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U.S. House of Representatives
Committee on Natural Resources
Washington, DC 20515

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Opening Statement of
The Honorable Doug Lamborn
Chairman
Subcommittee on Energy and Mineral Resources
Before the Full Committee Markup On
H.R. 1229, the "Putting the Gulf Back to Work Act"
April 13, 2011

Mr. Chairman, I present to the Committee H.R. 1229, the "Putting the Gulf Back to Work Act." HR 1229 was introduced by Rep. Doc Hastings on March 29th and the Subcommittee held a legislative hearing on April 6th. This legislation will help put the thousands of Americans in the Gulf of Mexico back to work.

Prior to the Deepwater Horizon incident, there were 52 approved and pending permits for drilling in the Gulf. Since the Administration officially lifted the moratorium in October, they have issued only 10 permits for deepwater drilling in the Gulf. This is progress, however there are still over 40 companies that have not been allowed to resume work that was already underway and approved.

Furthermore, prior to the Deepwater Horizon incident, there were 33 deepwater exploration rigs in the Gulf of Mexico. The Obama Administration's de facto moratorium has caused twelve rigs to leave the GOM, bound for foreign countries, each taking with it hundreds, and potentially thousands of American jobs.

According to the Obama Administration's own estimates, the six-month "official moratorium" on drilling cost up to 12,000 American jobs. However, a study by Dr. Joseph Mason from Louisiana State University predicts that if the *de facto* moratorium 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. This is unacceptable, and we, as Congress cannot sit idly by and allow this to happen.

Furthermore, in February, Seahawk Drilling, which owned and operated 20 shallow water rigs in the Gulf, declared Chapter 11 bankruptcy due to the Administrations virtual inaction in regards to issuing Gulf permits. This was the second largest shallow water drilling company in the United States, and according to the company's own president, "...the government's drastic slowdown in the issuance of permits for shallow-water drilling operations...has all but crippled the industry." Due to the Administrations inaction, more than 500 jobs are now at risk in this one company alone.

The subcommittee also heard testimony from the President of Danos and Curole Marine Contractors who stated that he has to let 200 people go due to the Administration's de facto moratorium.

The legislation before us today aims to solve this problem and put employers and employees back to work. This bill will help us ensure that our energy is Made in America.

This bill would require the Secretary to act on a permit to drill within 30 days of receiving an application. I would emphasize that this is NOT a requirement that each permit be approved, rather it simply requires that the Secretary take action on a permit submission and provide written notice with specific reasons for delays or rejections of the permit. By requiring a timely response Congress can ensure that the Administration will not impose a moratorium through deliberate inaction. Additionally, this legislation provides an expedited review process for resolving lawsuits related to Gulf permits so the permitting process can go forward and not be tied up in burdensome and time consuming lawsuits.

Let me reiterate this legislation does not require the department to approve a new drilling permit – it simply requires that the department act on the permit – there is no requirement the permit be approved. Furthermore, this legislation will actually make offshore drilling safer by requiring in law that the Secretary of the Interior to conduct a safety review to ensure that proposed drilling operations meet all critical safety requirements, including blowout prevention, and oil spill response and containment requirements. This legislation also reforms current law to require that lease holder receive an approved permit to drill – again, a permit which includes a thorough safety review – before drilling an offshore well. Currently such a permit is not required by federal law, only by regulation.

This legislation is essential to putting the thousands of Americans who lost jobs after the Deepwater Horizon incident back to work and continuing the timely and responsible development of our OCS resources going forward.

In this end, this is about ensuring that our domestic energy is made in America, and creating good-paying, American jobs. Due to the Administration's actions, or inaction as the case is in the Gulf, we have needlessly lost jobs to foreign countries. This is just one step in an energy agenda that ensures America's energy future, creates jobs, and generates revenue to help us balance our budget.

