

Now, you would logically assume that, absent some enticement or tax break, industry would be unwilling to sink an offshore well in deep water, thereby necessitating the royalty holiday to encourage exploration in otherwise unattractive areas. But you would be wrong. Indeed, the industry press is replete with reports of growing interest and activity by industry in deep water areas.

According to a March 13, 1995, article in the "Oil and Gas Journal," written by senior editor A.D. Koen, "Improved economics, better technology, and growing experience are converging in the Gulf of Mexico's ultradeep water areas to fuel a new era of U.S. offshore development." The author describes the factors contributing to this surge in Outer Continental Shelf [OCS] development: "Companies taking the plunge into deeper water credit better economics with providing the impetus to begin exploiting discoveries. Lower finding, development, and production costs make some of the gulf's larger reservoirs in very deep water competitive with many other offshore prospects, United States or non-United States in any water depth."

Deep water reserves in the gulf are providing to be larger and more profitable than originally projected. According to a December 7, 1994, New York Times article, deep water reserves are thought to hold 50 percent more oil than the giant Prudhoe Bay fields in Alaska, as much as 15 billion barrels.

In the November 21, 1994, issue of Forbes magazine, Shell and British Petroleum officials stated that they could develop the first 500 million barrels from the 2,933-foot deep MARS field in the gulf at a cost of only \$3 per barrel. Thus, even though the deep water fields are expensive, they are large enough that the per barrel production cost is exceedingly low, generating plenty of profit and reducing any justification for royalty relief or tax breaks.

Moreover, the technology is constantly improving, as noted in the Wall Street Journal on January 25, 1995: "Industry executives believe tension leg-platforms can be affordable in water as deep as 6,000 feet."

As a result of these disclosures, it was with some consternation that I read in the March 24, 1995, edition of The Energy Daily that some congressional leaders and some officials in the administration are supporting a proposal to reduce substantially royalties owed on deep water oil and gas leases on public lands in the Gulf of Mexico.

The new legislative proposal, S. 158, would provide a royalty holiday for producers that drill in deep waters in order to "revitalize the domestic oil and gas industry." Under this ill-conceived scheme, the U.S. Department of the Interior would forgive all royalty payments owed to the Federal taxpayer until all drilling expenses have been recovered.

This royalty relief, in addition to the extremely favorable tax treatment the oil and gas industry already enjoys, would make for a very generous gift during a time of fiscal constraint. According to a Congressional Research Service analysis provided to the Natural Resources Committee last year, the current effective tax rate for oil and gas companies is 17 percent, and independent oil and gas producers are estimated to enjoy an effective tax rate of zero, due to the benefits of depreciation, depletion allowance, alternative minimum tax, and other tax credits which the industry is allowed under current law.

Last week, many of us in this House were shocked when we heard Republican Members use animal analogies to justify cutting off aid to poor- and middle-class families. Not only were these arguments offensive, they highlight the hypocrisy in the Republican approach to Government.

If the majority truly want to end the cycle of dependence, why not do so for the richest in our society, not just for the poorest? Why, at a time when working people are increasingly living on the economic edge, do we need to give multibillion dollar tax breaks to multinational energy conglomerates to do what they are already doing: drilling for oil?

And, never satisfied with a limited corporate tax break when a bigger one will do, some in Congress now are planning to expand the unneeded royalty relief to environmentally important waters in Alaska.

The American people are not interested in cutting social welfare programs in order to pay for corporate welfare. They are justifiably tiring of high-priced lobbyists securing lucrative tax breaks and special treatment from the Republican leadership while those too young, too poor, or too weak are told they must sacrifice more.

The oil industry is already proceeding with and profiting from deep water development without additional royalty relief. We shouldn't be bribing them to do what they are doing already.

The royalty holiday is a paid vacation for the oil industry, and a bad deal for the taxpayer.

TRIBUTE TO COL. HENRY E.
STRICKLAND

HON. THOMAS M. DAVIS

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 30, 1995

Mr. DAVIS. Mr. Speaker, it gives me great pleasure to rise today to pay tribute to Col. Henry E. Strickland, a distinguished gentleman from Fairfax County in Virginia's 11th Congressional District. He will be honored by the Fairfax County Planning Commission on April 1, 1995. A graduate of the U.S. Military Academy at West Point, Hank moved to Fairfax County after a distinguished career in the U.S. Army.

Hank Strickland recently retired from the Fairfax County Planning Commission after service since April 1989. Under his tenure the county planning commission replanned much of Fairfax County's high growth corridors, including the Route 28 corridor, Tyson's Corner, and Reston Town Center.

More importantly, as the Mason district member of the planning commission, Hank helped in the revitalization of the Baileys Crossroads area, and worked with numerous civic associations to prevent commercial encroachment into the long established residential neighborhoods. Neighborhoods from Sleepy Hollow to Glen Forest have worked with Hank in their efforts to balance the need for an expanded commercial base with their needs to preserve their residential quality of life.

In addition to serving on the planning commission Hank served as chairman of the Mason District Council, president of the Sleepy Hollow Civic Association, and former chairman of the Mason District Land Use Task

Force. His wife Muriel, is also active in civic affairs, and has been a strong influence and source of support for Hank.

As well as a civic leader, Hank is a respected public servant who works well with all sides on an issue to build consensus where possible, and insuring that both sides are heard prior to a decision. His leadership, knowledge, and experience will be missed, but I know my colleagues join me in encouraging Hank to continue his civic involvement.

CONGRATULATIONS TO MS. APRIL
GENTES

HON. PATRICK J. KENNEDY

OF RHODE ISLAND

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 30, 1995

Mr. KENNEDY of Rhode Island. Mr. Speaker, I rise today to extend congratulations on behalf of the U.S. Congress to Ms. April Gentes, a resident of Rumford, RI who is a senior at Bishop Feehan High School in Attleboro, MA.

Ms. Gentes has been named a national winner in the 1995 Voice of Democracy Program and recipient of a National Veterans of Foreign Wars Scholarship Award. This distinguished program began 48 years ago and, this year, had 125,000 participants competing for 47 annual scholarships nationwide with the submission of an essay on the subject of "My Vision for America."

Mr. Speaker, I am proud to present Ms. Gentes essay for the RECORD.

"MY VISION FOR AMERICA"

(By April Gentes)

A world without prejudice and bigotry anywhere. A place where the word hatred does not exist. Somewhere where people will help one another and not think of their own needs first. A place where children can run and play and moms and dads won't have to worry about their safety. A land filled with people who are not poor, hungry, or homeless. A place where all who are there feel loved and accepted. Somewhere where no man or woman, boy or girl, feels they are worthless or can not make a difference in someone else's life. A place where forgiveness and trust go hand in hand. A land with no disease, war or killing. This is my vision for America.

I believe that every single person in this world is here for a reason. I have a story I'm sure you've heard before but it ties in well about how my vision of America would be. It goes like this: One day a girl was walking along a beach where thousands of star fish were washed up along the shore. The girl started picking the star fish up, one by one, and throwing them back into the ocean. As she was doing this a man walking noticed her. He walked up to her and asked "little girl, don't you see there are thousands of star fish here all washed up on the sand. You can't possibly save them all, so why are you trying too?" The little girl looked up at the man and, hurt by his question, thought for a moment. Then she replied "No, you're right. I can't possibly save them all, but I can save this one (and she picked up a star fish and threw it back into the ocean.) and I can help this one", and she picked up another one and did the same. She continued on walking and throwing the star fish back into the water feeling happy with what she could do to help.

This story has so much meaning behind it. Instead of the girl being intimidated by the