



CONGRESS OF THE UNITED STATES

JOINT ECONOMIC COMMITTEE

CONGRESSMAN KEVIN BRADY

RANKING REPUBLICAN HOUSE MEMBER



NEWS RELEASE

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**STATEMENT OF
CONGRESSMAN KEVIN BRADY**

Promoting a Clean Energy Economy

I welcome the chair's decision to hold a hearing on energy matters at this time, and I welcome the panelists to what I hope will be a substantive discussion of energy supply and environmental issues. I find your submitted testimony very encouraging in this regard.

To observe our Administration's energy decisions is to wonder whether it has any comprehension of the future energy supply challenges our nation faces.

The ill-conceived Gulf drilling moratorium flies in the face of everything common sense tells us about our precarious energy future and what we should be doing about it now.

The drilling moratorium is already killing well paying American energy jobs, sending rigs overseas and with them our workers, equipment, capital and eventually America's traditional energy infrastructure. Given the global nature of energy production, these rigs won't be returning anytime soon.

What's more, President Obama has not even responded to our invitation to travel to Houston, Texas to meet face to face with the energy workers and small businesses whose livelihoods are at risk due to the moratorium.

Yet the President will be traveling to Houston on August 9th to raise campaign cash for the Democratic Party. We've asked him for just an hour of his time, or even just 15 minutes of his time, to meet with our workers and businesses. But as of today, just silence from the White House.

Mr. President, can you spare any time at all for these Americans whose jobs you are killing and sending overseas? Where are your priorities?

Neither the White House nor Congress seem to understand that the current relative lull in energy demand results from a weak economy. It doesn't mean that we have the luxury of halting large-scale energy projects and betting our future on small-scale alternatives that we all support but are not yet ready to affordably meet America's energy needs.

The Gulf of Mexico accounts for 19% of the nation's total proven oil reserves and 30% of total U.S. production. Solar and wind technologies together account for less than 1% of the nation's energy supply. In 2008, the Gulf of Mexico's outer continental shelf had the largest amount of new oil field discoveries in the U.S., which increased its proven reserves while oil reserves fell for the nation as a whole.

By all means, let's help renewable energy develop its potential, but let's not foolishly thwart the growth potential of our established energy industry which provides the affordable bridge to America's green future.

After 50,000 wells have been drilled in the Gulf's federal outer continental shelf and nearly 4,000 in deep water without a substantial spill, how could anyone jump to the conclusion that the BP accident points to an imminent systemic threat and shut off all deepwater drilling? And who would bet America's economy on subsidized wind and sun energy when there are private companies investing billions of dollars to develop deepwater oil and gas reserves off our shores? Does this make any sense? Where is the cost-benefit analysis?

A recent study by IHS Global Insight found that if policies were adopted by Congress or the White House that effectively prevent independent oil companies from participating in future Gulf offshore development the employment loss would reach 300,000 jobs - and the loss of local, state and federal revenues would total \$147 billion over the next decade.

That's because independent energy producers hold the majority interest in 81% of all producing leases in the Gulf of Mexico and nearly half of those in the deepwater.

This week, rather than the House of Representatives hastily rushing through legislation with far reaching impacts on jobs, energy prices and energy security, it would be much wiser to bring together science, industry and government in partnership to develop a thoughtful, safe and prosperous path forward to Gulf exploration and development.

Our national economy, already suffering with 9.5% unemployment and a subpar recovery, cannot be harmed further with a devastating drilling moratorium and hasty legislation that kills jobs and makes us more dependent on foreign oil.

Natural gas is a cleaner fuel than oil or coal and can be a suitable substitute for both in many applications. As of 2008, the U.S. had experienced the sixth consecutive yearly increase in natural gas discoveries.

In October of last year, the Energy Information Administration said "Today, increases in shale gas proved reserves reflect the industry's rapidly maturing ability to apply two technologies to shale formations: horizontal drilling and hydraulic fracturing."

Why is this important? Not because U.S. oil consumption is rising—it has been declining for several years—but because industrialization the world over will continue to increase oil demand. China now is the world's largest energy consumer. Our mindset should be how government can work with industry to develop safe operating standards for an energy source such as unconventional natural gas. It already has attained a commercial scale, moved the needle in the right direction on our energy reserves, and is relatively benign environmentally.

The Administration and Congressional Democrats operate by assertion, not by performance metrics, be that with jobs, energy supply, or the environment. The work of our witnesses today shows how important it is to apply the proper metrics to federal policy and quantify the effects of regulation, good and bad. Dr. Ward's work shows a potential 29% reduction in the cumulative Gulf oil production through 2016 from an extended drilling moratorium. Dr. Greenstone has shown how environmental regulations can retard industrial growth. He also has found that there is, in fact, no consensus on whether the Clean Air Act is responsible for the dramatic improvements in air quality that have occurred in the last 30 years. Mr. Malkin demonstrates the importance of designing government policy with an understanding of how businesses do their financial analysis.

Gentlemen, our approach to regulating the economy in this country must change. I look forward to your advice.

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