

Week in News: August 3-10, 2008

Analysis: Fresh energy problems for new president

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Conserving and Drilling Can Resolve Energy Crisis

iStock Analyst, August 10, 2008; http://www.istockanalyst.com/article/viewiStockNews+articleid_2496950.html

Answer to the \$40,000 question

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Technology enters the debate over offshore oil drilling

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Moderate Dems breaking with Pelosi on offshore drilling

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McCain holds off backing 'Gang of 10' energy plan

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Analysis: Fresh energy problems for new president

Washington Post, August 9, 2008; <http://www.washingtonpost.com/wp-dyn/content/article/2008/08/09/AR2008080900712.html?hpid=sec-politics>

By H. JOSEF HEBERT
The Associated Press

WASHINGTON -- No matter who moves into the White House in January, energy problems will hit him with the punch of a winter storm.

Republican presidential candidate John McCain and his Democratic rival, Barack Obama, agree that the era of cheap energy and abundant supplies is over. Both have called for breaking away from the nation's overwhelming oil dependency while dueling bitterly over how to do it. Neither has suggested heavy-handed government intervention such as price controls imposed in response to the 1970s oil crisis.

Their broader visions of where U.S. energy policy should go in the long run are strikingly similar, but they would take some different routes to get there.

Obama would take a decade to wean the nation off its reliance on oil from the Middle East and Venezuela. McCain, dubbing his energy agenda the "Lexington Project" _ after the Massachusetts town where America's war for independence from Britain began 233 years ago _ says his goal is to achieve "energy independence" by 2025.

But the next president is likely to face more immediate concerns.

Atop high gasoline prices, Americans will be getting huge winter heating bills just as he settles in.

Faced with public unrest over soaring energy costs, President Bush once said he wished he had a magic wand to provide relief. The next president may wish that, too, in his first 100 days in office.

Obama says he's ready to turn to the federal Strategic Petroleum Reserve and make available as much as 70 million barrels of the government's emergency oil _ one of the few options he would have at hand under executive order and could move rapidly.

Barring a supply emergency, McCain can be expected to reject such action. His campaign dismissed the idea of tapping the reserve as a political ploy. "The strategic oil reserve exists for America's national security strategy, not Barack Obama's election strategy," snapped McCain spokesman Tucker Bounds.

As for short-term response, McCain has proposed little except for suggesting suspension of the 18-cent a gallon federal gasoline tax. The "tax holiday" was panned widely as a gimmick. Even McCain's allies in Congress showed little interest.

Oil companies might be wary in the first 100 days of an Obama presidency.

Obama wants oil companies to come up with the money for helping people pay their winter heating bills and defray high gasoline costs. He has called for a windfall profits tax on the five largest oil companies, using the money to give Americans up to a \$1,000 "emergency energy rebate."

Such a tax would have to be enacted by Congress, and would likely unleash another partisan storm on Capitol Hill.

Don't expect anything like that from a McCain White House. Echoing Bush and many Republicans in Congress, McCain denounced new oil industry taxes, arguing they would hinder investment, exploration and domestic oil production.

New domestic oil and gas production has been the mantra of the McCain and congressional Republican energy agenda. He has called repeatedly for lifting the drilling bans covering the federal Outer Continental Shelf off the Atlantic and Pacific coasts and the eastern Gulf of Mexico for the past 27 years.

The debate over offshore drilling is not expected to subside in the first months of the next presidency _ no matter who sits in the White House.

Responding to a shift that high gasoline prices has produced in the public's attitude about domestic energy production, Obama has reversed course and now says he could support a limited lifting of the offshore drilling moratoria, but only in some areas and as part of an array of other energy programs.

Lifting the offshore drilling bans, even if accomplished early in a McCain presidency, would not produce any oil for five to seven years. Yet some of Obama's major energy initiatives could be just as elusive and equally long-range.

Obama, for example, wants a \$150 billion, decade-long program to spur the commercial development of alternative energy sources: ethanol made from switchgrass instead of corn; new solar, wind and car battery technologies; more energy efficiency and finding ways to make coal more environmentally friendly.

The program would provide \$15 billion a year for 10 years. But don't expect the money anytime soon _ not in the first months or even the first few years of an Obama presidency.

The money under the Obama plan would come from selling pollution allowances to release carbon dioxide and other greenhouse gases as part of a broad program to address global warming.

Unlike Bush, both Obama and McCain favor a mandatory cap on greenhouse gases and want Congress to create a cap-and-trade climate proposal. But its prospects, and whether it will contain the kind of revenue collection mechanism envisioned by Obama, is anything but certain. If it fails to materialize, Obama's \$150 billion program for spurring new energy technologies fizzles.

Other energy issues will greet the new president. McCain and Obama agree on some, sharply disagree on others, including the role of nuclear power.

A McCain presidency would be a boon to the nuclear power industry. He promises government support for building 45 new power reactors by 2030. Obama has expressed skepticism about nuclear power expansion while acknowledging the need for the reactors now operating.

A bigger divide exists on the nuclear industry's thorniest problem: reactor waste.

McCain is a fan of Yucca Mountain, the proposed Nevada waste dump that is to be the burial place for more than 100,000 tons of highly radioactive waste generated by the country's commercial reactors. Obama calls Yucca a mistake. Critical decisions on whether to go forward with it will have to be made early in the next presidency.

The Obama campaign on Saturday released a TV ad for Las Vegas and Reno stations criticizing McCain on the issue. The ad says, in part: "Imagine trucks hauling the nation's nuclear waste on our highways to Yucca Mountain? John McCain supports opening Yucca. He's not worried about nuclear waste in our state, only in Arizona."

In response to the ad, the McCain campaign accused Obama of hypocrisy, noting that in 2005 Obama twice voted in favor of a \$31.2 billion bill providing funding for energy and water development projects that included \$577 million for Yucca Mountain. Yet McCain, though he backs the Yucca project, voted against the funding bill once _ and did not vote when it came up again, at which time it passed 84-4.

Ironically, Obama and McCain agree on one of the most polarizing energy and environmental issues of the last quarter century _ whether to drill for oil in Alaska's Arctic National Wildlife Refuge.

Neither wants to open the Alaska refuge to energy companies, something Bush has been trying to do for nearly eight years.

Conserving and Drilling Can Resolve Energy Crisis

iStock Analyst, August 10, 2008; http://www.istockanalyst.com/article/viewiStockNews+articleid_2496950.html

By Charles Krauthammer

WASHINGTON -- Let's see: housing meltdown, credit crunch, oil shock not seen since the 1970s. The economy is slowing, unemployment growing and inflation increasing. It's the sixth year of a highly unpopular war and the president's approval rating is at 30 percent.

The Italian Communist Party could win this election. The American Democratic Party is trying its best to lose it.

Democrats have the advantage on just about every domestic issue from health care to education. However, Americans' greatest concern is the economy, and their greatest economic concern is energy (by a significant margin: 37 percent to 21 percent for inflation). Yet Democrats have gratuitously forfeited the issue of increased drilling for domestic oil and gas. By an overwhelming margin of 2- 1, Americans want to lift the moratorium preventing drilling on the outer continental shelf, thus unlocking vast energy resources shut down for the last 27 years.

Democrats have been adamantly opposed. They say that we cannot drill our way out of the oil crisis. Of course not. But it is equally obvious that we cannot solar or wind or biomass our way out. Does this mean that because any one measure cannot solve a problem, it needs to be rejected?

Barack Obama remains opposed to new offshore drilling (although he now says he would accept a highly restricted version as part of a comprehensive package). Just last week, he claimed that if only Americans would inflate their tires properly and get regular tune- ups, "we could save all the oil that they're talking about getting off drilling."

