112TH CONGRESS
2d Session

HOUSE OF REPRESENTATIVES

REPT. 112–520
Part 1

STRATEGIC ENERGY PRODUCTION ACT OF 2012

JUNE 8, 2012.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. UPTON, from the Committee on Energy and Commerce, submitted the following

REPORT

together with

DISSENTING VIEWS

[To accompany H.R. 4480]

[Including cost estimate of the Congressional Budget Office]

The Committee on Energy and Commerce, to whom was referred the bill (H.R. 4480) to provide for the development of a plan to increase oil and gas exploration, development, and production under oil and gas leases of Federal lands under the jurisdiction of the Secretary of Agriculture, the Secretary of Energy, the Secretary of the Interior, and the Secretary of Defense in response to a drawdown of petroleum reserves from the Strategic Petroleum Reserve, having considered the same, report favorably thereon with an amendment and recommend that the bill as amended do pass.

CONTENTS

19–006

The amendment is as follows:

Strike all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE.

This Act may be cited as the "Strategic Energy Production Act of 2012".

SEC. 2. PLAN FOR INCREASING DOMESTIC OIL AND GAS EXPLORATION, DEVELOPMENT, AND PRODUCTION FROM FEDERAL LANDS IN RESPONSE TO STRATEGIC PETROLEUM RESERVE DRAWDOWN.

Section 161 of the Energy Policy and Conservation Act (42 U.S.C. 6241) is amended by adding at the end the following new subsection:

"(k) PLAN.—

"(1) CONTENTS.—

"(A) IN GENERAL.—Not later than 180 days after the date on which the Secretary executes, in accordance with the provisions of this section, the first sale after the date of enactment of this subsection of petroleum products in the Reserve the Secretary shall develop a plan to increase the percentage of Federal lands (including submerged lands of the Outer Continental Shelf) under the jurisdiction of the Secretary of Agriculture, the Secretary of Energy, the Secretary of the Interior, and the Secretary of Defense leased for oil and gas exploration, development, and production. The percentage of the total amount of the Federal lands described in the preceding sentence by which the plan developed under this paragraph will increase leasing for oil and gas exploration, development, and production shall be the same as the percentage of petroleum in the Strategic Petroleum Reserve that was drawn down.

"(B) REQUIREMENTS.—The plan developed under this paragraph shall—

"(i) be consistent with a national energy policy to meet the present and future energy needs of the Nation consistent with economic goals; and

"(ii) promote the interests of consumers through the provision of an adequate and reliable supply of domestic transportation fuels at the lowest reasonable cost.

"(C) ENERGY INFORMATION.—The Secretary shall base the determination of the present and future energy needs of the Nation, for purposes of subparagraph (B)(i), on information from the Energy Information Administration.

"(2) LIMITATION.—The plan developed under paragraph (1) shall not provide for oil and gas exploration, development, and production leasing of a total of more than 10 percent of the Federal lands described in paragraph (1)(A).

"(3) CONSULTATION.—The Secretary shall develop the plan required by paragraph (1) in consultation with the Secretary of Agriculture, the Secretary of the Interior, and the Secretary of Defense. Additionally, in developing the plan, the Secretary shall consult with the American Association of Petroleum Geologists and other State, environmentalist, and oil and gas industry stakeholders to determine the most geologically promising lands for production of oil and natural gas liquids.

"(4) COMPLIANCE WITH REQUIREMENTS.—Each Federal agency described in paragraph (1)(A) shall comply with any requirements established by the Secretary pursuant to the plan, except that no action shall be taken pursuant to the plan if in the view of the Secretary of Defense such action will adversely affect national security or military activities, including preparedness and training.

"(5) EXCLUSIONS.—The lands referred to in paragraph (1)(A) shall not include lands managed under the National Park System or the National Wilderness Preservation System.

"(6) SAVINGS CLAUSE.—Nothing in this subsection shall be construed to limit or affect the application of existing restrictions on offshore drilling or requirements for land management under Federal, State, or local law.".

PURPOSE AND SUMMARY

H.R. 4480, the "Strategic Energy Production Act of 2012," was introduced by Representative Cory Gardner (together with Representatives Canseco, Olson, Coffman, Blackburn, Johnson of Ohio, Landry, McMorris Rodgers, Terry, and Berg) on April 24, 2012. The legislation would require the Secretary of Energy to develop a plan to increase the percentage of Federal lands under the jurisdictions of the Secretary of Agriculture, Secretary of Energy, Secretary of the Interior, and the Secretary of Defense leased for oil and gas exploration, development, and production following the first drawdown of the Strategic Petroleum Reserve (SPR). The bill requires that the plan:

- Increase the total percentage of Federal lands leased for oil and gas exploration, development, and production commensurate with the percentage of petroleum in the SPR that was drawn down;
- Limit the total percentage of Federal lands leased as a result of the plan to 10 percent;
- Exclude lands managed under the National Park System or that are part of the National Wilderness Preservation System;
- Be consistent with a national energy policy to meet present and future energy needs of the U.S.; and
- Promote the interests of consumers through the provision of an adequate and reliable supply of domestic transportation fuels at the lowest reasonable cost.

Background and Need for Legislation

The President is authorized to release oil from the Strategic Petroleum Reserve (SPR) upon a finding that there is a "severe supply disruption" of crude oil supplies. Originally established in response to the oil shock caused by the 1973–1974 Arab oil embargo, in recent years there has been increasing political pressure to authorize SPR drawdowns to increase oil supply and thereby reduce market pressures that contribute to increases in the price of oil and gasoline. These drawdowns provide transitory relief to oil and gasoline price increases and do not have a long term effect.

During this same period of increasing political pressure to utilize SPR for short term price manipulation, the production of crude oil on Federal lands has declined. Specifically, oil production on lands under the jurisdictions of the Secretary of Agriculture, Secretary of Energy, Secretary of the Interior, and the Secretary of Defense, which collectively total 2.4 billion acres both onshore and offshore, is experiencing a precipitous decline that shows little sign of reversing course in the current climate. Like the SPR, these lands are ultimately under the management control of the President.

H.R. 4480 will couple the short term necessity of a decision to drawdown from the SPR to a long term solution of having a sustainable supply of oil production from Federal lands. If a supply disruption is large enough to necessitate releasing reserves from the SPR then it is acknowledged that a long term plan for increasing oil production on Federal lands is required. The bill requires that upon the first drawdown from the SPR, the Secretary of Energy must develop a plan to increase the percentage of Federal lands leased for oil and gas exploration, development, and production.

