Nigeria
Discoverer Americas	Egypt
Ocean Endeavor	Egypt
Ocean Confidence	Congo
Stena Forth	Egypt
Clyde Boudreaux	Brazil
Ensco 8503	French Guiana

Permits

- Prior to the Administration's moratorium issued on May 27, 2010, there were 52 permits to drill issued for projects in the Gulf of Mexico, 33 of which were actively conducting work. Despite the moratorium being officially lifted in October 2010, the Obama Administration has issued permits for only 10 of those projects to get back to work. The Administration has issued only 1 permit for a new deepwater drilling exploration plan. This means that 10 months later, over 40 projects remain stalled, and people are left without work, due to the Obama Administration's *de facto* moratorium.

- The issuance of shallow water permits continues to lag behind the historical average of 7.1 permits per month. Since June 2010, only 49 shallow water permits have been issued, representing an average of just 4.9 per month.

- The Obama Administration is being held in contempt by a Federal Judge for slow-walking the issuances of permits and is currently trying to appeal the Judge's ruling that ordered them to act on stalled deepwater permits.

Energy Production

- The Obama Administration's *de facto* moratorium in the Gulf is causing a significant decline in American energy production. According to the Energy Information Administration's (EIA) March 2011 "Short-Term Energy Outlook," production from the Gulf of Mexico is expected to fall by 240,000 barrels per day in 2011 and by a further 200,000 barrels per day in 2012.

- Approximately 33 percent of total U.S. oil production and 10 percent of natural gas production comes from the Gulf of Mexico.

- The Obama Administration has stated that declining energy production in the Gulf of Mexico due to the moratorium can be offset by OPEC. As part of the interim safety rule issued by the Bureau of Ocean Energy Management on October 14, 2010 the Interior Department stated that: *"There is sufficient spare capacity in OPEC to offset a decrease in Gulf of Mexico deepwater production that could occur as a result of this rule."* Our national and economic security should not be left in the hands of OPEC.

H.R. 1230 Restarting American Offshore Leasing Now Act

- The *Restarting American Offshore Leasing Now Act* expands American energy production and creates jobs by requiring the Secretary of the Interior to conduct oil and natural gas lease sales in the Gulf of Mexico and offshore Virginia that have been delayed or cancelled by the Obama Administration.

- Due to the Obama Administration's actions, <u>2011 will be the first year since 1958 that the federal government will not have held an offshore lease sale.</u>

- The Federal Government develops five-year plans to determine where and when offshore leasing and energy production will occur. The current five-year plan (2007-2012), established by the Bush Administration, included a lease sale (#220) off the Virginia Coast in 2011, two Gulf of Mexico lease sales (#216 and #218) in 2011, and another Gulf of Mexico lease sale (#222) to take place in 2012.

- By delaying and cancelling lease sales, the Obama Administration is blocking American energy production, preventing American job creation and forfeiting much-needed revenue that could be used to pay down the national debt. <u>This bill will reverse the Obama Administration's actions and proceed now with the scheduled lease sales in a prompt, timely and safe manner.</u>

- In 2008, in response to record-high gasoline prices, both Congress and the President lifted the decades-long ban on offshore drilling. This opened the entire Pacific and Atlantic Coast to new offshore drilling. Lifting this ban allowed the scheduled Virginia lease sale in 2011 to proceed. However, the Obama Administration first delayed the Virginia lease sale until 2012 and then later announced that no areas off the Atlantic Coast would be available for energy development in the next five-year plan (2012-2017). This means that the <u>earliest</u> a lease sale could even occur off Virginia is 2017.

- There is bipartisan support for energy production offshore of Virginia. According to a study by the Southeast Energy Alliance, offshore energy development in Virginia could create nearly 2,000 jobs in Virginia and produce more than a half billion barrels of oil and 2.5 trillion cubic feet of natural gas.

- The *Restarting American Offshore Leasing Now Act* would require the Secretary of the Interior to hold the Virginia lease sale no later than one year after the bill is signed into law.

- In addition to the Virginia lease sale, the Obama Administration has canceled or delayed two scheduled Gulf of Mexico lease sales from 2011 until 2012. Under this bill, all four lease sales must occur before June 1, 2012 or within one year after enactment of the bill.

H.R. 1231 Reversing President Obama's Offshore Moratorium Act

- The *Reversing President Obama's Offshore Moratorium Act* will lift the President's ban on new offshore drilling by requiring the Administration to move forward on American energy production in areas containing the most oil and natural gas resources.

- In 2008, in response to record-high gasoline prices, both Congress and the President acted to end the decades-long bans on offshore drilling – opening new areas off the Atlantic Coast and the Pacific Coast. Since President Obama took office, he has systematically taken steps to re-impose an offshore drilling moratorium. He first abandoned the (2010-2015) leasing plan that would have allowed for drilling in these newly opened areas. He postponed and cancelled previously scheduled lease sales. He later announced a restrictive drilling plan that placed the Pacific, the Atlantic and the Eastern Gulf off-limits to future energy production – the way it was before the record high gasoline prices of 2008.

- Specifically, the *Reversing President Obama's Offshore Moratorium Act* will:

  - <u>Require that each five-year offshore leasing plan include lease sales in the areas containing the greatest known oil and natural gas reserves</u>. For the 2012-2017 plan being written by the Obama Administration, the areas with the greatest known reserves are specifically defined as those estimated to contain 2.5 billion barrels of oil or 7.5 trillion cubic feet of natural gas. At least 50 percent of those areas must be made available for leasing in the 2012-2017 plan. Currently, the Obama Administration's 2012-2017 draft plan includes no new leasing and drilling, only possible future lease sales in the Gulf. The requirements to lease in these most prospective offshore areas reverses the Administration's effective moratorium on opening new areas.

  - A state's Governor may request to opt-in to a five-year leasing plan and the Secretary of Interior will include a lease sale, or sales, of the state's offshore area in the plan.

  - <u>Require the Secretary to establish a production goal when writing a five-year plan</u>. The goal will be the specific amount of oil and natural gas production that is estimated to result from leases made under the plan. <u>Establishes the production goal for the 2012-2017 plan being written by the Obama Administration at 3 million barrels of oil per day and 10 billion cubic feet of natural gas per day by 2027</u>. This 2012-2027 time encompasses the fifteen year period of the five-year plan and resulting ten-year leases made under that plan. By comparison to today's levels, this increase in oil equates to a tripling of current American offshore production and would reduce foreign imports by nearly one-third.