This is bizarre. By any reasonable calculation of annual tire- inflation and tune-up savings, the outer shelf holds nearly a hundred times as much oil. As for oil shale, also under federal moratorium, after a thousand years of driving with Obama-inflated tires and Obama-tuned engines, we would still have saved only one- fifth the oil shale available in the United States.

But forget the math. Why is this issue either/or? Who's against properly inflated tires? Let's start a national campaign, Cuban- style, with giant venceremos posters lining the highways. ("Inflate your tires. Victory or death!") Why must there be a choice between encouraging conservation and increasing supply? The logical answer is obvious: Do both.

Do everything. Wind and solar. A tire gauge in every mailbox. Hell, a team of oxen for every family (to pull their gasoline- drained SUVs). The consensus in the country, logically unassailable and politically unbeatable, is to do everything possible to both increase supply and reduce demand, because we have a problem that's been killing our economy and threatening our national security. And no one measure is sufficient.

The green fuels the Democrats insist we should be investing in are as yet uneconomical, speculative technologies, still far more expensive than extracted oil and natural gas. We could be decades away.

And our economy is teetering. Why would you not drill to provide a steady supply of proven fuels for the next few decades as we make the huge technological and economic transition to renewable energy?

Congressional Democrats demand instead a clampdown on "speculators." The Democrats proposed this a month ago. In the meantime, "speculators" have driven the price down by \$25 a barrel. Still want to stop them? In what universe do traders only bet on the price going up?

On Monday, Obama outlined a major plan with mandates and immense government investment in such things as electric cars and renewables. Fine, let's throw a few tens of billions at this and see what sticks. But success will not just require huge amounts of money. It will require equally huge amounts of time and luck.

On the other hand, drilling requires no government program, no newly created bureaucracy, no pie-in-the-sky technologies that no one has yet invented. It requires only one thing, only one act. Lift the moratorium. Private industry will do the rest. And far from draining the treasury, it will replenish it with direct taxes and with the indirect taxes from the thousands of non-subsidized new jobs created.

The problem for the Democrats is that the argument for "do everything" is not rocket science. It is common sense. Which is why House Speaker Nancy Pelosi, surveying the political rubble resulting from her insistence on not even permitting drilling to come to a floor vote, has quietly told her members that they can save their skins and vote for drilling when the pre-election Congress convenes next month. Pelosi says she wants to save the planet. Apparently saving her speakership comes first.

Story Source: Deseret News (Salt Lake City)

Answer to the \$40,000 question

Naples Daily News, August 9, 2008; <http://www.naplesnews.com/news/2008/aug/09/brent-batten-answer-40000-question/>

Campaign Q and A:

Q. How much did the campaigns of Mario Diaz-Balart and Lincoln Diaz-Balart pay to bring President George W. Bush to Naples in June?

A. The latest campaign finance reports give the answer _ \$40,000. The cost of bringing the president here, or anywhere for that matter, is obviously much higher.

A policy dating back to the Reagan administration calls on the political beneficiaries of the president's visit to pay for travel, minus security, according to White House spokesman Blair Jones.

The White House closely guards the cost of presidential security so the actual cost of the trip to taxpayers isn't available.

Estimates put the cost of flying Air Force One at \$50,000 an hour. So the \$40,000 paid by the campaigns is only a fraction of the total.

The event took in about \$400,000 for the candidates, one of whom, Mario Diaz-Balart, represents part of Collier County.

Other expenses associated with the luncheon in Port Royal include about \$30,000 for catering; \$41,000 to Taylor Rental for tents and sundry party items and \$3,471 to Executive Restroom Trailers of Palm Beach.

Q. Is Barack Obama right when he says we can save just as much oil by inflating our tires properly and keeping our cars tuned up as we could get from drilling in waters off America's shores?

A. Most likely, no.

On July 30, candidate Obama said, "We could save all the oil they're talking about getting off drilling if everybody was just inflating their tires and getting regular tune-ups, we could save just as much."

AAA estimates properly inflated tires could increase gas mileage as much as 3 percent.

According to U.S. Energy Information Administration statistics, Americans burn 390 million gallons of gasoline a day.

Assuming every American is now driving on tires so underinflated that they'll all get the maximum savings of 3 percent by inflating properly, the country would save just under 12 million gallons of gas per day.

Estimates of how much oil can be expected from areas now off limits vary widely. One from the Energy Information Administration (EIA) puts it as low as 200,000 barrels of oil a day. That only yields about 4 million gallons of gasoline.

If the EIA estimate seems low _ a single offshore platform in the Gulf of Mexico is capable of producing 250,000 barrels of oil a day by itself _ it's because the agency made it on the assumption that the price of oil would be about \$60 a barrel for years to come. With a much higher price _ oil is now trading around \$120 a barrel _ companies will be more aggressive in producing oil, if given the chance.

The Minerals Management Services estimates there are 17.8 billion barrels of oil in the area currently unavailable for drilling. That is about double the oil in the known offshore fields currently producing.

If the estimate holds true and the currently unavailable areas produce double what the known area now produces, which is about 1.4 million barrels per day, new offshore oil production could yield nearly 3 million barrels of oil per day.

That would be enough to make 59 million gallons of gasoline per day.

Republicans, embracing optimistic projections of what could be realized through more drilling, are having great fun with tire gauges, brandishing them and mocking Obama's statement.

But remember, Obama said "inflating their tires and getting regular tune-ups." How much gas is to be saved through tune-ups?

That's hard to say, said Frank Panipinto of Frank's Tire and Service in Naples. "There are way too many variables," Panipinto said. It depends on the state of the car's systems when brought in.

If inflating tires saves 12 million gallons of gas a day, and if the goal is to save 59 million gallons of gas a day, the country would have to be wasting 47 million gallons of gas a day on rough-running engines for Obama's pronouncement to hold true.

Q. Why don't we all inflate our tires and get tune-ups and still try to get as much domestic oil as possible, in order to reduce our dependence on oil from countries hostile to us?

A. Why not indeed?

Technology enters the debate over offshore oil drilling

Statesman.com, August 10, 2008;

<http://www.statesman.com/business/content/business/stories/other/08/10/0810drillingtech.html>

By Bob Keefe
WEST COAST BUREAU

SANTA BARBARA, Calif. — What sticks in Charlie Eckberg's mind about that horrible January of 1969 was how the mighty Pacific went silent.

Oil from a blowout under a drilling platform six miles offshore made the water so thick and heavy that the crashing surf Eckberg was used to hearing at his beachfront home was eerily quieted, like a fallen giant.

"And then you started to see the animals," he recalled. First were birds, too many to count, said Eckberg, now 60 and still living in Santa Barbara. Then came the oil-coated seals, otters and other sea life.

"It changed my life," he said of the sight.

Today, Eckberg says he can't look at the oil platforms dotting the sea off Santa Barbara without disdain. He's now an environmental activist, an eco-friendly real estate developer and director of a group called Get Oil Out.

Almost 40 years after the blowout at Union Oil Co.'s Platform A resulted in one of the nation's most environmentally damaging drilling accidents, government and industry officials say new offshore technologies and techniques make it almost impossible for a similar disaster to occur again.

That's the point President Bush has made repeatedly in lifting an executive order banning new offshore oil exploration recently. He is asking Congress to lift its separate ban.

The Interior Department recently took steps to jump-start new offshore oil exploration, announcing plans for a lease program that could open up new areas off the coasts of Florida, North Carolina and other states to drilling if Congress lifts the ban.

"The technology has improved — the safety systems we now require have greatly improved — and the (industry) has a good record," said Randall Luthi, director of the department's Minerals Management Service, which handles offshore oilfield regulations and leases.

New tools that make offshore drilling safer range from computers that make exploration easier to tougher building materials on platforms, according to Luthi and others.