The history of the SPR

The SPR was created in 1975 under the Energy Policy and Conservation Act (EPCA) to help prevent a repetition of the economic harm caused by the 1973–1974 Arab oil embargo. The original purpose of the SPR was to help the U.S. manage a large, physically discernible disruption from the Persian Gulf region. The SPR provides the President with the ability to utilize a large pool of emergency oil reserves in the event of an oil supply disruption that threatens the economy.

The EPCA authorized a drawdown from the SPR upon a finding by the President that there is a "severe supply disruption." This requirement is deemed to exist if three conditions are met:

1. An emergency situation exists and there is a significant reduction in supply which is of significant scope and duration;
2. A severe increase in the price of petroleum products has resulted from such emergency situation; and
3. Such price increase is likely to cause major adverse impact on the national economy.

Congress provided the President with additional authority in 1990 (under the Energy Policy and Conservation Act Amendments of 1990), to permit use of the SPR for short periods to resolve supply interruptions stemming from situations internal to the United States. The intention was to provide for an SPR drawdown under a less rigorous finding than that mandated by original Act. This allows the President to use the SPR for a short period without having to declare the existence of a "severe energy supply interruption."

The SPR is managed by the Department of Energy, but releases from the SPR can only be authorized by the President. According to the most recent information provided by the Department of Energy, the May 2012 SPR inventory was 696 million barrels. At that level, the SPR holds the equivalent of about 80 days of import protection. The Energy Policy Act of 2005 authorized SPR expansion to a capacity of 1 billion barrels, but the physical expansion of the SPR has not surpassed 727 million barrels. The SPR is comprised of five oil storage facilities in Louisiana and Texas. There have been three releases from the SPR since its creation in order to combat supply disruptions that threaten the economy:

1. January 1991: 17 million barrels were released in response to the beginning of Operation Desert Storm;
2. September 2005: 11 million barrels were released in response to the aftermath of Hurricane Katrina; and
3. June 2011: 30 million barrels were released in response to the Libyan civil war.

The SPR is likely to be most effective as a short-term device to help bridge a temporary supply shortfall until other sources can become available. Without new supply, any decrease in the price of oil from an SPR drawdown likely will be fleeting. This is evidenced in the most recent SPR release which took place in June of 2011. On the day of the President's announcement of his decision to allow for a drawdown from the SPR, the price of West Texas Intermediate Crude decreased 4 percent. A week later the price was above where it had been prior to the President's announcement.

Oil production on Federal land

The total amount of lands under the jurisdictions of the Secretary of Agriculture, Secretary of Energy, Secretary of the Interior, and the Secretary of Defense collectively total 2.4 billion acres both onshore and offshore. According to the most recent data made available by the Department of the Interior, there are 36 million acres of offshore Federal land and 37 million acres of onshore Federal land that is currently leased for oil and gas development. This represents 3% of the total Federal lands of the aforementioned agencies. In recent years this number has remained stagnant despite an increase in the price per barrel of oil over both 5 and 10 year periods.

In addition to the relatively small percentage of Federal lands leased for oil and gas production, there has also been a decline in the amount of oil produced on Federal lands. According to the Congressional Research Service, oil production on Federal land decreased by average of 275,000 barrels per day in 2011. This contrasts greatly with the recent increase in production that is now occurring on non-Federal lands. For example, about 96 percent of the increase of oil production in the U.S. took place on non-Federal lands since 2007. According to the Energy Information Administration, oil production declined 14 percent on Federal lands during fiscal year 2011.

The most striking example of the declining utilization of Federal lands in a long term energy plan for our Nation is an examination of the average annual number of leases issued by the Bureau of Land Management (BLM) during the previous 5 Administrations. During the Reagan Administration, an average of 8,821 leases were issued annually by BLM. Each subsequent Administration saw a decline in the number of leases issued annually from the previous Administration. Under the Obama Administration, there has been an average of 1,856 leases issued annually by BLM. This is a 36 percent decrease from the Bush Administration, a 51 percent decrease from the Clinton Administration, and a 79 percent decrease from the Reagan Administration.

H.R. 4480 is needed to move towards a long term plan of tapping into the Nation's abundant oil supply on Federal lands by increasing the amount of Federal land that is leased for oil production. Simply relying on a drawdown from the SPR, without increasing a domestic supply, will produce only short-lived drops in the price of oil and a heavy reliance on sources abroad. This legislation will increase a longer term, sustainable, domestic supply of oil.

Hearings

On March 28, 2012, the Subcommittee on Energy and Power held a legislative hearing on "The American Energy Initiative: A Focus on Legislative Responses to Rising Gasoline Prices" including discussion drafts of the "Gasoline Regulations Act of 2012" and the "Strategic Energy Production Act of 2012," and received testimony from:

- Gina McCarthy, Assistant Administrator for Air and Radiation, U.S. Environmental Protection Agency;
- Robert Abbey, Director, Bureau of Land Management, U.S. Department of the Interior;

- Christopher A. Smith, Deputy Assistant Secretary of Oil and Natural Gas, Office of Fossil Energy, U.S. Department of Energy;
- James Burkhard, Managing Director-Global Oil Group, IHS Cambridge Energy Research Associates;
- Jackson Coleman, Managing Partner and General Counsel, EnergyNorthAmerica, LLC;
- Matthew L. Smorch, Vice President-Strategy, CountryMark Cooperative, LLC;
- George Schink, Managing Director and Principal, Navigant Economics;
- Robert Meyers, Senior Counsel, Crowell & Moring;
- Niger Innis, Co-Chairman, Affordable Power Alliance; and
- Joseph Romm, Senior Fellow, Center for American Progress.

Committee Consideration

On April 17, 2012, the Subcommittee on Energy and Power forwarded a committee print entitled the "Strategic Energy Production Act of 2012," as amended, to the full Committee by a roll call vote of 9 yeas and 7 nays. The committee print was subsequently introduced on April 24, 2012, by Representative Gardner together with Representatives Canseco, Olson, Coffman, Blackburn, Johnson, Landry, McMorris Rodgers, Terry, and Berg.

On May 16 and 17, 2012, the Committee on Energy and Commerce met in open markup session and ordered H.R. 4480 reported to the House, as amended, by a roll call vote of 31 yeas and 16 nays.

Committee Votes

Clause 3(b) of rule XII of the Rules of the House of Representatives requires the Committee to list the record votes on the motion to report legislation and amendments thereto. A motion by Mr. Upton to order H.R. 4480, reported to the House, as amended, was agreed to by a record vote of 31 yeas and 16 nays. The following reflects the record votes taken during the Committee consideration, including the names of those Members voting for and against.

COMMITTEE ON ENERGY AND COMMERCE -- 112TH CONGRESS
ROLL CALL VOTE # 116

BILL: **H.R. 4480**, the "Strategic Energy Production Act of 2012"

AMENDMENT: An amendment offered by Ms. DeGette, No. 1, to allow the Secretary of Energy to not develop a plan if a determination is made that it would duplicate or override other agencies' efforts.

