



AS PREPARED FOR DELIVERY:

**Statement of American Petroleum Institute Senior Economist
Sara Banaszak at the Minerals Management Service Public
Meeting in New Orleans on the Proposed Five-Year Plan for
Offshore Access**

April 8, 2009

I am Sara Banaszak, senior economist for the American Petroleum Institute, which represents nearly 400 companies involved in all aspects of the U.S. oil and natural gas industry, from exploration to refining, and including service companies. We welcome this opportunity to present the industry's views on the Minerals Management Service's proposed Five-Year Plan for Offshore Access.

America's oil and natural gas companies recognize that securing America's energy future calls for a multi-faceted approach. We know that we need increased energy efficiency and alternatives, such as wind and biofuels. Many of our companies are leaders in those fields, investing heavily in such technologies for years.

However, an equally vital component is increased supplies of oil and natural gas. Oil and natural gas are the lifeblood of the nation's economy and are vital to energy security.

They keep our transportation systems running, heat and cool our homes and workplaces and are the basic components of thousands of consumer products. We must reject the

false dilemma of choosing either one form of energy or another and instead choose both, because our economy needs all forms of energy and we need all forms of jobs.

Increased oil and natural gas development is vital to our nation's economic recovery. All areas of the Outer Continental Shelf (OCS) should be open without delay for oil and natural gas development. This would mean new jobs, more revenues for cash-strapped local, state and federal governments, and greater energy security. But for nearly 30 years, our government has taken the opposite approach. For nearly 30 years, roughly 80 percent of the OCS was kept off limits to oil and gas development.

Today, oil and gas supply well over 60 percent [63 percent in 2007] of the energy needs of American consumers. At the same time, solar and wind energy supply less than one-half of one percent of our energy. The U.S. Energy Information Administration (EIA) estimates that, even with growing renewable energy, oil and natural gas will still provide more than half of the nation's energy for decades to come. We need to act now to increase access to domestic oil and natural gas resources to meet our current and future energy needs.

In the nearly three decades that much of the nation's oil and gas resources were inaccessible to development, MMS assessments of *western* Gulf of Mexico oil resources were growing rapidly as exploration unmasked the true potential of that area. After the moratoria ended, and in response to years of tight energy markets depicted by rising prices, a new Five Year Planning Process was launched to include leasing in these areas.

The long-established Five Year Planning Process is a careful and detailed regulatory process, which includes three public comment periods conducted by MMS. I urge the MMS and Department of Interior to put this process back on track as soon as possible because of the many ways Americans can benefit from increased production of domestic resources.

Oil and natural gas leasing and development on federal lands and in OCS waters have generated nearly \$95 billion from 1998 to 2008 through bonus bids, royalties and lease rental payments. The U.S. government collected and distributed nearly \$22 billion to state, American Indian and federal accounts from onshore and offshore oil and gas production in 2008 alone.

A recent ICF International study found that developing new areas of the OCS could generate \$1.3 trillion for local, state and federal governments. The study also found that 160,000 jobs would be generated in 2030 if all inaccessible offshore and additional new inaccessible onshore areas were open for development. Many would be exploration and production jobs, which pay more than double the national average.

Recent polls have shown that Americans strongly support increased domestic energy development. As recently as February, more than 60 percent of Americans supported new offshore development. Energy policymakers should heed the good judgment of the American people and act expeditiously. Every day we delay costs American jobs, reduces revenues to governments, and undermines our national security.

These resources can be brought to market safely and in an environmentally sound way. The U.S. oil and natural gas industry has an outstanding offshore environmental record that proves how offshore drilling can coexist with clean oceans and clean coasts. The U.S. Outer Continental Shelf produces more than 1 million barrels of oil per day. Since 1980, less than 0.001 percent of that oil has been spilled – which is far less than from natural seeps. In order to restore America’s economic health and ensure our energy security today and in the years ahead, we need to open all areas of the OCS for oil and natural gas development.

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