President Obama's Offshore Moratorium on New Drilling

- The Obama Administration has moved our country backwards in terms of offshore energy production. In 2008, in response to record-high gasoline prices, Congress and the President acted to end the decades-long bans on offshore drilling – opening new areas off the Atlantic Coast and the Pacific Coast.

- When President Obama took office, these offshore areas were open for energy production. Since that time, President Obama has systematically taken steps to effectively re-impose an offshore drilling ban.

    - In March 2010, he abandoned the 2010-2015 leasing plan and announced a delay to the scheduled lease sales in offshore Virginia and in the Gulf of Mexico.

    - In December 2010, the President announced an even more restrictive offshore drilling plan that placed the entire Pacific Coast, the entire Atlantic Coast, the Eastern Gulf of Mexico and much of Alaska off-limits to future energy production – as they were before the record gasoline prices in 2008.

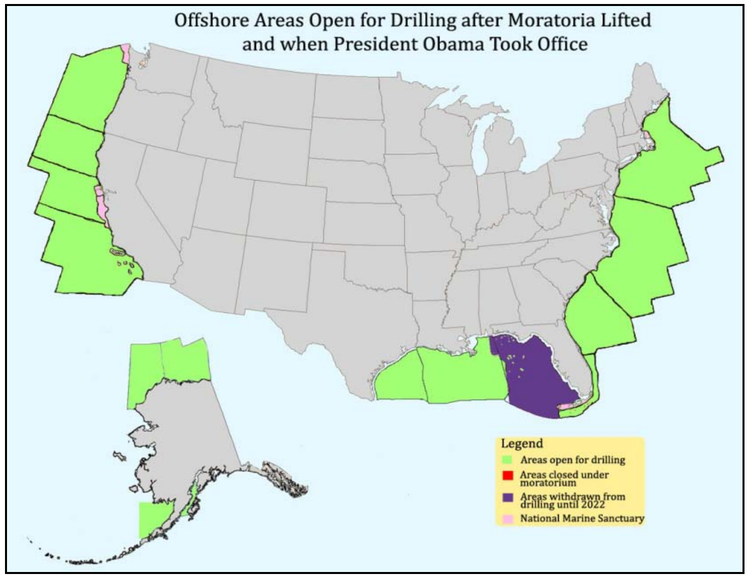
- The President's actions have placed some of the most promising shallow water resources in the world off-limits and pushed domestic oil development into a smaller fraction of the Gulf of Mexico and into deeper water. The lease sale off the coast of Virginia, originally scheduled to take place in 2011, was put on hold until after 2017.

- Failure to develop our offshore energy resources is costing American jobs, hurting our economy and denying American taxpayers revenue to help pay down the national debt. According to the American Energy Alliance, permanently lifting the offshore moratoria would result in 1.2 million U.S. jobs, $8 trillion in additional economic output (GDP), $2.2 trillion in total tax receipts, and $70 billion in additional wages each year.

- President Obama has taken our offshore energy policies back to the days of 2008 when gasoline prices were over $4 per gallon. He has imposed a drill nowhere new policy that has cost jobs, forfeited revenue and denied access to American energy that would lessen our dependence on foreign sources of energy. The following maps show how the Obama Administration has blocked access to our offshore energy resources.

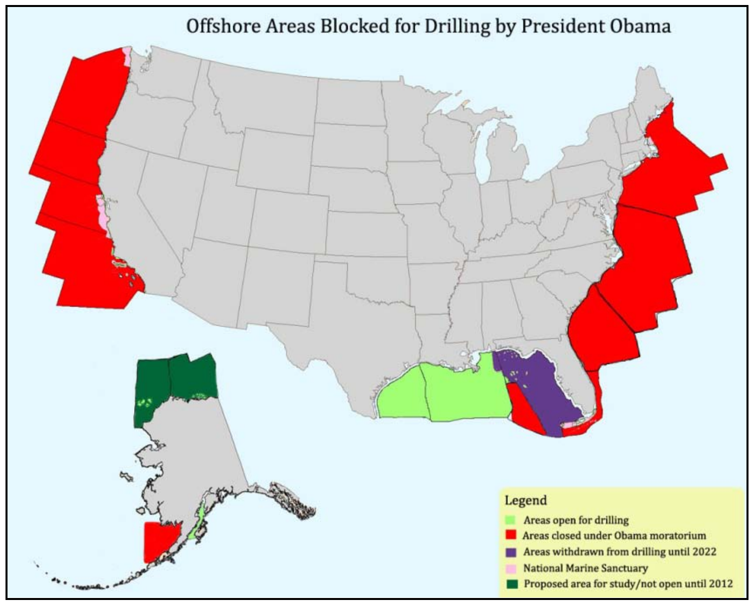
2008

When the moratoria were lifted in 2008, all of the Atlantic Coast, Pacific Coast and areas in Alaska were opened for new offshore drilling. This is how it looked when President Obama took office in January 2009.



2010

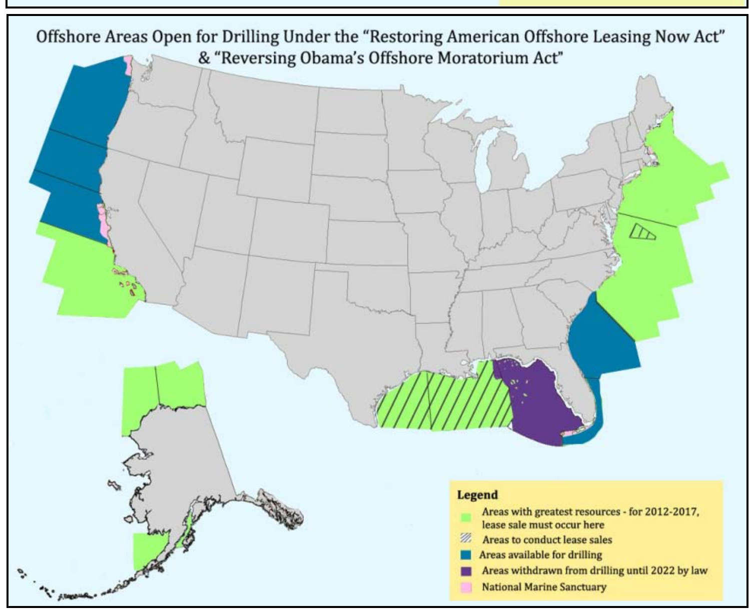
President Obama has effectively reinstated the ban on new offshore drilling - placing all the Atlantic Coast, all of the Pacific Coast, the Eastern Gulf of Mexico and parts of Alaska off-limits to new offshore drilling.