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Opening Statement of
The Honorable Doug Lamborn
Chairman
Subcommittee on Energy and Mineral Resources
Before the Full Committee Markup On
H.R. 1230, the "Restarting American Offshore Leasing Now Act"
April 13, 2011

Thank you Mr. Chairman

This is the second bill before this Committee under the American Energy Initiative. H.R. 1230 was introduced by Chairman Doc Hastings on March 29th and is an important step in restarting our domestic energy agenda to set us forward on a new path of expanding production of our nation's resources.

H.R. 1230 will require the Administration to promptly move forward to conduct offshore lease sales in the Gulf of Mexico and Virginia OCS that the Administration has delayed or canceled. These lease sales were scheduled as part of the 2007-2012 plan when President Obama took office in 2009, but the plans were immediately scrapped by the Administration resulting in no offshore lease sales *at all* in 2011- *the first time since 1958*. This delay period is where we are now with rising gasoline prices and declining production in the OCS.

The "Restarting American Offshore Leasing Now Act" directs three sales in the Gulf of Mexico and one offshore of Virginia to be put back in motion. In 2008, when Congress and the White House lifted the moratoria on OCS development the potential for a sale off Virginia was finally available. The Virginia lease sale was scheduled for 2011. However the Obama Administration delayed the Virginia lease sale until 2012 and then further prolonged it again by announcing that *no areas* off the Atlantic Coast would be available for energy production for the following five years - meaning that the earliest a lease sale could even occur off Virginia is 2017. The "Restarting American Offshore Leasing Now Act" reverses these obstructive actions by requiring the Secretary of Interior to conduct the Virginia lease sale no later than one year after the bill is signed into law.

Americans across the country are facing rising gasoline prices that are squeezing families' monthly budgets and businesses' ability to prosper and create jobs. There's a growing anxiety that, like the summer of 2008, prices will once again surpass \$4 a gallon. There is no reason we can't proceed forward when there is bipartisan support for energy production offshore of Virginia. As I said last week, we can move forward with an aggressive program of responsible

oil and gas development while at the same time ensuring that the defense, fishing and tourism jobs that exist today are protected. 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.

This natural gas is important, just in the last couple of years the Dominion LNG Terminal in Baltimore received more than 42,000 cubic feet of foreign natural gas. Somehow, we must be able to tap the resources off Virginia to displace that foreign dependence.

The "Restarting American Offshore Leasing Now Act" also directs the Secretary of Interior to conduct three Gulf of Mexico lease sales within certain timelines - the earliest starting within four months of this bill becoming law. Here again, these are lease sales that were shelved by the Obama Administration, but that will now be allowed to proceed forward promptly, timely and safely under this legislation.

Hank Danos, President of a family-owned oil services company located in Larose, Louisiana and in operation for over 60 years with more than 1000 employees testified before the Energy and Minerals Subcommittee that "businesses are unsure of the future [so] they have a tendency to be conservative in adding new jobs and making new commitments that invest in our economy's growth. Going forward with these sales would be a very important and reassuring signal to those businesses that would like to add new jobs and make key investments in the future."

Procrastination is not a policy. Continually moving the goal posts effectively imposes a drilling moratorium that costs jobs, forfeits revenue and denies access to American energy that would lessen our dependence on foreign sources of energy.

Finally, the "Restarting American Offshore Leasing Now Act" is also about raising revenue that could be used to pay down the national debt. In 2008, bonus bids and rentals from the OCS totaled nearly \$10 billion, in FY2011 the budget estimate is \$150 million, a decline of \$9.85 billion. This tremendous decline is because as a result of decisions made by this Administration not to hold any lease sales in the OCS in 2011, the first time that has happened since passage of the Outer Continental Shelf Lands Act in 1957.

The bill before us today is the first step in an aggressive energy agenda this Committee will address to help make America more energy secure, create jobs and generate revenue to help us balance our budget.