Seismic technology and directional drilling techniques let oil companies drill 100 exploratory wells from a single offshore platform. That reduces the number of derricks and therefore the potential for problems, they say.

Automatic shutoff valves underneath the seabed can cut the flow of oil immediately if there's a problem or a storm coming. Blowout prevention equipment can automatically seal off pipes leading to the surface in the case of an unexpected pressure buildup.

Undersea pipelines and wellheads can be monitored with special equipment such as unmanned, camera-equipped underwater vehicles and sensor-equipped devices called "smart pigs."

Advances in metallurgy and construction techniques have made platforms more likely to withstand hurricanes and other calamities.

"Any human endeavor has some level of risk," said Dave Mica, director of the Florida Petroleum Council, which is pushing for drilling off the Sunshine State. "We can't eliminate all of it. But we're trying."

Interior Secretary Dirk Kempthorne said Hurricanes Katrina and Rita provided the ultimate test of drilling operations. About 3,000 of the 4,000 oil platforms currently in the Gulf of Mexico were in the direct path of the two hurricanes in 2005, he said, yet there were no major spills.

"The shutoff valves below the ocean floor, all of them worked," Kempthorne said. "There was no significant loss of oil."

With polls showing most Americans back new offshore drilling, many politicians are on board.

In Texas, Gov. Rick Perry says new drilling technologies and the industry's track record in the Gulf of Mexico show that the industry is safer than ever.

"History shows us we can drill environmentally friendly, if you will," Perry said in a recent interview.

Still, spills occur. Last year alone, according to the Minerals Management Service, about 2,225 barrels of oil were spilled in coastal waters because of mishaps involving offshore rigs. Even though the Interior Department and others don't deem them major spills, more than 16,280 barrels of oil were spilled in 2005, the year Hurricanes Katrina and Rita hit.

Given that many oil platforms and other equipment are decades old, it's surprising there haven't been more spills, said Bruce Bullock, director of the Maguire Energy Institute at Southern Methodist University in Dallas.

Bullock, who worked for an offshore oil services company for 25 years before joining academia, also cautioned that offshore drilling and well management operations are only part of the equation. The nation's worst oil spill involved a tanker, the Exxon Valdez, not an offshore platform.

"Let's say you're talking about offshore Florida," Bullock said. "In reality, there's probably more risk of an incident from a tanker going down the coast to get into the Gulf or vice versa than there is putting a well in 1,000 feet of water."

And improvements in technology or not, offshore drilling is still risky, opponents say.

"Even if they aren't spewing out of their rigs, the entire process is incredibly dirty," said Jennette Gayer, policy advocate for the group Environment Georgia. "There's no way you can tell me it won't have an impact on our coast, and our coast in Georgia is incredibly valuable."

In Santa Barbara, Eckberg said technological improvements in drilling aren't what matters in a world struggling with global warming, high energy prices, hostile foreign suppliers and other oil-related problems.

"It's not about whether it's safe to drill again or not," Eckberg said. "It's about whether it's safe for mankind to use this product or not."

For safer drilling

Government and oil industry officials say offshore oil drilling is safer because of new technology and techniques.

Drilling techniques

Better seismic equipment and powerful new computers make finding undersea reserves easier, even farther from shore than ever. Methods such as slant or directional drilling let oil companies use a single derrick to tap into reserves that in the past would have taken dozens of derricks. Fewer derricks mean fewer potential problems, according to the industry.

Safer equipment

Blowout preventers immediately stop the flow of oil in a pipe or wellhead in the case of unexpected pressure. Automatic shut-off valves beneath the sea floor can close off before oil ever comes out of the Earth.

Better inspections

Sensor-equipped devices called 'smart pigs' can check for wear and tear on pipes as they're cleaned. Remote robotic underwater vehicles equipped with cameras can inspect equipment and make minor repairs.

Better ships

Beginning in 2015, all tankers in U.S. waters are supposed to be doubled-hulled vessels, designed to prevent spills in the case of an accident. Some ships also have new types of connections that work below the ocean's surface, which is calmer than the surface.

Greenwire, August 8, 2008; <http://www.eenews.net/Greenwire/2008/08/08/archive/2?terms=Offshore+Drilling>

Alex Kaplun, Greenwire reporter

Vulnerable House Democrats and some of the party's top congressional candidates are breaking with party leaders on offshore drilling, but there is little evidence the split is weakening House Speaker Nancy Pelosi's opposition to allowing an up-or-down vote on the issue.

With lawmakers back at their districts facing voters, a growing number of Democrats have been saying they would support legislation opening up more offshore areas for oil-and-gas development, which Pelosi and other party leaders oppose.

So about 24 House Democrats -- many of them freshmen or representatives of moderate districts -- have expressed support for lifting the congressional offshore drilling bans. Several more have said they don't believe lifting the moratorium would affect energy prices, but they would support more drilling as apart of a broader energy compromise.

Among the Democrats who favor offshore drilling: Reps. Jim Marshall and John Barrow of Georgia, Joe Donnelly of Indiana, Travis Childers of Mississippi, Jason Altmire of Pennsylvania, Nick Lampson and Ciro Rodriguez of Texas, Bill Foster and Don Cazayoux of Illinois, Steve Kagen of Wisconsin, Artur Davis of Alabama, Jim Matheson of Utah, Zack Space of Ohio and Tim Walz of Minnesota.

Though many of those lawmakers are in their first term and have little influence on the House leadership, in a chamber where a swing of fewer than 20 votes could be the difference between a bill passing or not, they represent potential make-or-break votes and could do more to force a vote on offshore drilling than Republican floor protests.

"The real pressure point is the internal Democratic Caucus dynamics as opposed to the pressure coming from House Republicans, who really don't have a procedural pull to force a vote," said Sarah Binder of the Brookings Institution. "But I just can't see [the Democratic leadership] delivering a vote on Republican energy proposals."

The Democratic defections also bolster Republican claims of a solid House majority for lifting the drilling bans. They say the only stumbling block is Democratic leadership blocking a vote. Republicans have also repeatedly pressed Democrats this week to pressure Pelosi to allow a vote on drilling.

"They may go out there and say they are for drilling or they are for more energy or they are for our all-of-the-above energy plan, the American Energy plan, but they are the same Democrats who voted to adjourn," House Minority Leader John Boehner (R-Ohio) said in a radio interview this week. "They are trying to have it both ways and it's not going to work."

House Democratic leaders stand firm

There are few signs that Pelosi and other top Democrats are willing to bend on the issue. And so far, no Democrat has signed the discharge petition that would force the GOP's drilling bill onto the floor.

Many other Democrats -- even those in highly competitive races -- are continuing to stick by Pelosi, describing the offshore drilling push as a political gimmick and advocating increased use of renewables and drilling on already open public lands.

Binder argued that while the moderate Democrats -- particularly the freshmen -- may get some heat over the offshore drilling votes, that issue by itself will not be enough to sink their re-election hopes.

"Voters, when they're looking at these members in the first term, are rarely looking to policy votes, they are looking to see if they are 'one of us,'" Binder said. "They can weather these procedural questions over the next month or so on whether there's been a drilling vote."

Meanwhile, Pelosi has in recent public appearances criticized the GOP protest as a political stunt. Her office, as well as the Democratic Congressional Campaign Committee, has issued a string of releases that attack Republicans for opposing past efforts to address the energy crisis and for working on behalf of oil companies.

"Republicans are doing nothing but pushing the failed Johnny-one-note policies of the past," said House Majority Leader Steny Hoyer (D-Md.). "If we followed the Republican plan, our nation would continue to be at the mercy of other nations for our energy supply and economic strength."

Environmentalists maintain that virtually no Republican attacks or Democratic defections will force Pelosi's hand on offshore drilling.