DISPOSITION: **NOT AGREED TO**, by a roll call vote of 15 yeas and 30 nays.

REPRESENTATIVE	YEAS	NAYS	PRESENT	REPRESENTATIVE	YEAS	NAYS	PRESENT
Mr. Upton		X		Mr. Waxman	X		
Mr. Barton				Mr. Dingell	X		
Mr. Stearns		X		Mr. Markey			
Mr. Whitfield		X		Mr. Towns			
Mr. Shimkus		X		Mr. Pallone	X		
Mr. Pitts		X		Mr. Rush	X		
Mrs. Bono Mack				Ms. Eshoo	X		
Mr. Walden		X		Mr. Engel	X		
Mr. Terry		X		Mr. Green	X		
Mr. Rogers				Ms. DeGette	X		
Mrs. Myrick		X		Mrs. Capps	X		
Mr. Sullivan		X		Mr. Doyle	X		
Mr. Murphy		X		Ms. Schakowsky	X		
Mr. Burgess		X		Mr. Gonzalez			
Mrs. Blackburn				Ms. Baldwin			
Mr. Bilbray		X		Mr. Ross		X	
Mr. Bass		X		Mr. Matheson		X	
Mr. Gingrey		X		Mr. Butterfield	X		
Mr. Scalise		X		Mr. Barrow		X	
Mr. Latta		X		Ms. Matsui	X		
Mrs. McMorris Rodgers		X		Mrs. Christensen			
Mr. Harper		X		Ms. Castor	X		
Mr. Lance		X		Mr. Sarbanes	X		
Mr. Cassidy		X					
Mr. Guthrie		X					
Mr. Olson		X					
Mr. McKinley		X					
Mr. Gardner		X					
Mr. Pompeo		X					
Mr. Kinzinger		X					
Mr. Griffith		X					

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COMMITTEE ON ENERGY AND COMMERCE -- 112TH CONGRESS
ROLL CALL VOTE # 117

BILL: H.R. 4480, the "Strategic Energy Production Act of 2012"

AMENDMENT: An amendment offered by Mr. Rush, No. 3, to direct Administrator of EIA to determine impact of the Act within 90 days of enactment, and to provide that section 2 shall not take effect unless it is determined that the Act would lower gasoline prices within 10 years.

DISPOSITION: NOT AGREED TO, by a roll call vote of 17 yeas and 31 nays.

REPRESENTATIVE	YEAS	NAYS	PRESENT	REPRESENTATIVE	YEAS	NAYS	PRESENT
Mr. Upton		X		Mr. Waxman	X		
Mr. Barton		X		Mr. Dingell	X		
Mr. Stearns				Mr. Markey	X		
Mr. Whitfield		X		Mr. Towns			
Mr. Shimkus		X		Mr. Pallone	X		
Mr. Pitts		X		Mr. Rush	X		
Mrs. Bono Mack		X		Ms. Eshoo	X		
Mr. Walden		X		Mr. Engel	X		
Mr. Terry		X		Mr. Green	X		
Mr. Rogers				Ms. DeGette	X		
Mrs. Myrick		X		Mrs. Capps	X		
Mr. Sullivan		X		Mr. Doyle	X		
Mr. Murphy		X		Ms. Schakowsky	X		
Mr. Burgess		X		Mr. Gonzalez			
Mrs. Blackburn		X		Ms. Baldwin			
Mr. Bilbray		X		Mr. Ross		X	
Mr. Bass		X		Mr. Matheson		X	
Mr. Gingrey		X		Mr. Butterfield	X		
Mr. Scalise		X		Mr. Barrow		X	
Mr. Latta		X		Ms. Matsui	X		
Mrs. McMorris Rodgers		X		Mrs. Christensen	X		
Mr. Harper		X		Ms. Castor	X		
Mr. Lance		X		Mr. Sarbanes	X		
Mr. Cassidy		X					
Mr. Guthrie		X					
Mr. Olson		X					
Mr. McKinley		X					
Mr. Gardner		X					
Mr. Pompeo		X					
Mr. Kinzinger							
Mr. Griffith		X					

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COMMITTEE ON ENERGY AND COMMERCE -- 112TH CONGRESS
ROLL CALL VOTE # 118

BILL: H.R. 4480, the "Strategic Energy Production Act of 2012"

AMENDMENT: An amendment offered by Mr. Markey, No. 5, to require bidders for leases to certify that all gas and crude oil developed from these leases and the refined petroleum products produced from these resources shall be sold only in the U.S.

DISPOSITION: NOT AGREED TO, by a roll call vote of 12 yeas and 33 nays.

REPRESENTATIVE	YEAS	NAYS	PRESENT	REPRESENTATIVE	YEAS	NAYS	PRESENT
Mr. Upton		X		Mr. Waxman			
Mr. Barton		X		Mr. Dingell			
Mr. Stearns		X		Mr. Markey	X		
Mr. Whitfield		X		Mr. Towns			
Mr. Shimkus		X		Mr. Pallone	X		
Mr. Pitts		X		Mr. Rush			
Mrs. Bono Mack		X		Ms. Eshoo	X		
Mr. Walden		X		Mr. Engel	X		
Mr. Terry		X		Mr. Green		X	
Mr. Rogers				Ms. DeGette		X	
Mrs. Myrick		X		Mrs. Capps	X		
Mr. Sullivan		X		Mr. Doyle			
Mr. Murphy		X		Ms. Schakowsky	X		
Mr. Burgess		X		Mr. Gonzalez			
Mrs. Blackburn		X		Ms. Baldwin			
Mr. Bilbray		X		Mr. Ross		X	
Mr. Bass		X		Mr. Matheson			
Mr. Gingrey		X		Mr. Butterfield	X		
Mr. Scalise		X		Mr. Barrow	X		
Mr. Latta		X		Ms. Matsui	X		
Mrs. McMorris Rodgers		X		Mrs. Christensen	X		
Mr. Harper		X		Ms. Castor	X		
Mr. Lance		X		Mr. Sarbanes	X		
Mr. Cassidy		X					
Mr. Guthrie		X					
Mr. Olson		X					
Mr. McKinley		X					
Mr. Gardner		X					
Mr. Pompeo		X					
Mr. Kinzinger		X					
Mr. Griffith		X					

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COMMITTEE ON ENERGY AND COMMERCE -- 112TH CONGRESS
ROLL CALL VOTE # 119

BILL: H.R. 4480, the "Strategic Energy Production Act of 2012"

AMENDMENT: An amendment offered by Ms. Markey, No. 6, to require leases only be given to companies that forfeit claiming certain tax provisions related to oil and gas exploration and production.

