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

Opening Statement of

Chairman Doug Lamborn

Subcommittee on Energy & Mineral Resources

On Friday April 4, 2014

1334 Longworth House Office Building Subcommittee Oversight Hearing on

"Energy Independence: Domestic Opportunities to Reverse California's Growing Dependence on Foreign Oil."

This morning, the Subcommittee on Energy and Mineral Resources will be examining in depth the State of California's increasing trend towards reliance on foreign oil – and the many ways in which California can reverse that trend. Now there are two common sense ways to do that, the first is through reducing their demand, and California has taken sizeable steps in this direction.

But the second way is through increasing domestic supply – generating more energy production and reaping the economic benefits from such development. In this area, California has failed miserably.

California has chosen to grow their dependence on oil from foreign petro-dictators and nations that hate America. I am sure that Californians would prefer their dollars stay and work in California rather than fund the Russia regime that is shipping arms to Syria's Dictator, recently stole the Crimea from Ukraine, and threatens the world's security. But instead of choosing to produce more at home, last year roughly 1.5% of all oil used in California refineries came from Russia. Nearly another 25% of all California oil came from Iraq and Saudi Arabia.

We need to be clear, this is a choice being made by California, because California does not suffer from a lack of mineral resources – in fact, the State of California has a long history as an energy -producing state. The first offshore well in salt water is believed to have been drilled in the Santa Barbara Channel in 1896. California has often ranked near the top of the list of energy producing states – most recently coming in at third behind Texas and North Dakota. Yet, the truth of the matter is that California could be doing more – and the many technological advances we have seen in the field of oil and natural gas production have only made many of California's mineral resources more attractive to companies wishing to develop those resources.

According to a 2011 Resource Assessment conducted by the Bureau of Ocean Energy Management (BOEM) estimates that the federal OCS areas off the coast of California contain 9.8 billion barrels of oil and 13.83 trillion cubic feet of natural gas – an energy source that many localities in California are converting their fleet vehicles to run on.

When folks think of Southern California, very few associate those sunny beaches and that high-priced real estate with offshore drilling. That is often something we associate with the Gulf of Mexico.

However, there are currently 43 active leases in those federal waters off the coast of Santa Barbara, generating American-made energy. The offshore areas of Southern California are literally so enriched with energy resources that oil is literally seeping into the ocean in the Santa Barbara channel – with some estimates of 10,000 gallons of oil each day from one 6-mile stretch.

This is why a recent report in January 2012 by the BOEM determined that "...natural oil seepage from sea floor vents are responsible for the majority of tarball accumulation on Southern California beaches." Can you imagine if we could develop those resources? Even if we could drill into those oil-rich reservoirs from the existing offshore platforms that are already there? That is why Chairman Hastings included a provision in HR 2231, the Offshore Energy and Jobs Act, to spur that kind of common-sense energy development in a region that so sorely needs it.

In addition, to this offshore bounty, the Monterey Shale holds the biggest potential for onshore oil production in California. The Energy Information Administration estimates the Monterey Shale could hold as much as five times the amount of oil as the Bakken and 64% of America's total oil reserves. A recent study by the University of Southern California predicts production in the Monterey Shale could create 2.8 million jobs in California.

Unfortunately, like most oil and gas projects development in the Monterey has been subject to bureaucratic delays, federal obstacles to production, protests and lawsuits. Last year, the BLM postponed a planned lease sale in the Monterey in response to a district judge's ruling that the BLM had violated NEPA by issuing prior leases in the Monterey.

California is currently in the process of updating their regulatory scheme for hydraulic fracturing. Like all other states, California is choosing to proactively ensure hydraulic fracturing can go forward safely within their own state.

California ranks third in the nation in refining capacity but it is a net importer of crude oil for these refineries. California's main source of domestic oil is Alaskan oil that is transported through the Trans-Alaska Pipeline (TAPS) and shipped to California by tanker. However, with North Slope production steadily decreasing California is increasingly relying on foreign imports.

The question before us today is choice. Does California choose domestic production or foreign imports? We know what they have been choosing, the question is faced with the consequences of that reality can we change that choice.

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