2011

The *Reversing President Obama's Offshore Moratorium Act* would implement a smart drilling plan. It moves forward with offshore drilling in areas containing the most oil and natural gas. Other areas would still be open for drilling if the President chooses to include them in a five-year leasing plan or there is a specific request from a state governor.

The *Restoring American Offshore Leasing Now Act* would require lease sales that were canceled or delayed by the Obama Administration to occur in the Gulf of Mexico and offshore Virginia.



American Jobs Created by Republican Offshore Energy Bills

- Economist Dr. Joseph Mason, recently testified in front of the House Natural Resources Committee that H.R. 1229, H.R. 1230 and H.R. 1231 could create:

    - **250,000 jobs short-term** during the exploration and development phase.

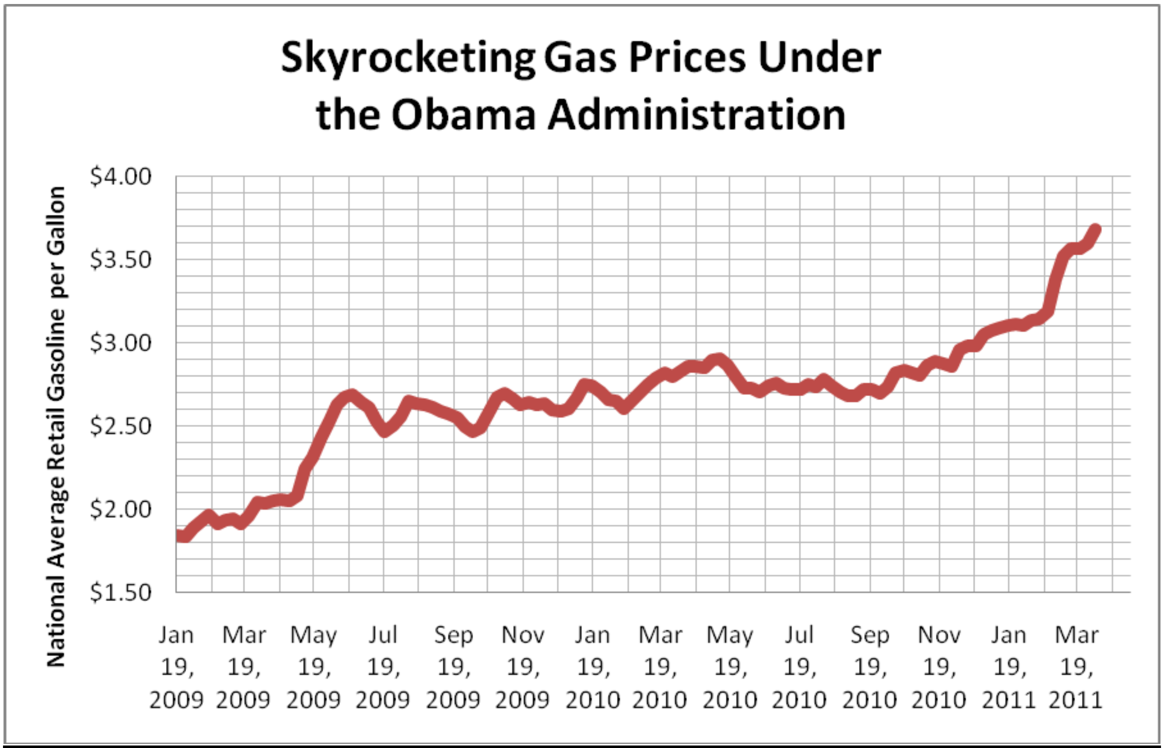
    - **1.2 million jobs long-term** during the production phase.

- Energy production offshore of Virginia, which H.R. 1230 allows by requiring the lease sale to move forward, could create almost **2,000 new jobs** in the state of Virginia (South East Energy Alliance).

- According to the American Energy Alliance (AEA), opening new areas of the OCS to energy development could generate:
    - **1.2 million** jobs annually across the country
    - **$8 trillion** in economic output to the GDP
    - **$2.2 trillion** in total tax receipts
    - **$70 billion** in additional wages each year.

Are You Better Off Today Than You Were Two Years Ago?

Gasoline Prices Skyrocket Under the Obama Administration



Source: Energy Information Administration – U.S. Retail Gasoline Prices

Consumer Impacts of High Gasoline Prices:

- "The government predicts the average family will spend $700 more for gasoline in 2011 than in 2010, a 28% increase from last year." (Jack Caferty, "How Are Rising Gas Prices Affecting Your Way Of Life?," CNN, 3/10/11)

- Prolific Deutsche Bank: "Every one penny increase in gasoline is then worth about $1 billion in household energy consumption. (In decimal terms, it is actually $1.4 billion.) Therefore, a sustained $10 increase in oil prices translates into $25 billion in additional household energy spending." (Matt Phillips, "Oil Prices: $10 = 25 Cents At The Pump," Market Beat, 2/24/11)

- "For every dollar increase in gas price per gallon, the average consumer reduces shopping frequency by approximately 10% and total expenditure by about 3%." (Babson College, "Impact Of Gas Prices On Grocery Shoppers," Press Release, 3/9/11)

- "Based on energy use on farms and in closely-related sectors, every dime added to the price of gasoline and diesel oil, sustained over a year, costs U.S. agriculture $400 million annually." (Ann McLarty Jackson and Neal Walters,"The Impact Of Higher Energy Prices On Winter Heating Costs," AARP Public Policy Institute, 1/08)

- "Given that Americans use about 378 million gallons of gas per day, each dollar rise in gas prices, if sustained, means $2.6 billion a week must be diverted toward the gas pump and away from other spending." (Kathleen Madigan, "Five Possible Dark Clouds Hovering Over Brightening Economic Skies," *The Wall Street Journal*, 1/4/11)

