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API: House energy bill a “dry hole” for U.S. consumers

API has issued the following statement on the House energy bill under discussion today:

“The House energy bill is a dry hole for American consumers. The bill does little to increase U.S. oil and natural gas supplies and, in fact, may well result in less domestic production, which would make America more dependent on foreign energy.

The plan guarantees \$18 billion in new taxes on the industry, which would discourage new energy production. At the same time, it offers the illusion of increased offshore access but with no guarantee that energy would ever be produced in new areas on the Outer Continental Shelf. The bill all but guarantees that states will not agree to allow drilling off their coasts since the legislation does not permit states to share revenue derived from lease bids and production royalties. The arbitrary 50-mile buffer puts off-limits some of the most potentially promising areas for oil and natural gas production. In fact, under this bill, 15 billion barrels, or more than 80 percent of the OCS oil resources under current moratoria, would remain off-limits.

Additionally, the “conservation of resource fee,” which proponents acknowledge is designed to force certain OCS leaseholders to renegotiate the terms of their lease contracts with the government, raises serious Constitutional and contract law concerns and likely would further reduce investment and lower domestic oil and natural gas production. Imposing this fee also would undermine the U.S. reputation as being a safe place to do business, putting our country in the same league as nations that abrogate contracts at will.

API stands ready to work with the Congress towards policies that encourage all forms of domestic energy production, while avoiding taxes, fees and penalties that run counter to our shared goal of increased energy security.

9.15.08 | rd | F