

Legislative Hearing on H.R. 2231

Witnesses:

Dr. John Felmy

Director, Chief Economist API

Mr. Richie Miller

President Spectrum Geo Inc.

Mr. Christopher Guith

Vice President for Policy Institute for 21st Century Energy U.S. Chamber of Commerce

Mr. Michael Conathan

Director of Ocean Policy Center for American Progress Action Fund

Committee Members Present:

Doug Lamborn (R-CO), Subcommittee Chairman

Rush Holt (D-NJ), Subcommittee Ranking Member

Doc Hastings (R-WA), Full Committee Chairman

Peter DeFazio (D-OR)

John Fleming (R-LA)

Alan Lowenthal (D-CA)

Jeff Duncan (R-SC)

Joe Garcia (D-FL)

Rob Wittman (R-VA)

Kevin Cramer (R-ND)

On June 6, 2013, the House Committee on Natural Resources Subcommittee on Energy and Mineral Resources held a legislative hearing to amend the Offshore Energy and Jobs Act (H.R. 2231) to increase energy exploration and production on Outer Continental Shelf (OCS) land in the U.S. that is currently unavailable for exploration or leasing.

In his opening statement, Subcommittee Chairman Doug Lamborn (R-CO) explained that the Obama Administration has closed off production of 85 percent of OCS land, and allowed no new development on the OCS in their proposed offshore leasing plan for 2012-2017 (H.R. 6082). Lamborn said that as sale and production of crude oil on offshore federal lands is decreasing "...we must turn the corner to keep the United States competitive, especially as other countries begin to develop their own deep water resources."

Arguing against the Offshore Energy and Jobs Act, Ranking Member Rush Holt (D-NJ) explained in his opening statement that before offshore leasing is available further studies, such as seismic surveys, should be done in order to confirm older data. Holt also argued that while production of federal lands is decreasing, oil production in the U.S. is at a 20-year high and natural gas is at an all time high. As such, leasing new OCS land is unnecessary at this time. Holt also claimed that this bill hearing was hastily arranged and called before a bill was presented, preventing the Department of the Interior from providing a witness.

Full Committee Chairman Doc Hastings (R-WA) addressed some of Holt's concerns in his opening statement, saying that the current increase in production does not mean that we do not need to expand production on federal lands. According to Hastings "[t]his viewpoint is not only wrong, but incredibly shortsighted," and that this act would provide increased jobs, revenue, and economic security.

John Felmy, the director and chief economist of American Petroleum Institute (API), emphasized in his testimony that there are an estimated "88.6 billion barrels of oil and 398.4 trillion cubic feet of gas" on land that remains unavailable for leasing due to federal restrictions. Furthermore, Felmy noted that these numbers are based on 30-year-old data, and that new surveys would likely increase estimates substantially.

In his testimony, Richie Miller, president of Spectrum Geo Inc, explained that OCS land should be made available now because the exploration process, which includes performing surveys and interpreting data, can take upwards of 20 years to complete. H.R. 2231 would provide the incentives, Miller explained, to help increase OCS exploration that otherwise would not have happened without an economic incentive.

Michael Conathan, the director of the Ocean Policy Center for the American Progress Action Fund, argued in his testimony that exploration on OCS land would damage current industries that rely on the OCS, such as fisheries, tourism, and recreation, which "accounted for 2.7 million jobs and contributed more than \$250 billion to our gross domestic product." Conathan said that

exploration in the OCS would prioritize one industry – oil and gas – at the expense of the others. Conathan also said that while oil is booming in the Gulf of Mexico and onshore, we need to begin to work toward cleaner energy sources like offshore wind, which has already shown success in countries like Denmark and Germany.

During questions, members of Congress asked the witnesses if the U.S. could remain environmentally safe while developing land on the OCS. Felmy testified that this is doable, and that industry has been greatly improving technology and practices that led to environmentally cleaner drilling. Conathan argued that we have not yet codified reforms in the aftermath of the Deepwater Horizon oil spill, which released 4.1 million barrels of oil into the Gulf of Mexico over a three month period in 2010, and until we do we cannot risk exposing new areas to these hazards.

Peter DeFazio (D-OR) asked why we need to develop new areas of the OCS when “85% of acreage under lease is not producing,” and areas in the Gulf of Mexico under lease have an estimated “17.9 billion barrels of oil and 49.7 cubic feet of natural gas.” Felmy responded that it is because of the time it takes to fully develop these prospects. Joe Garcia (D-FL) argued that since the amount of imported crude is at a low and continuing to decrease, we do not need to open up new OCS land. Christopher Guith, the Vice President for Policy Institute for the 21st Century Energy U.S. Chamber of Commerce, responded that although imports are low, we are still importing nearly 50 percent of crude oil, and Felmy, Guith, and Miller all stressed the time it takes to develop a prospect. Opening statements and witness testimony, as well as a video archive of the entire hearing, are available from the committee website.

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