- "Nima Samadi, a travel and tourism analyst at IBISWorld, says that every dollar increase in the price of crude oil results in about $1.6 billion in new costs for air carriers." (Linton Weeks, "Spiking Oil Prices: Time To Worry Yet?," NPR, 2/24/11)

- "On an annual basis, public transportation providers consume more than 760 million gallons of diesel and gasoline and more than 5.8 billion kilowatt hours of electricity. For every penny added to the cost of diesel and gasoline, public transportation providers face an increased cost of more than $7.6 million dollars." ("Impact Of Rising Fuel Costs On Transit Services," American Public Transportation Association, 5/08)

- "According to published information on the Federal Reserve's economic model, a sustained $10 rise in the oil price cuts growth by 0.2 percentage points and raises unemployment by 0.1 percentage points for each of the next two years." (Robin Harding, "Oil Surge Puts Fragile US Recovery At Risk," *Financial Times*, 2/24/11)

- "Rising gasoline costs were largely responsible for a 0.5 percent increase in consumer prices last month, the Bureau of Labor Statistics just reported." (Mark Memmott, "Consumer Prices Rose 0.5 Percent Last Month; Jobless Claims Fell Last Week," NPR, 3/17/11)

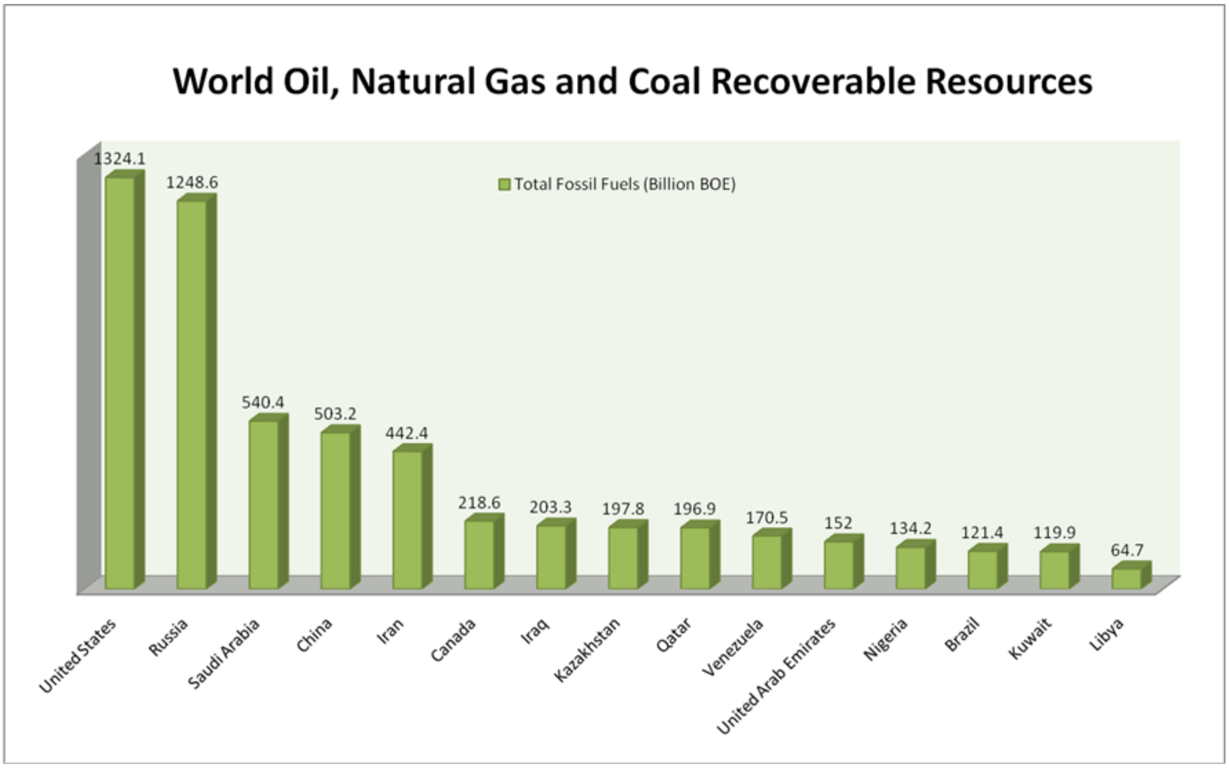
- "The Labor Department says the Consumer Price Index rose 0.5 percent in December, the largest increase in 18 months. About 80 percent of the increase was due to an 8.5 percent rise in the gasoline index, also the sharpest increase in 18 months." ("Gas Costs Spike, But Core Consumer Prices Show Little Movement," *Associated Press*, 1/14/11)

America's Vast Energy Resources

The World Energy Leader

According to a recent Congressional Research Service (CRS) report, the United States' combined recoverable oil, natural gas and coal resources is **1.3 trillion barrels of oil equivalent – the largest in the world.**

This figure does not include the United States' oil shale and methane hydrate resources.



Source: CRS Report, U.S. Fossil Fuel Resources: Terminology, Reporting and Summary, pg.1

Oil Resources

It's often stated that the United States has just 2% of the world's oil resources – yet this is a rhetorical trick meant to mislead and underestimate America's true energy resources. The 2% figure is a narrow estimate based only on America's *proved reserves* – which is the amount of oil that has actually been discovered through drilling.

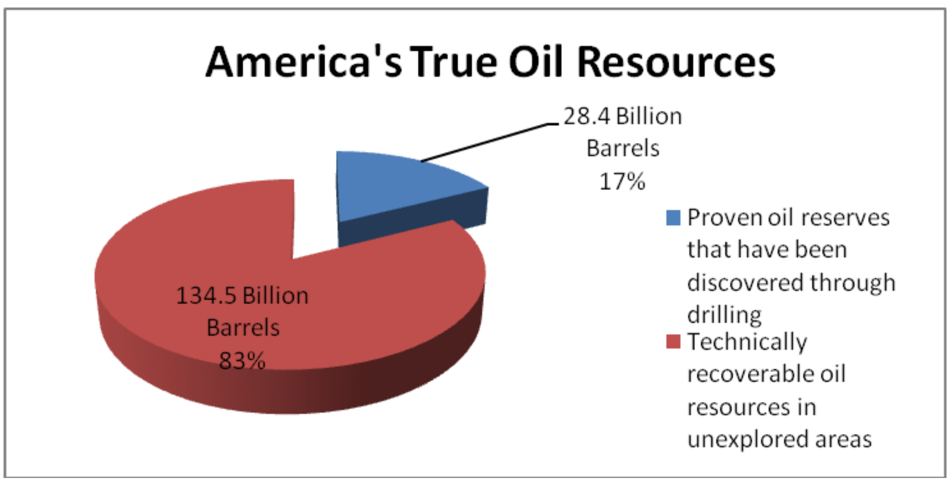
However, the [CRS report] shows that the U.S. has huge amounts of oil resources that exist in unexplored areas – these are known as *technically recoverable oil resources*.