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Opening Statement of
The Honorable Doug Lamborn
Chairman
Subcommittee on Energy and Mineral Resources
Before the Full Committee Markup On
H.R. 1231, the "Reversing President Obama's Offshore Moratorium Act"
April 13, 2011

Mr. Chairman, I present H.R. 1231, the "*Reversing President Obama's Offshore Moratorium Act*" to the Committee. H.R. 1231 was introduced by Chairman Hastings on March 29th. On April 6th the Subcommittee on Energy and Mineral Resources held a legislative hearing on H.R. 1231 and the two other bills marked up earlier today.

H.R. 1231, the "*Reversing President Obama's Offshore Moratorium Act*" is part of House Republican's American Energy Initiative – an ongoing effort to expand American energy production and lower prices. H.R. 1231 is designed to provide a road map for the development of the Nation's abundant oil and natural gas resources on the Outer Continental Shelf.

Actions taken in 2008 by President Bush and Congress to lift the OCS moratoria on oil and natural gas exploration and development was in response to record-high gasoline prices in the spring and summer of 2008. Once Bush rescinded the moratorium in July of that year, his Administration immediately began work on a new five-year, 2010-2015, leasing plan for the OCS to allow oil and natural gas leasing and development activities to proceed in the planning areas no longer under moratoria.

However, since taking office President Obama has systematically taken steps to surreptitiously re-impose a new offshore drilling moratorium all the while talking about how much he was opening up the OCS to oil and natural gas development.

First he abandoned the 2010-2015 leasing plan that would have provided for oil and natural gas leasing in the newly opened areas. Then he postponed and cancelled scheduled lease sales in the Gulf of Mexico and Virginia identified in the 2007-2012 five year leasing plan.

Following the tragic Deepwater Horizon incident and subsequent oil spill provided the President shut down oil and natural gas activities in the Gulf of Mexico – about the only place on the United States OCS where new exploration and development activities for these important resources was allowed to take place. Only in the past few weeks have permits been issued allowing companies to reenter the wells they were drilling prior to the Deepwater Horizon accident.

Finally, in December last year the President announced a restrictive 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—closing more areas than before record high gasoline prices in 2008 prompted President Bush and Congress to lift the decades long moratoria in the first place.

This effective moratorium on new offshore drilling does several things—none of which are beneficial to the economic well being of the nation or the nation's national security needs. It exports Americans jobs and investment in energy development overseas, adversely impacts Americans oil and natural gas production from the OCS, decreases the revenue stream to the federal treasury and makes us more dependent on foreign sources of oil from unstable nations - many of whom are hostile to the interests of the United States.

Hence the need for H.R. 1231, which amends the Outer Continental Shelf Lands Act to require the Secretary of the Interior to include lease sales for OCS planning areas in the new five-year OCS leasing program currently under development that are estimated to contain significant quantities of oil and natural gas resources—that is 2.5 billion barrels of oil or 7.5 trillion cubic feet of natural gas.

The amendments also require that at least 50 percent of a planning area estimated to contain significant quantities of oil or natural gas must be made available for leasing in the 2012-2017 five-year OCS leasing plan.

Currently, the Obama Administration's 2012-2017 draft OCS leasing plan does not include planning areas for lease sales outside of the Western and Central Gulf of Mexico. The requirements to lease in the most prospective offshore areas reverses the Administration's effective moratorium on leasing in new planning areas opened in 2008.

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.

The legislation also establishes a production goal for the 2012-2017 OCS leasing plan currently under development of 3 million barrels of oil per day and 10 billion cubic feet of natural gas per day by 2027 tripling current offshore production.

Finally, it incentivizes private sector investment in state of the art technical studies in planning areas with no modern analysis to aid BOEMRE in the development of new resource assessments allowing the agency to identify those areas most prospective for discovery of new oil and gas resources. For most planning areas outside of the Central and Western Gulf of Mexico the seismic data the agency relies on is more than 25 years old.

This legislation facilitates private sector job creation and investment in energy production in the United States that will generate significant revenue, lessen our dependence on foreign sources of oil, and lower gasoline prices I urge my colleagues to support this important legislation. I yield back my time.