DISPOSITION: NOT AGREED TO, by a roll call vote of 13 yeas and 33 nays.

REPRESENTATIVE	YEAS	NAYS	PRESENT	REPRESENTATIVE	YEAS	NAYS	PRESENT
Mr. Upton		X		Mr. Waxman			
Mr. Barton		X		Mr. Dingell			
Mr. Stearns		X		Mr. Markey	X		
Mr. Whitfield		X		Mr. Towns			
Mr. Shimkus		X		Mr. Pallone	X		
Mr. Pitts		X		Mr. Rush			
Mrs. Bono Mack		X		Ms. Eshoo	X		
Mr. Walden		X		Mr. Engel	X		
Mr. Terry		X		Mr. Green		X	
Mr. Rogers				Ms. DeGette	X		
Mrs. Myrick		X		Mrs. Capps	X		
Mr. Sullivan		X		Mr. Doyle	X		
Mr. Murphy		X		Ms. Schakowsky	X		
Mr. Burgess		X		Mr. Gonzalez			
Mrs. Blackburn		X		Ms. Baldwin			
Mr. Bilbray		X		Mr. Ross		X	
Mr. Bass		X		Mr. Matheson		X	
Mr. Gingrey				Mr. Butterfield	X		
Mr. Scalise		X		Mr. Barrow		X	
Mr. Latta		X		Ms. Matsui	X		
Mrs. McMorris Rodgers		X		Mrs. Christensen	X		
Mr. Harper		X		Ms. Castor	X		
Mr. Lance		X		Mr. Sarbanes	X		
Mr. Cassidy		X					
Mr. Guthrie		X					
Mr. Olson		X					
Mr. McKinley		X					
Mr. Gardner		X					
Mr. Pompeo		X					
Mr. Kinzinger		X					
Mr. Griffith		X					

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COMMITTEE ON ENERGY AND COMMERCE -- 112TH CONGRESS
ROLL CALL VOTE # 120

BILL: H.R. 4480, the "Strategic Energy Production Act of 2012"

AMENDMENT: An amendment offered by Mrs. Christensen, No. 7, to direct the Secretary of Energy to develop a plan to protect consumers against gasoline price fluctuations and to reduce the role of oil in the U.S. economy.

DISPOSITION: NOT AGREED TO, by a roll call vote of 16 yeas and 32 nays.

REPRESENTATIVE	YEAS	NAYS	PRESENT	REPRESENTATIVE	YEAS	NAYS	PRESENT
Mr. Upton		X		Mr. Waxman	X		
Mr. Barton		X		Mr. Dingell	X		
Mr. Stearns		X		Mr. Markey	X		
Mr. Whitfield		X		Mr. Towns			
Mr. Shimkus		X		Mr. Pallone	X		
Mr. Pitts		X		Mr. Rush			
Mrs. Bono Mack		X		Ms. Eshoo	X		
Mr. Walden		X		Mr. Engel	X		
Mr. Terry		X		Mr. Green		X	
Mr. Rogers				Ms. DeGette	X		
Mrs. Myrick		X		Mrs. Capps	X		
Mr. Sullivan		X		Mr. Doyle	X		
Mr. Murphy		X		Ms. Schakowsky	X		
Mr. Burgess		X		Mr. Gonzalez			
Mrs. Blackburn		X		Ms. Baldwin			
Mr. Bilbray		X		Mr. Ross		X	
Mr. Bass		X		Mr. Matheson		X	
Mr. Gingrey				Mr. Butterfield	X		
Mr. Scalise		X		Mr. Barrow	X		
Mr. Latta		X		Ms. Matsui	X		
Mrs. McMorris Rodgers		X		Mrs. Christensen	X		
Mr. Harper		X		Ms. Castor	X		
Mr. Lance		X		Mr. Sarbanes	X		
Mr. Cassidy		X					
Mr. Guthrie		X					
Mr. Olson		X					
Mr. McKinley		X					
Mr. Gardner		X					
Mr. Pompeo		X					
Mr. Kinzinger		X					
Mr. Griffith		X					

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COMMITTEE ON ENERGY AND COMMERCE -- 112TH CONGRESS
ROLL CALL VOTE # 121

BILL: H.R. 4480, the "Strategic Energy Production Act of 2012"

AMENDMENT: An amendment offered by Mr. Markey, No. 8, to prohibit new leases if more than 50% of existing oil and gas leases on Federal lands are not currently producing.

DISPOSITION: NOT AGREED TO, by a roll call vote of 14 yeas and 33 nays.

REPRESENTATIVE	YEAS	NAYS	PRESENT	REPRESENTATIVE	YEAS	NAYS	PRESENT
Mr. Upton		X		Mr. Waxman	X		
Mr. Barton		X		Mr. Dingell	X		
Mr. Stearns		X		Mr. Markey	X		
Mr. Whitfield		X		Mr. Towns			
Mr. Shimkus		X		Mr. Pallone	X		
Mr. Pitts		X		Mr. Rush			
Mrs. Bono Mack		X		Ms. Eshoo	X		
Mr. Walden		X		Mr. Engel			
Mr. Terry		X		Mr. Green		X	
Mr. Rogers				Ms. DeGette	X		
Mrs. Myrick		X		Mrs. Capps	X		
Mr. Sullivan		X		Mr. Doyle	X		
Mr. Murphy		X		Ms. Schakowsky	X		
Mr. Burgess		X		Mr. Gonzalez			
Mrs. Blackburn		X		Ms. Baldwin			
Mr. Bilbray		X		Mr. Ross		X	
Mr. Bass		X		Mr. Matheson		X	
Mr. Gingrey				Mr. Butterfield	X		
Mr. Scalise		X		Mr. Barrow		X	
Mr. Latta		X		Ms. Matsui	X		
Mrs. McMorris Rodgers		X		Mrs. Christensen	X		
Mr. Harper		X		Ms. Castor	X		
Mr. Lance		X		Mr. Sarbanes	X		
Mr. Cassidy		X					
Mr. Guthrie		X					
Mr. Olson		X					
Mr. McKinley		X					
Mr. Gardner		X					
Mr. Pompeo		X					
Mr. Kinzinger		X					
Mr. Griffith		X					

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COMMITTEE ON ENERGY AND COMMERCE -- 112TH CONGRESS
ROLL CALL VOTE # 122

BILL: H.R. 4480, the "Strategic Energy Production Act of 2012"

AMENDMENT: A motion by Mr. Upton to order H.R. 4480 favorably reported to the House, as amended. (Final Passage)

DISPOSITION: NOT AGREED TO, by a roll call vote of 31 yeas and 16 nays.