Proved Oil Reserves = 28.4 billion barrels

Technically Recoverable Oil Resources = 134.5 billion barrels

Total U.S. Oil Endowment = 162.9 billion barrels of oil[1]

All of the United States' oil, both discovered and in unexplored areas, must be taken into account in order to accurately reflect our nation's true oil resources. Only looking at proved oil reserves ignores 83% of the oil we know we have in the United States.



Source: CRS Report, U.S. Fossil Fuel Resources: Terminology, Reporting and Summary, pg.10

Oil Shale

The United States' total amount of oil resources, as calculated by CRS, does not even include our oil shale resources. According to the U.S. Geological Survey (USGS), the U.S. holds more than half of the world's oil shale resources. The largest known deposits of oil shale are located in a 16,000-square mile area in the Green River formation in Colorado, Utah and Wyoming.

According to USGS estimates, **the region may hold more than 1.5 trillion barrels of oil** – six times Saudi Arabia's proven resources, and enough to provide the United States with energy for the next 200 years.

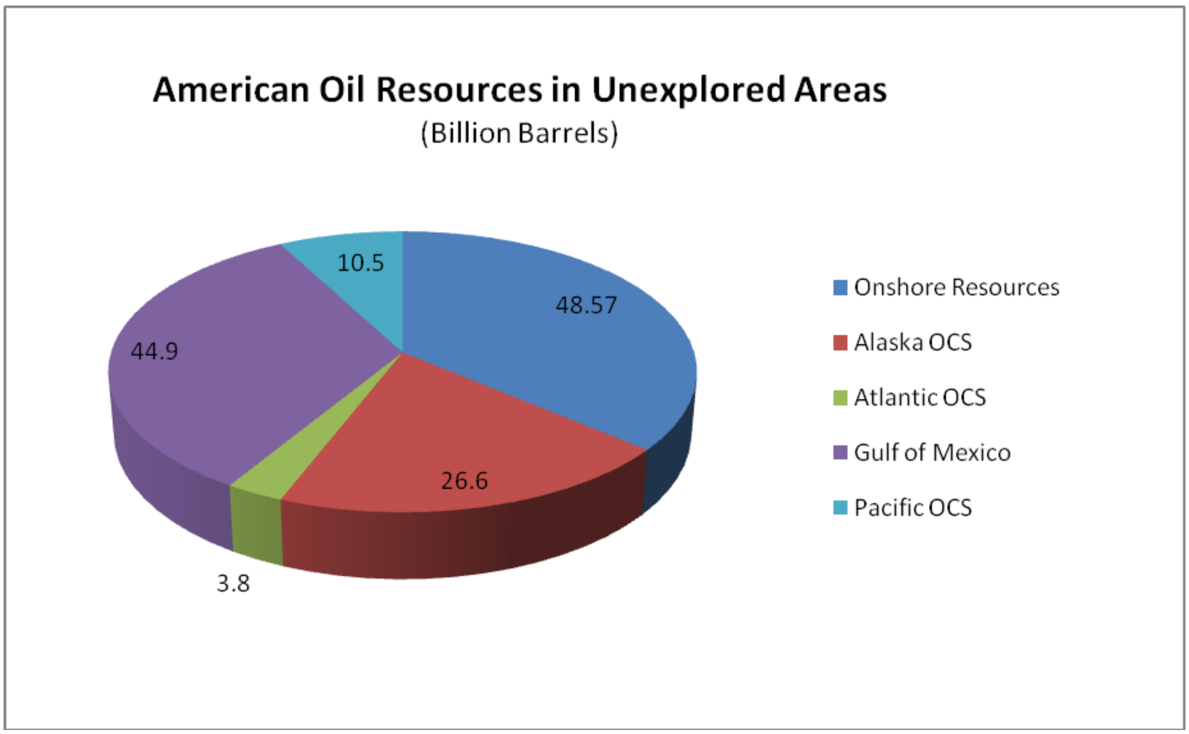
[1] Includes crude oil and natural gas liquids

Oil Resources

Where Are Undiscovered U.S. Oil Resources Located?

The vast majority of our country's resources are in areas that have yet to be explored or produced. This means that expanding American energy production would greatly increase our domestic supply of oil and create good-paying American jobs.

Total Onshore Technically Recoverable Oil Resources = 48. 6 billion barrels
Total Offshore Technically Recoverable Oil Resources = 85.8 billion barrels