"Being from California, being from a state that's had a problem with drilling on this in the past, she cares a lot about this issue and doesn't want to lose the moratorium," said Athan Manuel, a lobbyist with the Sierra Club. "She gets the big picture on energy policy and that's why she's so strong on this issue."

Will pressure grow?

Manuel also said that while energy prices are a major campaign issue, there has been little indication in polls that the public is turning against Democrats because of their leadership's opposition to offshore drilling.

"I don't think voters are going to go vote on offshore drilling -- there's a lot of other compelling issues," he said. "I'm not sure offshore drilling will ever get to the front of anyone's list when they go to the polls in November."

Republican supporters argue that as prices remain high, political pressure will increase and force rank-and-file members to explain why they support a party leadership that is blocking energy policies with strong support among voters.

"Every day it gets clearer and clearer that it's the Democratic leadership that is blocking action on the energy bill," former House Speaker Newt Gingrich (R-Ga.) said this week. "The more that Pelosi and Reid are clearly the anti-energy option, the harder it is for the Democrats back home to explain why they should be elected."

Gingrich -- who appeared this week at a rally with House Republicans who were protesting Democratic inaction on drilling -- said that pressure from voters will make the split between Democratic leadership and rank-and-file members more visible and contentious.

"My prediction is that by September, Democrats will split into a pro-energy faction and an anti-energy faction, and that the Republicans and the pro-energy Democrats will be an absolute majority," Gingrich said. "And I think they pass something despite Pelosi's best efforts to stop it."

McCain holds off backing 'Gang of 10' energy plan

The Hill, August 10, 2008; <http://thehill.com/leading-the-news/mccain-holds-off-backing-gang-of-10-energy-plan-2008-08-10.html>

By Manu Raju

Republican Sen. John McCain is not ready to embrace a bipartisan energy plan that could complicate his presidential campaign if Democrats advance the bill weeks before the November elections.

The bill is being drafted by some of his closest allies, including Sen. Lindsey Graham (R-S.C.), and offers a compromise on the roiling issue of offshore drilling.

Yet Tucker Bounds, a McCain campaign spokesman, said the Arizona senator is waiting to see legislative language before taking a position.

If McCain opposes the bill, it could appear that he is standing in the way of a compromise to soaring gasoline prices.

But if he backs it, McCain could cloud a clear distinction between the two parties on the issue that Republicans believe can swing the elections.

“John McCain would prefer and would continue to urge members of Congress to take his all-of-the-above approach to solving the country’s energy crisis,” which includes repealing the country’s decades-long ban on drilling along the Outer Continental Shelf, Bounds said.

For Democrats, backing the bill could mean infuriating environmental groups that say opening up protected areas to new drilling is a dangerous practice. Senate Majority Leader Harry Reid (D-Nev.) has asked his staff to work with aides to the leaders of the “Gang of 10” — Sens. Kent Conrad (D-N.D.) and Saxby Chambliss (R-Ga.) — as they draft legislative language.

Modeled after the 2005 Gang of 14 that averted a partisan meltdown over judicial nominees, the Gang of 10 — consisting of five Republican and five Democratic senators — last week announced a broad package of tax credits for renewable energy, a large investment in ramping up the use of cleaner-burning vehicles and a boost in developing coal-to-liquid-fueled plants.

Instead of allowing all coastal states the option to drill, as McCain and most Republicans have advocated, the proposal would allow the state legislatures of Virginia, North Carolina, and South Carolina to decide whether to allow drilling at least 50 miles off of their respective coasts. It also could open additional acreage in the eastern Gulf of Mexico, a hot-button issue in the swing state of Florida.

“This is an uphill fight, but this is what I strongly believe needs to be done,” Conrad said in a phone interview.

For weeks, Republicans have used offshore drilling to put Democrats on the defensive, seeking to capitalize on public outrage over \$4-a-gallon gasoline. And a group of House Republicans has stayed in Washington for the first week of recess to make speeches in the adjourned chamber about the need for more domestic drilling.

But the bipartisan proposal could offer Democrats a way out.

Sen. Barack Obama (Ill.), the Democratic presidential candidate, immediately issued a statement praising the plan, and pointed to its call to repeal tax breaks for oil companies.

Senior GOP aides say the plan’s inclusion of the repeal of tax breaks is a non-starter, and they say the bill does not go far enough to expand drilling.

While Obama said he is “skeptical” that more drilling will lower gas prices, he told reporters Aug. 2 that he’s “open” to a “genuine bipartisan compromise in which I have to accept some things I like or don’t like.”

Republicans called his comments a flip-flop, but Sen. Ben Nelson (D-Neb.), a member of the Gang of 10, said in an interview that Obama recognizes the debate “as a give-and-take process.”

After Obama’s comments, Reid sounded optimistic this week on a conference call that the bill could lead to a bipartisan deal in September.

Don Stewart, a spokesman for Senate Minority Leader Mitch McConnell (R-Ky.), said his boss is still reviewing the plan but has not taken a position.

Where’s the Energy?

NRO, August 11, 2008;

<http://article.nationalreview.com/?q=N2Q1YTMwMDBhMTk4MDkyOWVjMmYzZjUxMWJhZGU2YTQ=>

Locked up, thanks to Speaker Pelosi.

By John Shadegg

We are the nation of Velcro, the light-bulb, the microwave, the Ford Model-T, and the Wright Brothers. We fought and defeated tyranny and fascism. We’ve walked on the moon. Where others see impossibility, our nation sees a challenge. Pessimism and hopelessness are not American characteristics. As the price of gas climbs higher and higher, doomsday scenarios are playing out in the media. Americans aren’t buying it, they’re demanding a

solution. But our can-do nation is suffering at the hands of “can’t-do” congressional leadership. After months of prohibiting a vote on increased domestic oil production, House Democrats have gone on summer vacation — a luxury many Americans can no longer afford.

Energy solutions to provide relief at the pump cannot wait until September. Congress must repeal restrictions enacted, over the last two decades, placing our known domestic supplies off-limits. Energy producers can then increase supply and lower prices immediately while we take the necessary steps to make renewables and other alternatives commercially viable.

Recently, billionaire oilman T. Boone Pickens unveiled his plan for American energy independence. Relying heavily upon wind and natural gas, his idea is interesting, but can’t work — not now, at least. Congress has locked up approximately 76.5 trillion cubic feet of natural gas to which we would require access. Additionally, wind and solar tax credits, critical in developing these technologies, have been stalled by Speaker Pelosi and House Democrat leaders’ insistence upon paying for them with controversial tax hikes that can’t pass. I, along with 87 colleagues, wrote Speaker Pelosi asking that she bring a clean bill extending these credits to the floor. She hasn’t honored our request.

With complete disregard to the rights of the minority party, the Democrat leadership in Congress will not allow a vote on drilling for America’s vast domestic resources. Producers have made great strides in minimizing ecological damage. Over the past 25 years, 7 billion gallons of oil have been pumped to shore, without a single significant spill. In fact, the last oil spill of any impact from a drilling rig off our shores occurred 37 years ago. Yet, congressional Democrats refuse to acknowledge these facts, choosing instead to remain beholden to the fringe environmental extremists who oppose advancement.

Washington Democrat’s devotion to environmental elitism has resulted in the failed energy policies, or more accurately anti-energy policies, at the root of our current crisis. For 30 years, Democrats have voted consistently to lock up America’s supply of oil and natural gas. It’s estimated that ANWR holds 10.6 billion barrels of oil. In 13 years, Congress has voted 17 times on access to this oil, every attempt failing. But the record is clear, on average, 91% of Republicans voted for development of oil from ANWR, 86 percent of Democrats against it.