REPRESENTATIVE	YEAS	NAYS	PRESENT	REPRESENTATIVE	YEAS	NAYS	PRESENT
Mr. Upton	X			Mr. Waxman		X	
Mr. Barton	X			Mr. Dingell		X	
Mr. Stearns	X			Mr. Markey		X	
Mr. Whitfield	X			Mr. Towns			
Mr. Shimkus	X			Mr. Pallone		X	
Mr. Pitts	X			Mr. Rush			
Mrs. Bono Mack	X			Ms. Eshoo		X	
Mr. Walden	X			Mr. Engel			
Mr. Terry	X			Mr. Green		X	
Mr. Rogers				Ms. DeGette		X	
Mrs. Myrick	X			Mrs. Capps		X	
Mr. Sullivan	X			Mr. Doyle		X	
Mr. Murphy	X			Ms. Schakowsky		X	
Mr. Burgess	X			Mr. Gonzalez			
Mrs. Blackburn	X			Ms. Baldwin			
Mr. Bilbray		X		Mr. Ross	X		
Mr. Bass	X			Mr. Matheson	X		
Mr. Gingrey				Mr. Butterfield		X	
Mr. Scalise	X			Mr. Barrow	X		
Mr. Latta	X			Ms. Matsui		X	
Mrs. McMorris Rodgers	X			Mrs. Christensen		X	
Mr. Harper	X			Ms. Castor		X	
Mr. Lance	X			Mr. Sarbanes		X	
Mr. Cassidy	X						
Mr. Guthrie	X						
Mr. Olson	X						
Mr. McKinley	X						
Mr. Gardner	X						
Mr. Pompeo	X						
Mr. Kinzinger	X						
Mr. Griffith	X						

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Committee Oversight Findings

Pursuant to clause 3(c)(1) of rule XIII of the Rules of the House of Representatives, the Committee made findings that are reflected in this report.

Statement of General Performance Goals and Objectives

H.R. 4480 requires that upon the first drawdown from the Strategic Petroleum Reserve (SPR), the Secretary of Energy (in consultation with the Secretaries of Agriculture, Interior, and Defense) must develop a plan to increase the percentage of Federal lands leased for oil and gas exploration, development, and production. It requires the plan (i) be consistent with a national energy policy to meet present and future energy needs of the U.S.; (ii) promote the interests of consumers through the provision of an adequate and reliable supply of domestic transportation fuels at the lowest reasonable cost; and (iii) not result in the percentage of Federal lands leased to exceed 10 percent or include lands managed under the National Park System or the National Wilderness Preservation System.

New Budget Authority, Entitlement Authority and Tax Expenditures

In compliance with clause 3(c)(2) of rule XIII of the Rules of the House of Representatives, the Committee finds that H.R. 4480, the "Energy Production Security Act of 2012," would result in no new or increased budget authority, entitlement authority, or tax expenditures or revenues.

Earmark

In compliance with clause 9(e), 9(f), and 9(g) of rule XXI, the Committee finds that H.R. 4480, the "Energy Production Security Act of 2012," contains no earmarks, limited tax benefits, or limited tariff benefits.

Committee Cost Estimate

Pursuant to clause 3(c)(3) of rule XIII of the Rules of the House of Representatives, the following is the cost estimate provided by the Congressional Budget Office pursuant to section 402 of the Congressional Budget Act of 1974.

JUNE 6, 2012.

Hon. FRED UPTON,
Chairman, Committee on Energy and Commerce,
House of Representatives, Washington, DC.

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for H.R. 4480, the Strategic Energy Production Act of 2012.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contacts are Kathleen Gramp and Jeff LaFave.

Sincerely,

DOUGLAS W. ELMENDORF.

Enclosure.

CONGRESSIONAL BUDGET OFFICE ESTIMATE

H.R. 4480—Strategic Energy Production Act of 2012

Summary: H.R. 4480 would direct the Department of Energy (DOE) to develop a plan to increase the amount of acreage leased for oil and gas development on federal lands if the department sells oil from the Strategic Petroleum Reserve (SPR). DOE would be required to develop that plan within 180 days after the first sale of oil from the SPR that occurs after the bill is enacted, with a goal of increasing the acreage under lease by the percentage change in the size of the SPR resulting from the sale. This one-time plan would be developed in consultation with certain federal and non-federal entities and would be implemented by agencies responsible for managing federal lands, including the Departments of the Interior (DOI), Agriculture, and Defense. We estimate that implementing the bill would have negligible discretionary costs over the 2013–2017 period.

Pay-as-you-go procedures apply to this legislation because it could affect offsetting receipts from oil and gas leasing, which are recorded as a credit against direct spending. CBO estimates, however, that the net effect on direct spending would be insignificant over the 2013–2022 period. Enacting H.R. 4480 would not affect revenues.

H.R. 4480 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would impose no costs on state, local, or tribal governments.

Estimated cost to the Federal Government: CBO estimates that enacting H.R. 4480 would not have a significant impact on net direct spending.

For this estimate, CBO assumes that H.R. 4480 will be enacted by the end of 2012 and that the necessary amounts to implement it will be appropriated. Since 1985, DOE has sold oil from the SPR on eight occasions; three of those sales were triggered by international events (in 1990, 1991, and 2011), three by Congressional directives (all in 1996), one by a hurricane (in 2005), and one sale was implemented to test systems and procedures (in 1985). Past sales have involved relatively small volumes of oil, ranging from less than 1 percent to about 4 percent of the oil in the SPR, or an average of about 2 percent per sale. Proceeds from those sales—which are used to replenish stocks in the reserve—have ranged from less than $50 million to $3.2 billion.

Based on past trends, CBO expects there is a chance that another sale will occur over the 2013–2022 period under current law. In that case, H.R. 4480 would require DOE to complete a plan to increase the amount of federal land leased for oil and gas development. The timing of any future sales and when the report would be prepared are uncertain, however.

Direct spending

Under this bill, DOI would be required to implement any recommendations in the plan developed by DOE.[1] CBO estimates that

[1] The Bureau of Land Management acts as the leasing agent for mineral rights on all onshore federal lands, including those administered by the Department of Agriculture and the Depart-

Continued

enacting H.R. 4480 would have no significant net effect on offsetting receipts from federal leasing activity over the 2013–2022 period.

Several factors would limit the impact of DOE's plan on federal leasing activity. For example, the legislation would not repeal the current statutory prohibition on leasing in the Arctic National Wildlife Refuge and national parks or the temporary ban on leasing in the Outer Continental Shelf (OCS) in the Eastern Gulf of Mexico. Similarly, the plan developed under H.R. 4480 would not supersede other policies in existing law that affect federal leasing activity, such as requirements that development be consistent with state coastal zone management plans, preserve antiquities, and protect certain environmentally sensitive areas. CBO assumes that DOI would implement DOE's plan in a manner consistent with the statutory and administrative policies in effect at the time the plan is developed.