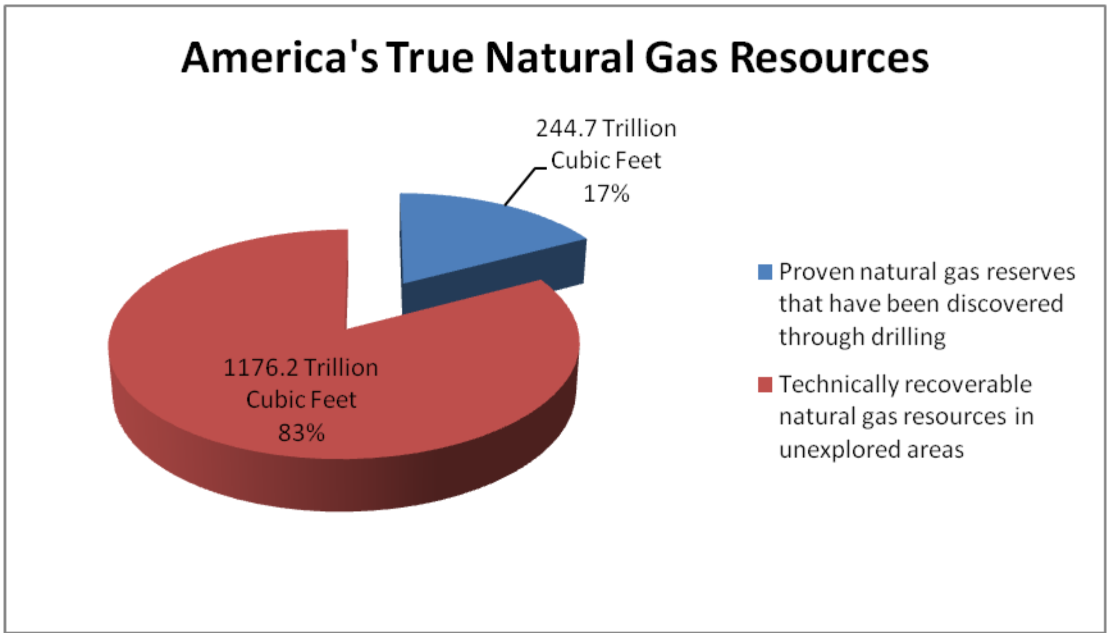


Source: CRS Report, U.S. Fossil Fuel Resources: Terminology, Reporting and Summary, pg.9

Natural Gas

The United States also has a large supply of natural gas. Once again, the vast majority of our natural gas resources are located in areas that have yet to be explored.

Proved Natural Gas Reserves = 244.7 trillion cubic feet
Technically Recoverable Natural Gas Resources = 1,176.2 trillion cubic feet
Total U.S. Natural Gas Endowment = 1420.9 trillion cubic feet



Source: CRS Report, U.S. Fossil Fuel Resources: Terminology, Reporting and Summary, pg.10

Shale Gas

The CRS numbers above do not include shale gas resources. Exploration and production of shale gas is increasing, though it's still considered an unconventional energy source. CRS reports that the Potential Gas Committee estimated that the United States has **616 trillion cubic feet** of potential natural gas resources in the form of shale gas.

Methane Hydrates

The CRS numbers also don't include methane hydrates. Natural gas in the form of methane hydrates is not yet commercially viable, but has the potential to be a new a source of energy.

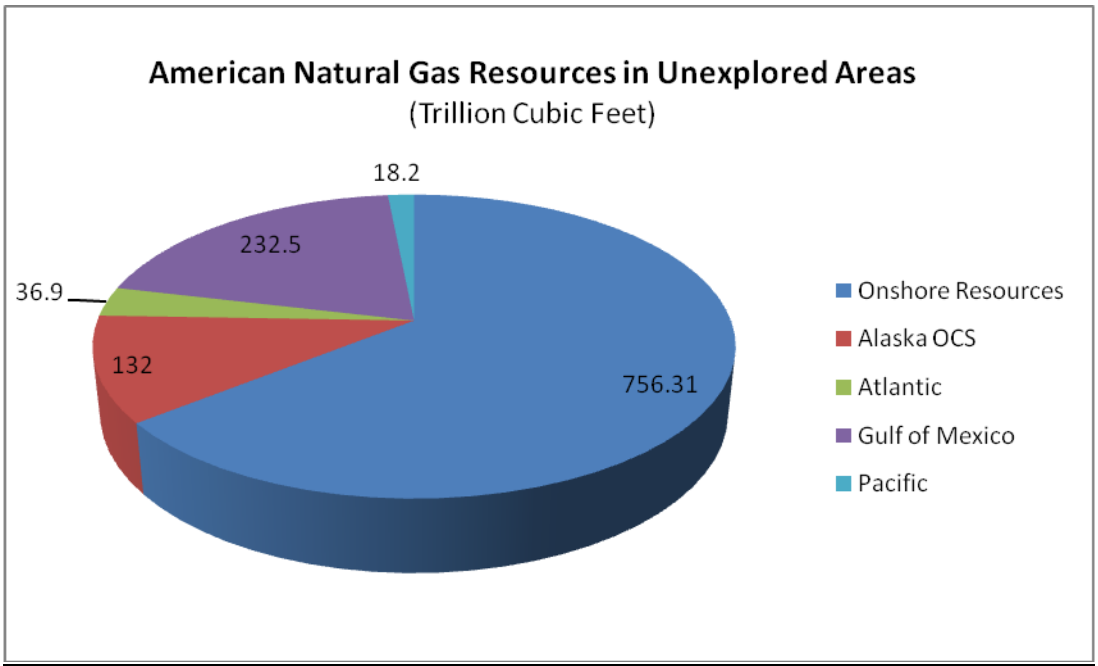
According to CRS, "the mean in-place gas hydrate resource for the entire United States is estimated to **be 320,000 trillion cubic feet of gas**, with approximately half of this resource occurring offshore of Alaska and most of the remainder occurring beneath the continental margins of the lower 48 states."

Natural Gas

Where Are Undiscovered U.S. Natural Gas Resources Located?

The majority of the United States' undiscovered natural gas resources are located in unexplored areas onshore.

Total Onshore Technically Recoverable Natural Gas Resources = 756.31 trillion cubic feet Total Offshore Technically Recoverable Natural Gas Resources = 419.8 trillion cubic feet



