

Opening Statement
Congressman Jim Costa
Chairman, Subcommittee on Energy and Mineral Resources
House Natural Resources Committee

Hearing on:
“Leasing and Development of Oil and Gas Resources on the Outer Continental Shelf.”
March 17, 2009

Today the Subcommittee on Energy and Mineral Resources will take a detailed look at the process and the data behind leasing and developing oil and gas resources on the U.S. outer Continental Shelf. This is the second hearing by this subcommittee, and the fifth hearing in the Natural Resources Committee, on the topic of offshore drilling, and I have been very pleased with the tone that has been adopted so far throughout these hearings: a tone of cooperation and of trying to find the common ground on an issue that was far too contentious and politicized in the previous Congress.

Perhaps no single statistic was used more last year than the number “68 million”, as in “there are 68 million acres of non-producing federal oil and gas leases in the United States.” While an accurate number, by itself it told us very little. One side argued that oil companies were just sitting on these leases and they should “use it or lose it.” The other side argued that these leases had no oil and gas beneath them, and we needed to provide new acreage to the industry so they could drill, baby, drill. To me, both of these positions are nonsensical.

Privately, away from the glare of the tv lights and the blare of the pundits, Members of Congress would ask: why? What are the real reasons that 75% of the acres under lease are not producing? That is one of the questions that I hope we are able to address today. We have two watchdogs here, the Government Accountability Office and the Office of the Inspector General for the Interior Department, and they both have spent quite a bit of time looking at this question in recent months.

From their reports, this much is clear: the answers here are not solely on one side or the other. Companies are not just sitting on their leases and refusing to drill, but they are also not being blocked by lawsuits at every turn, or stuck with land that has no resources. Many factors go in to why a lease is not producing oil and gas. There are regulatory delays, workforce shortages, equipment shortages, deliberate business decisions, and countless other complexities that we will hear about today. Our witness from the National Ocean Industries Association will also help us gain some insight into these various factors. Understanding these reasons in a more thoughtful manner will allow us to move forward more intelligently, and ultimately help us figure out how domestic oil and gas production will fit into our short term, medium term, and long term energy strategies.

But this hearing is not solely about non-producing leases. It is about the details of the entire offshore leasing and development program – how it works, where it succeeds, and where there is room for improvement. I believe that the offshore leasing program is being run quite well, particularly in the Gulf of Mexico, and I am looking forward to a discussion today about how the lessons we have learned offshore can also be put to good use onshore.