In addition, there is no single benchmark for measuring changes in future leasing activity because of policy considerations and fluctuations in market conditions. Under current law, within areas open for such activities, private firms nominate onshore parcels believed to have economic value, and the relevant agencies prepare to offer most of those lands for lease. DOI routinely offers leases for virtually all of the acreage in the most geologically promising regions of the OCS—the Central and Western Gulf of Mexico and Chukchi and Beaufort Seas. Decisions about leasing in most other areas of the Alaska OCS largely depend on the recommendations of potential bidders. Administrations have taken different positions on whether to offer leases off the California and Atlantic coasts, taking into account the resource development policies of the affected states. Ultimately, the amount of additional acreage leased would depend on decisions made by private firms in light of both federal and state policies.

CBO expects that DOI's primary option for increasing leasing under this bill would be to offer acreage that was not nominated by industry. That approach would allow DOI to comply with the plan without changing other administrative policies that prevent leasing off the Pacific or Atlantic coasts and in other sensitive areas. Even if a future Administration opens areas currently not available for leasing, offering such acreage may be the only option to implement a DOE report because there would be no other alternatives to increasing the acreage offered.

CBO estimates offering such areas for leasing would have a negligible effect on offsetting receipts because, by choosing not to nominate or recommend the areas or parcels for leasing, firms indicate that they believe those prospects have little economic value.

Spending subject to appropriation

CBO estimates that implementing this bill would have a negligible impact on spending subject to appropriation over the 2013–2017 period. Based on the cost of similar studies, developing the plan required by H.R. 4480 would cost about $1 million. However, those expenditures are uncertain and would depend on SPR oil

ment of Defense and would implement any recommendations in the DOE plan that affect those lands. The Bureau of Ocean Energy Management is the leasing agent for all OCS lands.

sales that may or may not occur in the next five years. CBO also estimates that implementing the bill would have no significant impact on DOI's administrative expenses, assuming any DOE recommendations are implemented through the department's routine planning processes.

Pay-As-You-Go considerations: The Statutory Pay-As-You-Go Act of 2010 establishes budget-reporting and enforcement procedures for legislation affecting direct spending or revenues. CBO estimates that enacting H.R. 4480 would not have a significant impact on net direct spending over either the 2012–2017 period or the 2012–2022 period. Enacting the bill would not affect revenues.

Intergovernmental and private-sector impact: H.R. 4480 contains no intergovernmental or private-sector mandates as defined in UMRA and would impose no costs on state, local, or tribal governments.

Estimate prepared by: Federal costs: Kathleen Gramp and Jeff LaFave; Impact on state, local, and tribal governments: Melissa Merrell; Impact on the private sector: Amy Petz.

Estimate approved by: Theresa Gullo, Deputy Assistant Director for Budget Analysis.

Federal Mandates Statement

The Committee adopts as its own the estimate of Federal mandates prepared by the Director of the Congressional Budget Office pursuant to section 423 of the Unfunded Mandates Reform Act.

Advisory Committee Statement

No advisory committees within the meaning of section 5(b) of the Federal Advisory Committee Act were created by this legislation.

Applicability to Legislative Branch

The Committee finds that the legislation does not relate to the terms and conditions of employment or access to public services or accommodations within the meaning of section 102(b)(3) of the Congressional Accountability Act.

Section-by-Section Analysis of Legislation

Section 1—Short title

Section 1 provides the short title of "Strategic Energy Production Act of 2012."

Section 2—Plan for increasing domestic oil and gas exploration, development, and production from Federal lands in response to Strategic Petroleum Reserve drawdown

Section 2 amends the Energy Policy and Conservation Act to require the Secretary of Energy upon the first drawdown from the SPR to develop a plan to increase the percentage of Federal lands under the jurisdiction of the Secretary of Agriculture, Secretary of Energy, Secretary of the Interior, and Secretary of Defense leased for oil and gas exploration, development and production.

Section 2 also requires that the plan developed by the Secretary: (1) be consistent with a national energy policy to meet present and future energy needs of the U.S. and consistent with economic goals, and (2) promote the interests of consumers through the provision of an adequate and reliable supply of domestic transportation fuels at the lowest reasonable cost.

Section 2 also provides that the plan shall not result in the percentage of Federal lands leased to exceed 10 percent or include lands managed under the National Park System or the National Wilderness Preservation System.

Section 2 requires the Secretary of Energy to consult with the Secretary of Agriculture, Secretary of Energy, Secretary of the Interior, and Secretary of Defense in development of the plan and requires these Secretaries to comply with the plan.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3(e) of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (new matter is printed in italic and existing law in which no change is proposed is shown in roman):

ENERGY POLICY AND CONSERVATION ACT

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TITLE I—MATTERS RELATED TO DOMESTIC SUPPLY AVAILABILITY

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PART B—STRATEGIC PETROLEUM RESERVE

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DRAWDOWN AND SALE OF PETROLEUM PRODUCTS

SEC. 161. (a) * * *

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(k) PLAN.—

(1) CONTENTS.—

(A) IN GENERAL.—Not later than 180 days after the date on which the Secretary executes, in accordance with the provisions of this section, the first sale after the date of enactment of this subsection of petroleum products in the Reserve the Secretary shall develop a plan to increase the percentage of Federal lands (including submerged lands of the Outer Continental Shelf) under the jurisdiction of the Secretary of Agriculture, the Secretary of Energy, the Secretary of the Interior, and the Secretary of Defense leased for oil and gas exploration, development, and production. The percentage of the total amount of the Federal lands described in the preceding sentence by which the plan developed under this paragraph will increase leasing for oil and gas exploration, development, and production shall be the same as the percentage of petroleum in the Strategic Petroleum Reserve that was drawn down.

(B) REQUIREMENTS.—The plan developed under this paragraph shall—

(i) be consistent with a national energy policy to meet the present and future energy needs of the Nation consistent with economic goals; and

(ii) promote the interests of consumers through the provision of an adequate and reliable supply of domestic transportation fuels at the lowest reasonable cost.

(C) ENERGY INFORMATION.—The Secretary shall base the determination of the present and future energy needs of the Nation, for purposes of subparagraph (B)(i), on information from the Energy Information Administration.

(2) LIMITATION.—The plan developed under paragraph (1) shall not provide for oil and gas exploration, development, and production leasing of a total of more than 10 percent of the Federal lands described in paragraph (1)(A).