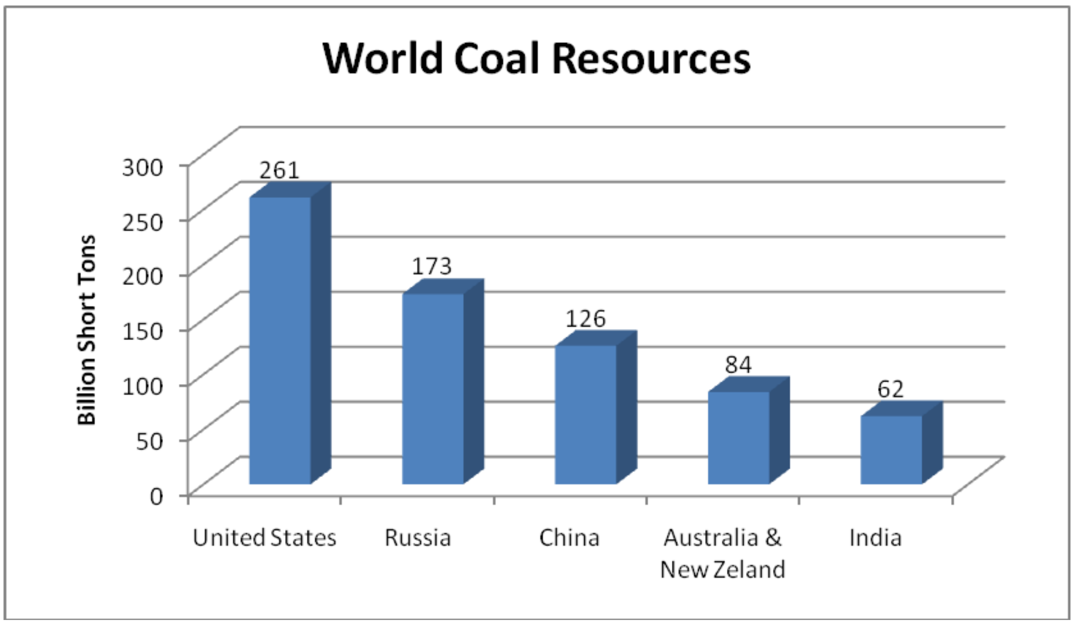
Source: CRS Report, U.S. Fossil Fuel Resources: Terminology, Reporting and Summary, pg.9

Coal

The United States has the world's largest supply of coal. However, only a little over 50% of our coal resources are currently available to be produced through mining.

Total U.S. coal reserves = 488 billion short tons
U.S. coal reserves that can actually be produced through mining = 261 billion short tons
Note: One short ton = 2,000 pounds.

The United States produces and consumes just 1 billion short tons of coal per year - meaning our country has enough coal reserves to last hundreds of years.



Source: CRS Report, U.S. Fossil Fuel Resources: Terminology, Reporting and Summary, pg.17

Summary of U.S. Energy Resources

Total U.S. Oil and Natural Gas
- 162.9 billion barrels of oil
- 1420.9 trillion cubic feet

Outer Continental Shelf (Offshore)
- 85.8 billion barrels of oil
- 419.8 trillion cubic feet of natural gas

Onshore
- 48. 6 billion barrels of oil
- 756.31 trillion cubic feet of natural gas

Coal
- 488 billion short tons, of which 261 billion short tons is recoverable through mining

Oil Shale
- More than 1.5 trillion barrels of oil

Shale Gas
- 616 trillion cubic feet

Methane Hydrates
- 320,000 trillion cubic feet of gas

Highlights of American Energy Roadblocks by the Obama Administration

Since taking office, President Obama and his Administration have actively blocked, hindered and delayed American energy production.

Offshore

- **Reinstated the offshore drilling ban.** In 2008, in response to $4 gasoline prices, Congress and the President acted to end the ban on offshore drilling. When President Obama took office, nearly all offshore areas were open for energy production. Since that time, President Obama has systematically taken steps to effectively re-impose the offshore drilling ban – placing the entire Pacific Coast, the entire Atlantic Coast, the Eastern Gulf of Mexico and much of Alaska off-limits.

- **Canceled and delayed offshore lease sales.** The Obama Administration has canceled or delayed lease sales off the coast of Virginia and the Gulf of Mexico that were scheduled to take place in 2011. This means that 2011 will be the first year since 1958 when an offshore lease sale hasn't occurred.

- **Imposed *de facto* Moratorium in the Gulf of Mexico.** The Administration issued a moratorium on new Gulf of Mexico drilling that cost up to 12,000 jobs. After officially lifting the moratorium, the Administration maintained a *de facto* moratorium on offshore drilling by slow-walking the permitting process, which has cost 130,000 barrels of oil per day and thousands of American jobs.

Onshore

- **Withdrew oil and natural gas leases**. The Administration immediately withdrew 77 oil and natural gas leases in Utah that could cost American taxpayers 3,000 jobs, millions in lost lease bids and production royalties

- **Blocked energy production on tribal land.** The EPA canceled a permit for a Navajo Nation power plant, costing 400 jobs and $50 million per year in revenue.

- **Proposed new regulations on hydraulic fracturing.** The Interior Department announced plans to consider regulating hydraulic fracturing on public lands.

- **Locking-up public land.** The Administration announced a new "Wild Lands" order that could place hundreds of millions of acres of public land off-limits to American energy production.

- **Retroactively withdrew coal permit.** The EPA retroactively pulled a permit for a West Virginia coal mine, costing 250 American jobs.

Fact Checking the Obama Administration's Energy Production Claims

As prices at the pump climb towards the $4 mark, the Obama Administration has turned its SPIN machine to HIGH in an effort to deflect mounting public anger over the high cost of gasoline. The Administration is spinning numbers on U.S. oil and natural gas production to make the public believe their anti-energy policies have actually spurred energy development. In reality, the Administration is taking credit for actions that were put in place before they took office and ducking forecasts of declining U.S. oil production caused by their own actions that have blocked American energy production. Get the facts below.

American Energy Production and Consumption:

SPIN: "Even if we tap every single resource available to us, we can't escape the fact we only control 2% of the world's oil but we consume over a quarter of the world's oil." (President Obama, Press Conference, 3/11/11)

RINSE:

- According to a recently released Congressional Research Service (CRS) report, the United States combined recoverable oil, natural gas, and coal resources is the largest in the World – outranking Saudi Arabia, China and Iran.
- The President is ignoring the majority of America's energy resources. The 2% figure is a narrow estimate based on the United State's proven oil reserves – currently measured at 19.1 billion barrels of oil. However, according to the CRS the U.S. actually has 145.5 billion barrels of recoverable oil.
- Total recoverable energy reserves for the United States (combing oil, natural gas and coal) is 1.3 trillion barrels of oil equivalent – the largest in the world.
- This number does not even take into account the large oil shale reserves in the United States. The Department of Energy estimates 1.38 trillion barrels of shale oil are recoverable from approximately 7.8 million acres of federal land. The United States Geological Survey (USGS) estimates that our oil shale reserves could be greater than 1.5 trillion barrels of oil. This is five times larger than Saudi Arabia's proven reserves.

