

U.S. HOUSE OF REPRESENTATIVES

NATURAL RESOURCES COMMITTEE REPUBLICANS

CONGRESSMAN DOC HASTINGS, RANKING MEMBER

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## **First OCS Hearing Stacked with Opponents of Offshore Drilling** *All five Democrat Witnesses Support Reinstating Ban on OCS Development*

**WASHINGTON D.C.** – The House Natural Resources Committee today held its first hearing in a series regarding development of the U.S. Outer Continental Shelf (OCS). Unfortunately, this hearing was not a chance to hear from experts advocating for achievable solutions to our energy needs, but instead featured all five Democrat witnesses calling for the reinstatement of the ban on offshore drilling.

Ranking Member Doc Hastings asked each of the Democrat witnesses whether they support reinstating the moratorium on OCS leasing and development first put in place by Congress in 1982. All five witnesses said yes to reinstating the moratorium that blocks further exploration and production from the OCS.

“These hearings are billed as opportunities to ‘look at these issues anew’ and ‘determine where we need to go next.’ Yet today’s hearing was used to give a microphone to those who want to lock up the OCS, block new jobs and keep America’s economy at the mercy of foreign controlled oil,” said Ranking Member Hastings. “We need to hear from people who will help us develop the OCS in a responsible way and instead Democrats presented five witnesses who simply tell us there should be no new American-made energy offshore. This is the same position our country has had for 27 years, which has left us dependent on foreign oil and seeing American jobs lost due to high energy prices.

“The American public has spoken and they strongly support further development of the OCS. We need to have hearings focused on finding solutions to our energy needs, not hearings focused on lock-step opposition to any offshore production.

“OPEC leaders are poised to meet in March to cut production of oil, double its price and raise costs for American families and businesses. We must send a message to the world that America will produce its own energy and no longer allow ourselves to be held hostage by foreign governments to high energy prices.”

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**Opening Statement by Ranking Member Doc Hastings  
On Job Creation and America’s OCS Oil and Gas Resources  
Before the February 11, 2009 Natural Resources Oversight Hearing**

Mr. Chairman, I want to thank you for calling today's hearing. I hope that this hearing and the others that we have focusing on this important issue will clearly lay out the value of the resources America and American taxpayers have in the OCS areas.

Few issues are more important to the American economy than energy. At a time when our country is facing economic turmoil, it is more important than ever that we are taking steps to create more American jobs – not taking them away.

It is important that we hold these hearings now to set the record in support of increased American development. There are reports that OPEC leaders are planning to meet in March to raise prices on American families and businesses. The belief is that OPEC will announce production cuts in order to double the current price of oil.

We must send a message to the world that America will produce its own energy and no longer allow ourselves to be held hostage by foreign governments to high energy prices. This committee previously heard testimony that during the first half of this decade America lost more than 3 million manufacturing jobs due to high energy costs. Yet the energy crisis of last year which hurt our economy, can also provide the solutions to bring our economy back.

Expanded domestic energy production will create good high paying jobs and free America from our dependence on foreign energy. This "renaissance" is possible because, for the first time since 1982, the moratoria restricting development of our nation's Outer Continental Shelf (OCS) was not included in this year's appropriations bills.

## RESOURCES

Lifting the moratoria finally opened one of the richest resources in the entire world to potential development.

The Minerals Management Service estimates that our Outer Continental Shelf (OCS) holds more than 86 billion barrels of oil and 420 trillion cubic feet of natural gas. Of these amounts, an estimated 18 billion barrels of oil and 76 trillion cubic feet of natural gas have been left undiscovered in areas previously off-limits.

While those numbers may seem large in their own right, they are actually small when compared to what really may be recoverable in that part of the OCS. Much of the data we have on the Atlantic is more than 30 years old, from a time when most Americans were still using rotary phones.

The technology of that era was not nearly as sophisticated as we have today. Advances in seismic exploration and drilling technology mean that we can both find and develop resources that we didn't know existed in the 1970's.

It is entirely possible that America could multiply our undiscovered resources in the Atlantic many times over. Without further exploration it is impossible to tell exactly what amount of oil and gas reserves the United States is neglecting in the OCS.

## JOBS

The development of the OCS isn't just about energy, it is also about creating good American manufacturing jobs and building the infrastructure to harness this energy. The oil and gas industry is one of the highest paying industries in America. *The average oil field worker makes nearly twice the national average.*

In addition, this capital intensive industry means that the development of a single platform can cost 2, 3, or 5 billion dollars depending on the platform.

Each productive new offshore lease will bring hundreds of jobs. When multiplied by the thousands of productive new leases, we could create millions of new jobs and have a renaissance of American domestic manufacturing.

## ENVIRONMENT

Exploration and development in the OCS doesn't mean the destruction of our environment. In fact, modern technology has made OCS development cleaner and safer than ever.

A 1999 Clinton Administration Report stated,

"In the past three decades, the petroleum business has transformed itself into a high-technology industry. Dramatic advances in technology for exploration, drilling and completion, production, and site restoration have enabled the industry to keep up with the ever-increasing demand for reliable supplies of oil and natural gas at reasonable prices. The productivity gains and cost reductions attributable to these advances have been widely described and broadly recognized. **But public awareness of the significant and impressive environmental benefits from new exploration and production (E&P) technology advances remains limited.**"

More recently, Hurricanes Ivan, Katrina and Rita impacted the oil and gas infrastructure in the Gulf of Mexico, including refineries, causing many producing oil and gas wells to be shut in. It is worth noting that no oil-field workers were killed and no oil blowouts occurred even though many platforms were destroyed during these catastrophic storms. The safety and environmental protection technology built into the platforms worked.

It is a testament to the coordination between the Minerals Management Service (MMS), the Coast Guard, and industry that everyone was safely evacuated and modern technology protected our environment.

## REVENUE

Finally, new production also brings financial rewards to the taxpayers. In fiscal year 2008, the Minerals Management Service generated \$23.4 Billion in revenue for Federal, state and tribal treasuries.

Since a majority of these resources sit on federally held lands, new expanded development will result in bonus bids, royalties and rents. In addition, expanded development will mean increased payroll and income taxes, increased business development, and a stronger US dollar. A recent ICF study said that there is \$1.7 trillion in revenue awaiting development in the OCS, a figure I believe anyone would call stimulus.

## CLOSING

This issue is of major national significance. Developing our resources will create desperately needed jobs across much of America. In addition, as our economy starts to

rebound, energy prices will rise, which could stunt or cut off growth. The longer we leave ourselves dependent on foreign oil the more fragile our economy will be.

As I stated at the outset, reports are that OPEC will be meeting in March to purposefully manipulate oil production to raise prices on American families and businesses. The OPEC cartel may raise the price of a barrel of oil by 75 to 100 percent – from \$40 a barrel to \$75 or \$80.

America simply can't afford to leave the fate of our economy in the hands of this foreign cartel that controls 35% of the world's oil production.

America can't afford to continue giving away \$700 billion a year and thousands of high-paying energy production jobs to foreign countries who willfully manipulate prices to harm our economy and cost us even more jobs.

The American people have spoken strongly in support of utilizing our resources on the Outer Continental Shelf. And in these tough economic times, Congress and the President can't afford to sit by and not develop the tens of thousands of high-paying energy production jobs here in America.

Mr. Chairman, I believe that we can free America from our dependence on foreign oil, free America from imported foreign natural gas, and invigorate America's economy, by harnessing the resources of America's OCS to create more energy with the skill and knowledge of the American worker.

I look forward to hearing from our witnesses.

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