(3) CONSULTATION.—The Secretary shall develop the plan required by paragraph (1) in consultation with the Secretary of Agriculture, the Secretary of the Interior, and the Secretary of Defense. Additionally, in developing the plan, the Secretary shall consult with the American Association of Petroleum Geologists and other State, environmentalist, and oil and gas industry stakeholders to determine the most geologically promising lands for production of oil and natural gas liquids.

(4) COMPLIANCE WITH REQUIREMENTS.—Each Federal agency described in paragraph (1)(A) shall comply with any requirements established by the Secretary pursuant to the plan, except that no action shall be taken pursuant to the plan if in the view of the Secretary of Defense such action will adversely affect national security or military activities, including preparedness and training.

(5) EXCLUSIONS.—The lands referred to in paragraph (1)(A) shall not include lands managed under the National Park System or the National Wilderness Preservation System.

(6) SAVINGS CLAUSE.—Nothing in this subsection shall be construed to limit or affect the application of existing restrictions on offshore drilling or requirements for land management under Federal, State, or local law.

* * * * * * *

DISSENTING VIEWS

I. PURPOSE OF THE LEGISLATION

H.R. 4480 requires the Secretary of Energy to develop a plan to increase domestic oil and gas leasing from onshore and offshore federal lands that are under the jurisdiction of the Departments of Agriculture, Energy, Interior, and Defense within 180 days of a release of petroleum from the Strategic Petroleum Reserve (SPR).

A new government bureaucracy at the Department of Energy (DOE) would develop this plan which duplicates the oil and gas leasing programs at the Departments of Interior and Agriculture. The bill requires the Secretary of Energy to develop a plan to increase the acreage of federal lands leased by a percentage equaling the percentage of SPR petroleum released.

II. H.R. 4480 DOES NOT GUARANTEE ADDITIONAL OIL PRODUCTION

If petroleum is released from the SPR, H.R. 4480 requires a plan to expand the acreage of public lands available for oil and gas production. However, this plan will not guarantee any specific amount of increased domestic production. That's because the amount of oil and gas produced each year from federal lands depends on factors that are not addressed in the legislation. These factors include whether private parties choose to bid for leases, whether, once leased, leaseholders develop leased land for oil and gas production, and how much oil or gas is economically recoverable on leased land. At the Subcommittee hearing on this bill, Robert Abbey, the Director of the Bureau of Land Management at the Department of the Interior (DOI) testified that the offering of leases will not necessarily lead to leasing, and that in the event land is leased, there is no guarantee that industry will develop those leases. Instead, he testified, production levels fluctuate based on "market conditions and industry decisions."[1]

According to the Department's testimony, of the 37 million acres of offshore land offered for lease in 2010, 93.5% of the land received no bids from industry.[2] In 2011, in a lease sale of 21 million acres in the Western Gulf of Mexico, 95.2% of the offered land received no bids from industry.[3] Abbey testified that in total there are now 38 million acres of onshore federal land under lease, but only 32% of those leased lands are currently in production.[4] Offshore there

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[1] Committee on Energy and Commerce, Testimony of Robert Abbey, Director, Bureau of Land Management, United States Department of the Interior, *The American Energy Initiative: A Focus on Legislative Responses to Rising Gasoline Prices,* 112th Cong. (Mar. 28, 2012).

[2] *Id.*

[3] *Id.*

[4] *Id.*

are 38 million acres of land under lease, but only 26% is currently being explored or developed.[5]

Finally, it is unclear that leasing promoted by this bill will open areas of federal land with substantial amounts of technically recoverable oil or gas reserves. For instance, existing offshore lease sale plans already cover more than 75% of technically recoverable oil and gas in the Outer Continental Shelf.[6]

III. H.R. 4480 PROPOSES A RADICAL CHANGE IN FEDERAL POLICY REGARDING PUBLIC LANDS

The majority has asserted that there are 2.4 billion acres of federal land. Therefore, releasing 10 percent of the SPR (about 70 million barrels of oil) would appear to require DOE to plan for expanded oil and gas production on 240 million acres of land. Leasing this many acres of federal land would more than quadruple the amount of land currently leased for production. The legislation requires the Departments of Agriculture, Defense and Interior to follow the Energy Department's plan.

IV. H.R. 4480 WILL NOT LOWER GASOLINE PRICES

Even if this bill increased domestic production of oil and gas, it would not lower gasoline prices. According to the Energy Information Administration (EIA), crude oil production on offshore and onshore federal lands in 2011 was higher than in 2006, 2007, or 2008—the last three years of the Bush Administration.[7] Additionally, crude oil production on all lands in the United States is currently at an eight-year high.[8] Despite this increase in production, oil and gasoline prices are still on the rise in the United States, because oil prices are set on a global market that the United States has little power to control.

The Associated Press conducted a statistical analysis of 36 years of gasoline prices and U.S. domestic oil production data and found no statistical correlation between the volume of oil produced and the price of gasoline at the pump.[9] On May 9, 2012, the Congressional Budget Office (CBO) released a report drawing the same conclusion. The CBO report states, "Even if the United States increased production and became a net exporter of oil, U.S. consumers would still be exposed to gasoline prices that rose and fell in response to disruptions around the world."[10]

Canada is largely energy independent when it comes to oil. In fact, according to data from Statistics Canada, last year Canada ex-

[5] *Id.*
[6] *Id.*
[7] Energy Information Administration, *Sales of Fossil Fuels Produced from Federal and Indian Lands, FY 2003 through FY 2011* (Mar. 2012) at 3.
[8] Energy Information Administration, *Crude Oil Production* (online at www.eia.gov/dnav/pet/pet_crd_crpdn_adc_mbblpd_a.htm); Energy Information Administration, *Annual Energy Outlook 2012 Early Release, Table 11: Liquid Fuels Supply and Disposition* (Jan. 2012).
[9] *More Drilling Won't Lower Gas Prices, Study Shows,* Associated Press, (Mar. 22, 2012). Available online through various news outlets. *See, e.g.* http://www.cbsnews.com/8301-505145_162-57401456/more-us-drilling-didnt-drop-gas-price/, (accessed on June 4, 2012).
[10] U.S. Congressional Budget Office, *Energy Security in the United States,* (May 9, 2012) (online at http://www.cbo.gov/publication/43012).

ported more than 70% of the oil it produced.[11] Between 2000 and 2011, Canada increased its production of crude oil by more than a third and tripled its net exports of crude oil.[12] Even as Canada produced more and more oil over the last decade, Canadian consumers have faced the same gasoline price spikes as consumers in the United States.

In both Subcommittee and full Committee markup of H.R. 4480, Rep. Rush offered an amendment to ensure that the requirements of this bill would not go into effect if it is determined that the legislation would not reduce gasoline prices within 10 years. At the full Committee markup, the amendment was defeated by a roll call vote of 17–31.

