III

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S. RES. 372

Expressing the sense of the Senate that oil and gas companies should not be provided outer Continental Shelf royalty relief when energy prices are at historic highs.

IN THE SENATE OF THE UNITED STATES

FEBRUARY 14, 2006

Mr. KERRY submitted the following resolution; which was referred to the Committee on Energy and Natural Resources

RESOLUTION

Expressing the sense of the Senate that oil and gas companies should not be provided outer Continental Shelf royalty relief when energy prices are at historic highs.

Whereas the Federal Government is on the verge of one of the biggest oil and gas giveaways in American history, costing American taxpayers at least $7,000,000,000 in lost revenue over the next 5 years;

Whereas according to the budget plan of the Department of the Interior, it is projected that the Government will allow companies to pump approximately $65,000,000,000 worth of oil and natural gas from Federal territory over the next 5 years without paying any royalties to the Government;

Whereas the Minerals Management Service of the Department of the Interior, which oversees the leases and collects the royalties, estimates that the amount of royalty-free oil will quadruple by 2011, to 112,000,000 barrels;

Whereas the volume of royalty-free natural gas is expected to climb by almost half, to about 1,200,000,000,000 cubic feet by 2011;

Whereas approximately 30 percent of all oil and over 20 percent of all gas produced in the United States comes from the outer Continental Shelf;

Whereas it was the intent of Congress to provide royalty relief to promote exploration and production in deep waters of the outer Continental Shelf only at a time when oil and gas prices were comparatively low;

Whereas the Department of the Interior has always insisted that companies should not be entitled to royalty relief if market prices for oil and gas climbed above certain trigger points;

Whereas the 12 United States oil companies in the Standard & Poor's 500 that have reported fourth-quarter results have seen an average 48 percent rise in earnings and are expected to see full-year earnings of $96,500,000,000;

Whereas the profit growth for oil companies is not nearing an end, with energy analysts expecting 15 percent growth in earnings at those companies in 2006;

Whereas, at the same time oil and gas companies are posting record profits, families in the United States are struggling with record energy costs including a 48 percent increase in the cost of natural gas for this heating season and a projected 7.3 percent increase in gasoline price from the previous year;

Whereas the Energy Information Administration projects that these prices will hold steady or increase over the course of the next 2 years; and

Whereas royalty revenues benefit 38 States, 41 Indian tribes, and fund the National Historic Preservation Fund, and the Land and Water Conservation Fund: Now, therefore, be it

Resolved, That it is the sense of the Senate that—

(1) the Minerals Management Service should suspend all future royalty relief until the Secretary can ensure that the citizens of the United States receive a fair return from oil and gas resources from the outer Continental Shelf; and

(2) Congress must take steps to ensure that the oil and gas industry does not receive a windfall and is not unjustly enriched at the expense of the citizens of the United States.

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