In federally designated lands in the Intermountain West, there is a massive supply of oil and trillions of cubic feet of natural gas, but they’re locked off from development by laws Congress enacted when gas was \$1 per gallon. The Western United States also holds vast quantities of oil shale, equal to 1.8 trillion barrels, compared to only 267 billion barrels in proven reserves in Saudi Arabia. But, just last year, thanks to Democrat Congressman Mark Udall from Colorado, a moratorium on the development of these resources was enacted.

The outer continental shelf (OCS) contains 115.43 billion gallons of oil and 633.62 trillion cubic feet of natural gas. Since 2005, 80 percent of Republicans have voted consistently for its production, while 83 percent of congressional Democrats have voted consistently against it, depriving American consumers of yet another energy source.

President Bush has lifted the executive ban on offshore oil drilling, but drilling cannot occur until Congress lifts its own legislative ban. With Speaker Pelosi at the helm, this is unlikely. At the beginning of July she reportedly told her colleagues that if they allowed for more drilling, Washington Democrats “might as well pack up and go home.” Well, they’ve packed up and gone home, but America’s energy is still locked up. The majority’s inaction on energy is financially ruinous and endangers our national security.

Over 70 percent of Americans favor increased domestic drilling. Republicans believe that a viewpoint held by a majority of the public deserves, at the very least, a vote on the floor of the people’s house. We have an “all of the above” strategy to find more sources and use less energy. Let’s encourage development of alternatives like solar, hydropower, and nuclear power and design more fuel-efficient cars and buildings. We understand however, that it will be several years until these energy sources are developed enough to adequately power our economy. Sound energy policy and sound national security policy recognize that, for now, America must depend on fossil fuels and must access our vast domestic supply.

Policies restricting access to known reserves, put in place when gasoline was \$1 or even \$2.00 per gallon, simply make no sense when \$4 per gallon prices are hurting American families and crippling our economy. Over the next month, Republicans will continue our protest, insisting that Speaker Pelosi and her colleagues return to Washington to allow a vote. The Democrat majority must recognize its obligation to the American people and bring down skyrocketing costs by lifting irrational restrictions on American energy production.

Flush With Energy

NYT, August 9, 2008; http://www.nytimes.com/2008/08/10/opinion/10friedman1.html?_r=1&oref=slogin

By THOMAS L. FRIEDMAN
Copenhagen

The Arctic Hotel in Ilulissat, Greenland, is a charming little place on the West Coast, but no one would ever confuse it for a Four Seasons — maybe a One Seasons. But when my wife and I walked back to our room after dinner the other night and turned down our dim hallway, the hall light went on. It was triggered by an energy-saving motion detector. Our toilet even had two different flushing powers depending on — how do I say this delicately — what exactly you're flushing. A two-gear toilet! I've never found any of this at an American hotel. Oh, if only we could be as energy efficient as Greenland!

A day later, I flew back to Denmark. After appointments here in Copenhagen, I was riding in a car back to my hotel at the 6 p.m. rush hour. And boy, you knew it was rush hour because 50 percent of the traffic in every intersection was bicycles. That is roughly the percentage of Danes who use two-wheelers to go to and from work or school every day here. If I lived in a city that had dedicated bike lanes everywhere, including one to the airport, I'd go to work that way, too. It means less traffic, less pollution and less obesity.

What was most impressive about this day, though, was that it was raining. No matter. The Danes simply donned rain jackets and pants for biking. If only we could be as energy smart as Denmark!

Unlike America, Denmark, which was so badly hammered by the 1973 Arab oil embargo that it banned all Sunday driving for a while, responded to that crisis in such a sustained, focused and systematic way that today it is energy independent. (And it didn't happen by Danish politicians making their people stupid by telling them the solution was simply more offshore drilling.)

What was the trick? To be sure, Denmark is much smaller than us and was lucky to discover some oil in the North Sea. But despite that, Danes imposed on themselves a set of gasoline taxes, CO2 taxes and building-and-appliance efficiency standards that allowed them to grow their economy — while barely growing their energy consumption — and gave birth to a Danish clean-power industry that is one of the most competitive in the world today. Denmark today gets nearly 20 percent of its electricity from wind. America? About 1 percent.

And did Danes suffer from their government shaping the market with energy taxes to stimulate innovations in clean power? In one word, said Connie Hedegaard, Denmark's minister of climate and energy: "No." It just forced them to innovate more — like the way Danes recycle waste heat from their coal-fired power plants and use it for home heating and hot water, or the way they incinerate their trash in central stations to provide home heating. (There are virtually no landfills here.)

There is little whining here about Denmark having \$10-a-gallon gasoline because of high energy taxes. The shaping of the market with high energy standards and taxes on fossil fuels by the Danish government has actually had "a positive impact on job creation," added Hedegaard. "For example, the wind industry — it was nothing in the 1970s. Today, one-third of all terrestrial wind turbines in the world come from Denmark." In the last 10 years, Denmark's exports of energy efficiency products have tripled. Energy technology exports rose 8 percent in 2007 to more than \$10.5 billion in 2006, compared with a 2 percent rise in 2007 for Danish exports as a whole.

"It is one of our fastest-growing export areas," said Hedegaard. It is one reason that unemployment in Denmark today is 1.6 percent. In 1973, said Hedegaard, "we got 99 percent of our energy from the Middle East. Today it is zero."

Frankly, when you compare how America has responded to the 1973 oil shock and how Denmark has responded, we look pathetic.

"I have observed that in all other countries, including in America, people are complaining about how prices of [gasoline] are going up," Denmark's prime minister, Anders Fogh Rasmussen, told me. "The cure is not to reduce

the price, but, on the contrary, to raise it even higher to break our addiction to oil. We are going to introduce a new tax reform in the direction of even higher taxation on energy and the revenue generated on that will be used to cut taxes on personal income — so we will improve incentives to work and improve incentives to save energy and develop renewable energy.”

Because it was smart taxes and incentives that spurred Danish energy companies to innovate, Ditlev Engel, the president of Vestas — Denmark’s and the world’s biggest wind turbine company — told me that he simply can’t understand how the U.S. Congress could have just failed to extend the production tax credits for wind development in America.

Why should you care?

“We’ve had 35 new competitors coming out of China in the last 18 months,” said Engel, “and not one out of the U.S.”

Energy Fictions

NYT, August 10, 2008;

http://www.nytimes.com/2008/08/10/opinion/10sun1.html?_r=1&th&emc=th&oref=slogin

Editorial

A toxic combination of \$4 gasoline, voter anxiety and presidential ambition is making it impossible for this country to have the grown-up conversation it needs about energy.

The latest evidence comes from Senator Barack Obama, who in less than a week has reversed his stance on tapping the Strategic Petroleum Reserve, softened his opposition to offshore drilling and unveiled an out-of-nowhere proposal to impose a windfall profits tax on the oil companies and funnel the money to consumers in the form of a \$1,000 tax rebate.

Compared with his slightly hysterical opponent, Mr. Obama had been making good sense on energy questions, and his recent speeches had included a menu of proposals for energy efficiency, conservation, alternative fuels and new technologies.

Yet public opinion polls showing deep voter discontent with fuel prices — and Senator John McCain’s steady pounding on the issue, including television ads blaming Mr. Obama personally for the rise in gasoline prices — have caused high anxiety among Democrats. They also seem to have persuaded Mr. Obama, who earlier had resisted gimmicky proposals like a gas tax holiday, to strike back.

The Democrats’ presumptive nominee has made a poor choice of weapons, beginning with his proposal to tap the petroleum reserve, an idea that Mr. McCain has wisely resisted. True, some usually responsible Democrats have been urging the release of as much as 70 million barrels of oil from the 700-million-barrel strategic reserve. And tapping the reserve on several earlier occasions — including the home heating oil crisis in 2000 and after the devastation of Hurricane Katrina in 2005 — did in fact cause oil prices to drop.