V. H.R. 4480 WILL IMPACT THE OPERATION OF THE STRATEGIC PETROLEUM RESERVE

The Strategic Petroleum Reserve serves an essential function in protecting American consumers and businesses from the effects of global oil supply disruptions. On March 28, 2012, the Department of Energy, which manages the SPR, testified before the Energy and Power Subcommittee that this legislation would complicate use of the SPR and would potentially reduce its effectiveness in providing strategic and economic security for the nation.[13]

The Department of Energy testified before the Energy and Power Subcommittee that:

> imposing a requirement to coordinate future increases in leased Federal lands as a consequence of releasing crude oil from the SPR will have a negative impact on the decision-making process to employ the SPR, which should be based solely on protecting the U.S. from the consequences of severe supply interruptions, and could lead to an inability to respond quickly to such threats.[14]

Consider the aftermath of Hurricane Katrina. In September 2005, President Bush authorized the release of up to 30 million barrels of oil from the SPR to respond to Hurricane Katrina.[15] Had H.R. 4480 been in effect at that time, this decision would have triggered a requirement to plan for the additional leasing of 100 million acres. Such a monumental task would act as a significant deterrent for deployment of the SPR.

VI. H.R. 4480 WILL CREATE WASTEFUL GOVERNMENT BUREAUCRACY

Land management agencies within the Department of the Interior, such as the Bureau of Land Management and the Bureau of

[11] Statistics Canada, Table 126-0001: Supply and disposition of crude oil and equivalent (online at www5.statcan.gc.ca/cansim/a05?lang=eng&id=1260002&pattern=1260002&searchTypeByValue=1&p2=35) (accessed Mar. 19, 2012).
[12] *Id.*
[13] Committee on Energy and Commerce, Testimony of Christopher Smith, Deputy Assistant Secretary for Oil and Natural Gas, Office of Fossil Energy, United States Department of Energy, *The American Energy Initiative: A Focus on Legislative Responses to Rising Gasoline Prices,* 112th Cong. (Mar. 28, 2012).
[14] *Id.,* at pages 5–6.
[15] U.S. Department of Energy, *Releasing Crude Oil from the Strategic Petroleum Reserve,* (online at http://fossil.energy.gov/programs/reserves/spr/spr-drawdown.html) (accessed on June 4, 2012).

Ocean Energy Management, have many years of experience and a great deal of expertise in managing and leasing federal lands for energy production. They have extensive processes in place which involve public notice and comment and the opportunity for local input. The Department of Energy does not have any experience in leasing activities.

The Department of the Interior's land management agencies employ multi-year processes to manage leasing on millions of acres of land.[16] For example, under the Outer Continental Shelf Lands Act, the Interior Department is required to prepare a 5-year oil and gas leasing program including a schedule that shows the size, timing, and location of leasing activity as precisely as possible.[17] The in-depth, statutorily mandated process for developing that leasing program generally takes about 2½ years and includes 3 separate comment periods, 2 separate draft proposals, a final proposal, and development of an environmental impact statement.[18] DOI invites and considers input from the governors of affected states, and in some cases local governments as well.[19] Finally, after approval by the Secretary of the Interior, DOI sends the plan to Congress where, absent legislation to modify within 60 days, the program becomes final.[20]

Under H.R. 4480, the Department of Energy would have to engage in a duplicative planning process, requiring significant resources, redundant with those already housed at the Department of the Interior. As Christopher Smith, DOE's Deputy Assistant Secretary for Oil and Natural Gas, testified before the Energy and Power Subcommittee, implementing this bill would "require a large investment of resources at DOE."[21]

An amendment to address this duplication of resources was offered by Rep. DeGette during full Committee consideration. The amendment would have nullified the requirements of the bill if the Secretary of Energy, in consultation with the Secretaries of Agriculture, Interior, and Defense, determined that the plan would waste government resources by duplicating other federal activities. The amendment failed, with no support from the Committee's Republican members.

VII. H.R. 4480 IS NOT NECESSARY TO REPLENISH THE STRATEGIC PETROLEUM RESERVE

This bill's sponsor has said that "the entire purpose of the bill is to make sure that we are replenishing the energy that we re-

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[16] *See* Committee on Energy and Commerce, Testimony of Robert Abbey, Director, Bureau of Land Management, United States Department of the Interior, *The American Energy Initiative: A Focus on Legislative Responses to Rising Gasoline Prices,* 112th Cong. (Mar. 28, 2012).

[17] Outer Continental Shelf Lands Act, Section 18, 43 U.S.C. 1344.

[18] U.S. Department of Interior, *5 Year OCS Oil and Gas Leasing Program,* (online at www.boem.gov/Oil-and-Gas-Energy-Program/Leasing/Five-Year-Program.aspx) (accessed on June 4, 2012).

[19] *See,* U.S. Department of Interior, *Leasing Process,* (online at www.boemre.gov/ld/PDFs/LeasingProcess.pdf) (accessed on June 4, 2012).

[20] *Id.*

[21] Committee on Energy and Commerce, Testimony of Christopher Smith, Deputy Assistant Secretary for Oil and Natural Gas, Office of Fossil Energy, United States Department of Energy, *The American Energy Initiative: A Focus on Legislative Responses to Rising Gasoline Prices,* 112th Cong. (Mar. 28, 2012).

move from the Strategic Petroleum Reserve." [22] However, new production is not required to replenish the SPR, and the legislation contains no requirement that oil produced as a result of the planning requirements of this bill be sold to the federal government to replenish the SPR.

VIII. DEMOCRATIC AMENDMENTS TO H.R. 4480 WILL PROTECT NATIONAL SECURITY AND NATURAL RESOURCES

Two amendments offered by Democratic members of the Committee were accepted during full Committee consideration of H.R. 4480. The first, offered by Rep. Dingell, will ensure that existing land management requirements and restrictions on offshore drilling are preserved. The second, offered by Ranking Member Waxman, will prevent lease sales and drilling that might adversely impact our national security and military preparedness. These amendments passed the Committee by voice vote.

IX. CONCLUSION

Because H.R. 4480 will impair the functioning of the Strategic Petroleum Reserve and waste public resources with new bureaucratic and redundant government programs while providing no benefits to the public, we dissent from the decision to favorably report the legislation.

HENRY A. WAXMAN.
BOBBY L. RUSH.

[22] Committee on Energy and Commerce, Statement of Rep. Cory Gardner, *Markup of H.R. 4471, The Gasoline Regulations Act of 2012, and H.R. 4480, The Strategic Energy Production Act of 2012,* 112th Cong. (May 17, 2012).