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

**Opening Statement of**  
**Chairman Doc Hastings**  
**Committee on Natural Resources**  
**On Wednesday, March 30, 2011, at 10:00 a.m**  
**1324 Longworth House Office Building**  
**Before the Full Natural Resources Committee**  
**Oversight Hearing on:**  
***"Examining the Spending Priorities and the Missions of the Bureau of Ocean Energy***  
***Management, Regulation and Enforcement (BOEMRE), and the President's FY 2012 Budget***  
***Proposal"***  
**As prepared for delivery**

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I believe all Americans understand the importance of energy production to our everyday lives. It's critical to our country's livelihood, our economic competitiveness and our national security.

Offshore oil and natural gas production directly supports tens of thousands of jobs throughout the country, generates millions in federal revenue, and provides us with American energy to lessen our dependence on foreign countries.

The Bureau of Ocean Energy Management, Regulation and Enforcement (BOEMRE) is tasked with the very important role of ensuring the safe and responsible development of our offshore energy resources.

Given what's at stake, it's vital that this agency operates efficiently and aggressively to both encourage American energy production, and ensure it's done in the safest way possible.

Although it took far too long, the Administration has finally started issuing a very small number of deepwater drilling permits. After months and months of no permits, they now come at a slow, lagging pace.

To date, only seven deepwater permits have been approved since the moratorium was officially lifted last October. To put this into context, there were 52 permits in the Gulf of Mexico that were approved before the Administration halted all activity in May 2010. It's been over 10 months and yet over 40 projects that were already approved and underway and still waiting to resume work. Thousands of Americans in the Gulf are out of work, and the agency needs to act to get them back on the job producing American-made energy.

Clearly, key questions at this hearing will include the pace of permitting and the need to provide certainty for employers and leaseholders on how the permit process operates.

Yet, I want to highlight one very important point. The fact that the Director Bromwich, Secretary Salazar and the Obama Administration have approved the few, recent permits to drill very clearly demonstrates they believe offshore deepwater drilling can safely go forward. This is

a clear declaration that the Obama Administration has confidence that drilling can and will be conducted safely. They deserve credit for these actions, yet they must act more swiftly to get the Gulf back to work.

The need to review and act on permits more swiftly will, I don't doubt, require additional resources and additional inspectors. The question is how much?

During times of record debt and deficits, Congress cannot and should not simply hand over millions of taxpayer dollars without knowing exactly how this money will be spent.

The President's FY 2012 budget proposal includes a \$358.4 million request for BOEM. This is \$119.3 million, or a 50 percent increase, above FY 2010 levels.

I hope to hear today specific details on how the President arrived at the \$358.4 million figure in the budget request and how specifically it will be used to resume offshore drilling.

As I've stated before, bigger government does not necessarily equal better government. This extra funding should improve the process, not add new layers of bureaucracy.

I also believe that enhanced funding should come from existing revenues generated from energy production – it should not be paid for by imposing new or higher taxes on American energy production. If you make energy more expensive to produce, you will make it more expensive to purchase. This is the last thing Americans need with gasoline prices climbing towards \$4 per gallon.

Addressing high gasoline prices, creating new jobs and reducing our dependence on foreign energy are what led me to introduce three bills yesterday to increase American offshore energy production. Together, these three bills will:

- end the *de facto* moratorium in the Gulf of Mexico by requiring the Secretary to act on permits in a timely manner,
- require that lease sales be held in offshore Virginia and the Gulf of Mexico that were canceled or delayed by the Obama Administration,
- and lift the moratorium on new offshore drilling by allowing drilling to occur in areas with the most oil and natural gas resources.

A legislative hearing will be held on these three bills next Wednesday, April 6<sup>th</sup> by the Energy and Mineral Resources Subcommittee.

These are just the first of what will be an array of bills that this Committee will consider and act upon as part of the House Republican American Energy Initiative.

Before concluding, I am compelled to comment on the report issued yesterday by the Department of the Interior regarding active and inactive leases.

This report was prepared at the direction of the President at his press conference two weeks ago to defend his Administration's policies in the face of rising gas prices.

To be blunt, this report flat-out invents the inactive definition used to label two-thirds of Gulf leases as inactive. This definition of inactive doesn't exist in law or regulation. It contradicts

information posted March 1<sup>st</sup> on the Interior Department's own website. In fact, the report's definition for inactive offshore leases directly contradicts the definition used for onshore leases.

This invented definition allows the Administration to mischaracterize two-thirds of the Gulf as inactive.

It also bears stating that under this invented definition, for the past 10 months, the Administration has single-handedly prevented any lease-holder to become active due to its refusal to issue new exploration or development plans.

It appears this invented definition was used to generate headlines.

This Committee will continue to be focused on energy development. We will move forward to take positive actions that will unlock America's energy resources to create new jobs and strengthen our national security by lessening our dependence on foreign energy.