But these were the kinds of genuine emergencies for which the reserve was designed in the first place. High prices — even \$4 for a gallon of gasoline — do not, in our view, constitute such an emergency. (They may even be salutary: according to the Federal Highway Administration, Americans drove 30 billion fewer miles in the first five months of this year than they did last year. Consumers are moving briskly to the more fuel-efficient cars they probably should have been buying all along.)

The windfall tax idea seems exactly the kind of populist gimmick Mr. Obama has been trying to avoid, and could be counterproductive. It is true that oil company profits have reached obscene levels, largely as a result of oil prices. It is also true that oil companies receive tax benefits that they do not need and that ought to be repealed. But rebates would encourage consumption, leading to higher prices at the pump and hurting the very consumers Mr. Obama is trying to help.

The senator's shift on offshore drilling is less disturbing and more nuanced. Having opposed it in the past, he now appears willing to endorse selective drilling in places where states allow it, and only then as a negotiating tool to win a much bigger and broader bipartisan energy package.

This is far more defensible than Mr. McCain's gung-ho, drill anywhere approach. But Mr. Obama cannot allow himself to be seen as endorsing the twin fictions (assiduously promoted by Mr. McCain's advertising, if not by the candidate in his own public statements) that freeing up the 18 billion barrels in areas now off limits to drilling will bring quick relief at the pump and, in time, satisfy the country's long-term needs.

Here is the underlying reality: A nation that uses one-quarter of the world's oil while possessing less than 3 percent of its reserves cannot drill its way to happiness at the pump, much less self-sufficiency. The only plausible strategy is to cut consumption while embarking on a serious program of alternative fuels and energy sources. This is a point the honest candidate should be making at every turn.

Strong Energy Measures Wanted

Washington Post, August 10, 2008; <http://www.washingtonpost.com/wp-dyn/content/article/2008/08/09/AR2008080901556.html?wpisrc=newsletter>

Poll Shows Most Favor New Drilling, Taxes on Oil Profits

By Jon Cohen and Paul Kane

A new national poll shows broad public support for government action in the face of \$4-a-gallon gas and other energy concerns, giving Republicans a rare opening to go on the offensive against congressional Democrats and Sen. Barack Obama (D-Ill.).

Nearly two-thirds of Americans now put a priority on "finding new sources of energy" over improving conservation -- a significant shift since 2001 -- and majorities support all of the five potential federal initiatives tested in a new ABC News poll.

There is overwhelming backing for stricter fuel efficiency standards, as large majorities of Democrats, Republicans and independents alike line up behind the idea. There is also widespread support across party lines for a more controversial proposal in the battle over energy policy: offshore oil drilling.

Overall, 63 percent want the federal government to lift its embargo on new drilling in U.S. coastal waters. Nearly eight in 10 Republicans and seven in 10 independents back the idea, as do just over half of Democrats in the poll conducted in partnership with Stanford University and Planet Green.

The findings come after weeks of pressure from Sen. John McCain (Ariz.), the presumptive Republican presidential nominee, and GOP lawmakers on Capitol Hill who have demanded straight up or down votes on more domestic drilling. Faced with opposition from Democratic leaders, House Republicans on Friday completed the first week of what they hope to be an almost month-long protest on the chamber floor.

Since Speaker Nancy Pelosi (D-Calif.) gaveled the summer session of the House to a close, Republicans have taken to the floor for speeches in a dimly lighted chamber with no microphones, legislative action or Congressional Record, and have held twice-daily news conferences to get their message out. McCain joined in on the calls for Democrats to reconvene the House and Senate from the campaign trail, urging Congress to pass legislation that would allow offshore drilling.

"House Republicans have remained on the floor speaking directly to the chorus of Americans filling the House Visitors Gallery requesting that Speaker Pelosi reconvene the House and allow a vote on comprehensive, common-sense approach to reducing the price of energy," GOP leaders wrote last week in a letter to all 236 House Democrats.

But Democrats have dismissed the past week as a media-driven stunt. They took note of Rep. David Davis (Tenn.), who was upset in Thursday's Republican primary by Johnson City Mayor Phil Roe. Roe ran ads accusing "Big Oil" of "trying to buy our seat in Congress," and noting that Davis had been a recipient of significant energy-company campaign cash.

Senate Majority Leader Harry M. Reid (D-Nev.) recently called offshore oil exploration "a real big, wet kiss" to oil companies who supported President Bush's campaigns. Democratic strategists said Roe's victory reassured them that if the theme of attacking Big Oil worked in an eastern Tennessee GOP primary, it should work in less conservative districts in the general election.

Pelosi has refused to yield on the issue, arguing repeatedly that the only short-term fix for gas prices is for Bush to release millions of barrels of oil from the Strategic Petroleum Reserve. It's a position that Obama, the presumptive Democratic nominee, has also embraced, along with some public flirtation with supporting a compromise bill allowing for more drilling.

"There is nothing that the Republicans are proposing that will have an impact on the price at the pump. Yeah, 10 years from now, 2 cents. But what we are saying is free our oil in 10 days, not 10 years. And that's what we will keep pushing," Pelosi told reporters before the August recess.

Republicans, particularly House Minority Leader John A. Boehner (Ohio), have publicly embraced a number of conservation measures and attempts at finding renewable sources of energy along with their calls for more drilling offshore and in Western oil shale. Calling it the "all of the above" strategy, Republicans think that the broad approach gives them the high ground: supporting more domestic oil production in the short run and less energy consumption in the long term as the path to energy independence.

The new poll holds welcome news for Republicans' approach in a campaign season that has otherwise left McCain and the GOP with few opportunities to trump Democrats.

In addition to offshore drilling, most voters support an expansion of drilling in wilderness areas where it is currently banned, although Democrats and independents are about evenly split on that concept. By contrast, Republicans are divided 50 to 49 percent on whether to increase taxes on oil company profits, something that nearly two-thirds of Democrats and 54 percent of independents favor. Overall, 55 percent support these new taxes.

And just over six in 10 back new regulations on speculators with the idea of restricting trading that may affect the price of gasoline.

Nuclear power, which McCain has trumpeted as a cleaner energy source than oil, fares the worst in terms of public support, with 44 percent supporting the construction of more nuclear power plants. But that is up 10 percentage points from three years ago, reaching its highest level in polls going back to 1980.

On their own, many Americans have embraced conservation efforts: More than seven in 10 said they are trying to cut back on energy usage. Most of those respondents said they are driving less, about half said they have curtailed electricity use, and a third said they have tried to reduce their "carbon footprint" by recycling.

About four in 10 said they are motivated by both environmental and economic concerns. A third said they are primarily driven by environmental worries, a quarter mainly by the financial pinch.

Half of those polled, however, said that a candidate's being a "strong environmentalist" would have little impact on their vote, a 14-point jump from the spring of 1999.

The poll was conducted by telephone July 23 to 28 among a random national sample of 1,000 adults. The results from the full survey have a margin of sampling error of plus or minus three percentage points.

Commentary: Drive naked, save America

CNN, August 8, 2008; <http://www.cnn.com/2008/POLITICS/08/07/beck.energy/>

By Glenn Beck
CNN

Editor's note: Glenn Beck is on CNN Headline News nightly at 7 and 9 ET and also hosts a conservative national radio talk show.

Glenn Beck says conservation won't solve energy crisis, and we need more oil drilling in the U.S.

NEW YORK (CNN) -- Call our politicians and tell them to stay on vacation. Call the caribou roaming in Alaska and tell them they're safe. Call the Saudi king and tell him what you really think of his oil.

I, Glenn Beck, a recovering alcoholic rodeo clown, have come up with a solution to America's energy crisis...and you're wearing it.

Look at yourself right now. You've probably got on a shirt, socks, shoes, jewelry, maybe even some pants. Do you have any idea how much all of that weighs?