SPIN: "Oil production last year rose to its highest level since 2003." (Heather Zichal, "Expanding Safe and Responsible Energy Production," The White House Blog, 3/8/11)

RINSE:

- The Obama Administration's actions have caused domestic energy production to decrease.
- In 2007, the U.S. Energy Information Administration (EIA) projected total 2010 U.S. oil production on federal lands to be 850 million barrels. Today's actual production on federal lands is 714 million barrels, a 16 percent decline from what was projected. If it wasn't for the Obama Administration, the U.S. would be producing more energy.
- This is why FUTURE projections show a decline in U.S. production and an increase in imports. On March 8, 2011 the EIA published new projections that show a decline in total U.S. crude oil production of 110,000 barrels per day in 2011 and 130,000 barrels per day in 2012.
- Finally, the White House does not explain that the vast majority of increased production is occurring on private lands, not public. For example, North Dakota alone produced almost 120 million barrels of oil in 2010, compared to just over 20 million in 2003. The majority of North Dakota's production is on private land. This begs the question, why are we not using our federal lands to create American jobs and produce American energy resources to lower prices?

SPIN: "U.S. oil and natural gas production has increased, while imports of foreign oil have decreased." (White House Fact Sheet, "Fact Sheet: Expanding Safe And Responsible Oil And Gas Production," www.scribd.com, Accessed 3/14/11)

RINSE:

- Since 2008, U.S. foreign oil imports have decreased by 2 million barrels per day—at the same time, U.S. consumption has decreased by 2 million barrels per day.
- Imports have decreased, not because of Obama Administration policies, but because demand decreased due to a floundering economy and high unemployment.
- Once again, any increase in onshore or offshore oil and gas development can be attributed to previous Administrations' pro-energy policies. Canceling leases and slow-walking offshore permits, as the Obama Administration has done, does not increase American energy production.
- This is why EIA's Short Term Energy Outlook shows total U.S. oil production DECREASING by nearly 250,000 barrels per day in 2012.

SPIN: "Total U.S. natural gas production in 2010 was 26.9 trillion cubic feet, a 5% increase from 2008 and the highest level in more than 30 years." (White House Fact Sheet, "Fact Sheet: Expanding Safe And Responsible Oil And Gas Production," www.scribd.com, Accessed 3/14/11)

RINSE:

- The vast majority of the 5% increase represents natural gas extracted from private land, where the Obama Administration has had less of an ability to impede production.
- The Obama Administration is actively trying to impose regulations that would decrease natural gas production. The Environmental Protection Agency has been aggressively trying to stop natural gas production though regulation of hydraulic fracturing - the currently state-regulated drilling technology necessary for U.S. natural gas production to increase.
- The Department of the Interior has also announced potential plans to impede natural gas production on federal lands through duplicative hydraulic fracturing regulations.

Offshore Energy Production:

SPIN: "From 2008 to 2010, oil production from the Outer Continental Shelf increased more than a third – from 446 million barrels in 2008 to an [sic] more than 600 million barrels of estimated production in 2010." (Heather Zichal, "Expanding Safe and Responsible Energy Production," The White House Blog, 3/8/11)

RINSE:

- Once again, the Obama Administration is attempting to take credit for actions they had nothing to do with. The strong production in the Gulf was due to leases issued in 1996-2000 under the Deepwater Royalty Relief Act – long before President Obama took office.
- The Obama Administration's actions, such as imposing a *de facto* moratorium, are causing energy production to decline in the Gulf of Mexico. EIA shows a 300,000 barrel per day decline in current Gulf production and a projected Gulf decline of over 150 million barrels of oil in 2012.

SPIN: "The Obama Administration is working to increase the responsible and safe production of oil and gas in the United States, and has offered a total of 38 million acres of OCS under active lease of which 6.5 million acres are producing." (White House Fact Sheet, "Fact Sheet: Expanding Safe And Responsible Oil And Gas Production," www.scribd.com, Accessed 3/14/11)

RINSE:

- The reason there is not production on 31.5 million acres is because the Obama Administration has stopped activity and is failing to issue permits to drill.
- This is blocking expanded American energy production in both the Gulf of Mexico and Alaska.

Onshore Energy Production:

SPIN: "Onshore oil production from public lands has also increased over the last year, from 109 million barrels in 2009 to 114 million barrels in 2010." (Heather Zichal, "Expanding Safe and Responsible Energy Production," The White House Blog, 3/8/11)

RINSE:
- The slight increase in onshore production from federal lands is due to lease sales approved by previous Administrations—not the Obama Administration.
- Since taking office, the Obama Administration has slowed onshore energy development on public lands and issued fewer leases.
- In 2008 there were 2,416 new oil and natural gas leases issued on Bureau of Land Management (BLM) land spanning 2.6 million acres. In 2010, under the Obama Administration, the number of new leases issued dropped to 1,308 and acres leased dropped to 1.3 million.
- The total onshore acreage leased under the Obama Administration in 2009 and 2010 are the lowest in over two decades, stretching back to at least 1984.

SPIN: "In 2010, the Bureau of Land Management (BLM) held 29 oil and gas lease sales for public lands in the West, offering 1643 parcels covering 3.2 million acres." (White House Fact Sheet, "Fact Sheet: Expanding Safe And Responsible Oil And Gas Production," www.scribd.com, Accessed 3/14/11)

RINSE:
- 29 lease sales may seem high, until it's compared to 2008 when there were 38 lease sales. Lease sales have DECREASED under the Obama Administration.
- The total onshore acreage leased under the Obama Administration in 2009 and 2010 are the lowest in over two decades, stretching back to at least 1984.

SPIN: "41 million acres of public lands are under lease for oil and gas development, of which 12 million acres are producing." (White House Fact Sheet, "Fact Sheet: Expanding Safe And Responsible Oil And Gas Production," www.scribd.com, Accessed 3/14/11)

RINSE:
- This argument represents a fundamental misunderstanding of the process of oil and gas development on public lands.
- The process of developing a lease – from the sale to actual production – takes time. Approximately one-third of leases are waiting to complete environmental review and obtain permits to drill. The Obama Administration has slowed this process by adding new layers of regulations and hurdles.
- Total acres leased are not an accurate representation of potential energy development as all leases DO NOT contain economically recoverable amounts of oil and gas.
- From 2002-2007, 52% of all exploration wells drilled were dry and 8% of the development wells drilled were dry.