

ONE HUNDRED TWELFTH CONGRESS
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Opening Statement of Rep. Henry A. Waxman
Ranking Member, Committee on Energy and Commerce
Hearing on “The American Energy Initiative: the growing differences for energy
development on Federal vs. non-Federal lands”
Subcommittee on Energy and Power
August 2, 2012

Today the subcommittee holds a hearing to compare oil and gas production on federal lands to production on private lands.

We will hear once again that the Obama Administration is hostile to oil and gas production. We will hear once again that oil and gas production should be pursued at the expense of renewable energy and other goals.

That’s the rhetoric. Now here are the facts. Domestic oil and gas production has increased each year of the Obama administration, and it is the highest that it’s been in eight years. America’s dependence on foreign oil has gone down every single year for the last three years.

And oil production from federal lands is higher today than it was under the last three years of the Bush Administration.

It is true that oil production on private lands has increased more than it has on federal lands. Some Republicans have used this as evidence that the President must be disfavoring the oil industry.

But the fact is that most of the increase in domestic oil production has occurred from developing shale formations. These formations happen to be on private lands. The federal government manages only a small portion of these areas. For instance, the Bakken shale has made North Dakota one of the country’s top states in oil production, but federal lands make up a small percentage of it.

Even offshore oil production remains strong, in spite of one of the world’s worst environmental disasters. Oil production from the Outer Continental Shelf in 2011 was equal to or higher than any of the last three years of the Bush Administration.

The Obama Administration has taken many steps to facilitate oil and gas production. The Bureau of Land Management has reformed its leasing process with a tracking system for applications that shortens wait times. It has implemented a more inclusive stakeholder engagement that has lowered lease protests and appeals. The Forest Service has sent officials to drilling intensive areas to expedite the permitting process.

Those are the facts. And they are completely contrary to the narrative that the Republican majority is trying to promote today.

But we shouldn't lose sight of the fact that public lands are not solely for oil and gas production. Our public lands are held in trust for the American people – not the oil companies. Public lands are used for conservation, outdoor recreation, watershed protection, timber, and grazing. They can also be used for renewable forms of energy. In fact, the Obama Administration recently completed an assessment that will expedite permitting for solar installations on public lands in the Southwest. This has the potential to produce enough electricity to power 7 million homes.

The Administration's job is to balance these competing demands, and notwithstanding all the rhetoric we will hear today, I believe it is doing a good job.

I want to refer my colleagues to a blog post by Paul Krugman in the New York Times, a Nobel Prize winner, and he says, "When Scale Matters:"

Judging from comments on my North Dakota post, there's a lot of confusion about when and why differences in scale make comparisons between economies invalid.

The crucial thing to get is that size per se isn't the issue; it's whether what is going on in the small economy could be replicated in the large economy.

I mean, we all know that airplane designs can be tested with miniature models in wind tunnels, that tsunamis can be modeled in tanks that fit in a (large) room, and so on. Small-scale versions of big phenomena are perfectly OK. The baby-sitting coop teaches us a lot about the global economic slump.

But when you're looking at, say, a resource boom — which is what North Dakota is all about — you have to ask whether a comparable resource boom is possible in a much more populous state, or the United States as a whole. One commenter declared that there's as much oil under California as there is under North Dakota; quite possibly. The question is, how big a deal would extracting that oil be in a state with 50 times North Dakota's population; how much difference would it make to, say, the state unemployment rate? And the answer of course is virtually none. To have a North Dakota-type boom in California you'd have to find 50 times as much oil; to have it nationally you'd have to find 500 times as much. Not likely.

And this is how you want to think about other examples. Is Iceland too small to be a useful model for other crisis countries? Well, it could be; Iceland's export sector is,

thanks to its small size, not very diverse, and if the recovery had been all about fish, or aluminum, it wouldn't be much of a lesson to anyone else. As it happens, however, that's not what it's about.

I guess the general point is that when trying to learn from some country or region's experience, you should always ask, "Is this place a reasonably good model for other places?" It's not a matter of head counts or acreage, it's about the story.

Mr. Chairman, this is our twenty-seventh hearing. You pointed out we're interested in energy production and the question of a struggling economy. Where are the hearings on global warming and climate change? They affect those two other industries, as well as many other matters that are affecting the American people.