If people really loved America, they would strip down, leave their clothes at home, and drive around buck naked. That would decrease the weight of our cars, which would increase our gas mileage so dramatically that we probably wouldn't have to drill for any new oil!

Genius, right?

Of course, my idea has about as much of a chance to make a real difference in our energy crisis as the suggestion that Barack Obama recently made.

"Making sure your tires are properly inflated, simple thing," Obama said. "But we could save all the oil that they're talking about getting off drilling, if everybody was just inflating their tires and getting regular tune-ups. You could actually save just as much."

When The Associated Press asked Obama's campaign for the figures they used to make that claim, they couldn't produce any -- but plenty of other people have.

It turns out that about two-thirds of vehicles already have properly inflated tires. That means we'd likely save somewhere around 800,000 barrels of oil a day if everyone else also complied. Meanwhile, the U.S. Minerals Management Service estimates that there are about 86 billion barrels of oil in the areas that we're not allowed to drill. You do the math.

But, facts aside, Obama seemed to be stunned that Republicans would dare ridicule an idea as revolutionary as checking your tire pressure. "They're making fun of a step that every expert says would absolutely reduce our oil consumption," he complained.

No, what they're making fun of is that a guy who, less than two months earlier, was against the gas tax holiday because it was a "gimmick," has suddenly embraced what is essentially a gimmick.

No one, including John McCain, disputes that keeping your tires inflated will help you get better gas mileage. But so will emptying your trunk, buying a hybrid, not using the heat, and driving naked. The point is that none of those things are solutions; they're unsustainable gimmicks that distract people from solving the underlying crisis. They're also exactly the type of things that Obama once claimed he was against.

But, of course, the adoring mainstream media doesn't want to talk about that, they just want to defend Obama's honor.

Michael Grunwald recently wrote an article titled, "The Tire-Gauge Solution: No Joke," that probably would've been harsher on Obama if it was written by Barack himself. It's more love-sonnet than journalism.

"Meanwhile," he wrote, "efficiency experts say that keeping tires inflated can improve gas mileage 3 percent and regular maintenance can add another 4 percent. Many drivers already follow their advice, but if everyone did, we could immediately reduce demand several percentage points. In other words: Obama is right."

Of course he's right; he's Barack Obama, savior of the universe! But one phrase that he used deserves a little more attention: "but if everyone did."

"But if everyone" donated their organs then people wouldn't die waiting for them.

"But if everyone" ate only lettuce then our health care system would be fixed.

"But if everyone" just sent me one dollar then I'd retire with \$300 million in the bank.

Of course, the reality is that people still die waiting for organs, obesity is an epidemic, and I'm still writing these columns. That's why saying "but if everyone did" is such a red herring.

Grunwald went on to suggest that perhaps we're just over-thinking this whole "energy crisis" thing. "It's a pretty simple concept," he wrote. "If our use of fossil fuels is increasing our reliance on Middle Eastern dictators while destroying the planet, maybe we ought to use less."

Welcome back to Fantasy Land. Saying "we ought to" is exactly the same as "but if everyone" -- a way to make a ridiculous point sound plausible. It's like saying: We ought to all live in peace and harmony. It's not that easy.

But let's follow his yellow brick road for a second anyway. If we all put on our Jimmy Carter sweaters and used less oil, we'd still need millions of barrels. How about making sure those barrels come from America by starting to drill for it now? We'll never be truly free until we're completely free from Middle Eastern oil.

Not surprisingly, drilling was nowhere to be found in the article, but Grunwald did include plenty of other, "simple" things we can do:

"We can use those twisty carbon fluorescent light bulbs. We can unplug our televisions, computers and phone chargers when we're not using them."

He's living in a dream world! Not only is unplugging a television not going to do a darn thing, it's annoying and almost no one in their right mind will ever, ever, ever, ever do it! Ever!

And finally, just in case you weren't yet sure if Grunwald's article was essentially a commercial for Obama, here's how he ended it:

"It's sad to see (McCain's) campaign adopting the politics of the tire gauge, promoting the fallacy that Americans are powerless to address their own energy problems. Because the truth is: Yes, we can..."

Hmm, let me think, where have I heard "Yes we can" before? Ohhh, that's right, it's what Obama supporters chant at his speeches.

Is Obama's energy policy solely based on tire gauges? No. But can we criticize him for embracing the same kind of gimmicky stall tactics that have gotten us to this place?

Yes. Yes we can.

The opinions expressed in this commentary are solely those of the writer.

Late With the Bills, Again

NYT, August 8, 2008; <http://www.nytimes.com/2008/08/08/us/politics/08web-hulse.html>

On the Hill

Late With the Bills, Again

By CARL HULSE

WASHINGTON — It is the most basic responsibility of Congress yet basically, the appropriations process has collapsed.

Both parties have struggled for more than a decade to get the annual spending bills finished by an Oct. 1 deadline in accord with the Constitutional requirement that "no Money shall be drawn from the Treasury, but in Consequence of Appropriations made by Law." The bills have routinely been late, thrown together in huge compilations, kicked into the next year or handed off to the other side.

This year, Democrats have essentially given up altogether. Only the last-second, preliminary House approval of a measure covering military installations prevented Congress from batting zero for 12 on spending bills before the

August recess for the first time since Americans liked Ike. It truly is a wait-till-next-year approach, with Democrats hoping to have more leverage with a new occupant in the White House.

Republicans say Democrats have abdicated their leadership role. "This kind of epic failure by Congress is a once-in-a-lifetime event," said Representative Jerry Lewis of California, the senior Republican on the Appropriations Committee.

But Mr. Lewis, who was chairman of the committee under Republican rule, had a spotty record himself in pushing the spending measures over the finish line when his party sought to avoid tough pre-election votes.

Democrats now say that Mr. Lewis is a major obstacle since he and other Republicans are determined to use any spending bill debate to force a vote on lifting a ban on oil drilling off much of the nation's coast — a vote the Democratic leadership has been determined to avoid.

"With all due respect, we can spend our time on real things or we can spend it in a playpen with Jerry Lewis," Representative David Obey, the Wisconsin Democrat who is chairman of the Appropriations Committee, told reporters recently. "The latter does not interest me."

The offshore drilling fight is the latest reason for a breakdown. In truth, there was little chance the bills would be delivered this year. Democratic leaders concluded early that their best strategy was to sit on most of the spending measures until after November — or even after the inauguration of the next president — to spare themselves another fight with President Bush.

They are still bruised from last year's tussle with Mr. Bush, who for months refused to consider spending above his prescribed limit, a much harder line than he had taken when his fellow Republicans ran Congress. To veterans of the appropriations process, his stance was unacceptable since the entire system is built on the concept of horse-trading and compromise as both sides push their priorities as equal partners.

With the clock running out on the Bush presidency, Democrats simply figured: why bother? They will wait for the next guy.

"This president does not even want to fake working together," said Representative Rahm Emanuel of Illinois, chairman of the House Democratic Caucus. "He wants to fight."

Despite their best efforts, Democrats face a fight anyway. At the moment, the thinking is to try to finish a few spending bills covering the Pentagon, veterans, and homeland security operations to avoid Republican accusations of shortchanging national security. The remainder of the federal government would then be temporarily financed at existing levels through a stop-gap measure, a continuing resolution, until after November or perhaps even into mid-February.

Now the fight over oil drilling is complicating that strategy. Coastal drilling has been banned off of the Pacific and Atlantic coasts since the 1980s through an annual appropriations provision prohibiting the Interior Department's minerals management service from spending any money on drilling programs in those waters.

Speaker Nancy Pelosi wants to keep the ban in place and could do so through a continuing resolution. But that effort will probably be resisted by Republicans who are energized by the fight over swollen gas prices. And that is making some Democrats nervous since in supporting the stop-gap bill they will be portrayed by Republicans as indifferent to the plight of American drivers.

Things could quickly get messy and theoretically lead to a veto fight or, at the most extreme, a shutdown of government services if Congress does not finance federal agencies beyond the end of the fiscal year on Sept. 30.

Whether Republicans want to shut down the government a month before the election over future oil production is an open question. Some Democrats are excited at the prospect, believing it could backfire — as it did in 1995 when President Bill Clinton refused to yield to a Republican-controlled Congress. But the current state of affairs shows that not passing the appropriations measures can be as problematic as passing them.

And of course there are consequences for failing to get the work done. Agencies can struggle to get by on the previous year's spending levels. New initiatives stall. Congress loses its ability to influence executive branch

policy. In a purely parochial sense, lawmakers also sacrifice their push for money for special projects back home in the form of earmarks.

Democrats, who had promised to be more efficient than Republicans in passing appropriations bills, say that the situation could revert to normal next year if Barack Obama is elected president and Democrats retain or enhance their majorities. Democratic control of Congress and the White House, they say, would allow lawmakers to follow the traditional route of writing and considering individual spending bills and getting the measures done in an orderly fashion.

But there is certainly no guarantee of an all-Democratic political alignment. After all, Republicans — who are typically better at imposing party discipline — could not get the bills done by the book when they controlled Capitol Hill and the White House.

A disjointed appropriations process is becoming the norm rather than the exception. Congress must turn that situation around or face a further erosion of public confidence if legislators cannot master the fundamentals.

The Issues: THIS WEEK: OIL PRICES

Atlanta Journal Constitution, August 8, 2008;

<http://www.ajc.com/metro/content/printedition/2008/08/08/peissues.html>

The Issues: THIS WEEK: OIL PRICES

By Bob Deans

Cox Washington Bureau

Published on: 08/08/08

The economy runs on oil. National security depends on it. And skyrocketing prices have hit every voter in America right where it counts: in the pocketbook.

Americans are paying roughly \$50 billion a month for imported crude oil and refined products. That's money going by the tanker load to places such as Iran, Russia, Saudi Arabia and Venezuela in what is, by some measures, the largest voluntary transfer of national wealth in history.

Barack Obama and John McCain have both called for dramatic steps to curb U.S. reliance on imported oil, though neither has offered practical plans for paying for those measures.

In general, Obama wants to invest heavily in alternative fuels, while McCain would promote domestic oil production. In some areas, though, the two agree.

Here is a look at the candidates' approaches:

OBAMA

KEY POSITIONS

- > Seeks energy rebate of up to \$1,000 per family
- > Supports some offshore drilling as part of a longer-term comprehensive energy policy
- > Favors releasing 70 million barrels of oil from the Strategic Petroleum Reserve to help push down prices
- > Would require automakers to improve gas mileage on new cars by 4 percent a year, beginning in 2009
- > Seeks to put 1 million U.S.-made hybrid cars on the road within six years, with \$4 billion in research and development money and a \$7,000-per-car tax credit to encourage consumers to buy them
- > Would invest \$150 billion over the next decade in new technologies aimed at reducing oil consumption and doubling alternative fuel sources

HE SAID

"For the sake of our economy, our security and the future of our planet, we must end the age of oil in our time."

HIS RECORD

Voted for the 2005 energy legislation supported by the Bush administration. The bill included billions of dollars in subsidies and tax breaks for oil and natural gas producers. Has voted to block drilling in the environmentally sensitive Arctic National Wildlife Refuge in Alaska.

THE COST

Providing a \$1,000 rebate to every household in the country would cost about \$112 billion. Add to that the \$150 billion he would invest in new technologies and the \$7 billion cost of providing a \$7,000 tax credit to 1 million car buyers, and the total tab comes to \$269 billion, spread out over a decade. Obama says he would pay for that, in part, by taxing so-called "windfall" profits from oil companies.

McCAIN

KEY POSITIONS

- > End congressional ban on drilling for offshore oil
- > Opposes windfall profits tax on oil companies as a hindrance on investment in domestic production
- > Strengthen regulations to prevent abusive oil speculation
- > Suspend the federal gasoline tax for the summer
- > Repeal some tax breaks for oil companies
- > Encourage development of alternative energy sources with tax credits.
- > Offer consumers a tax credit of up to \$5,000 for buying fuel-efficient cars
- > Opposes tapping the Strategic Petroleum Reserve as a way to moderate prices

HE SAID

"When we buy foreign oil, we are enriching some of our worst enemies."

HIS RECORD

Voted against the 2005 Energy Act backed by President Bush, claiming it contained too many handouts for major oil companies. Has voted to block drilling in the environmentally sensitive Arctic National Wildlife Refuge in Alaska.

THE COST

Largely unknown. If 1 million consumers took advantage of the \$5,000 tax credit for fuel-efficient cars, the cost would be \$5 billion over some period of years. Suspending the federal gasoline tax would cost the Treasury about \$74 million a day, or \$2.2 billion a month. Repealing tax breaks for oil companies would not come close to covering these costs.

No Will To Drill

Washington Post, August 8, 2008; <http://www.washingtonpost.com/wp-dyn/content/article/2008/08/07/AR2008080702900.html>

The Democrats Resist Logic -- and Politics

By Charles Krauthammer

Let's see: housing meltdown, credit crunch, oil shock not seen since the 1970s. The economy is slowing, unemployment growing and inflation increasing. It's the sixth year of a highly unpopular war, and the president's approval rating is at 30 percent.

The Italian Communist Party could win this election. The American Democratic Party is trying its best to lose it.

Democrats have the advantage on just about every domestic issue from health care to education. However, Americans' greatest concern is the economy, and their greatest economic concern is energy (by a significant margin: 37 percent to 21 percent for inflation). Yet Democrats have gratuitously forfeited the issue of increased drilling for domestic oil and gas. By an overwhelming margin of 2 to 1, Americans want to lift the moratorium preventing drilling on the Outer Continental Shelf, thus unlocking vast energy resources shut down for the past 27 years.

Democrats have been adamantly opposed. They say that we cannot drill our way out of the oil crisis. Of course not. But it is equally obvious that we cannot solar or wind or biomass our way out. Does this mean that because any one measure cannot solve a problem, it needs to be rejected?

Barack Obama remains opposed to new offshore drilling (although he now says he would accept a highly restricted version as part of a comprehensive package). Just last week, he claimed that if only Americans would inflate their tires properly and get regular tuneups, "we could save all the oil that they're talking about getting off drilling."

This is bizarre. By any reasonable calculation of annual tire-inflation and tuneup savings, the Outer Continental Shelf holds nearly a hundred times as much oil. As for oil shale, also under federal moratorium, after a thousand years of driving with Obama-inflated tires and Obama-tuned engines, we would still have saved an amount equal to only one-fifth the oil shale available in the United States.

But forget the math. Why is this issue either/or? Who's against properly inflated tires? Let's start a national campaign, Cuban-style, with giant venceremos posters lining the highways. ("Inflate your tires. Victory or death!") Why must there be a choice between encouraging conservation and increasing supply? The logical answer is obvious: Do both.

Do everything. Wind and solar. A tire gauge in every mailbox. Hell, a team of oxen for every family (to pull their gasoline-drained SUVs). The consensus in the country, logically unassailable and politically unbeatable, is to do everything possible to both increase supply and reduce demand, because we have a problem that's been killing our economy and threatening our national security. And no one measure is sufficient.

The green fuels the Democrats insist we should be investing in are as yet uneconomical, speculative technologies, still far more expensive than extracted oil and natural gas. We could be decades away. And our economy is teetering. Why would you not drill to provide a steady supply of proven fuels for the next few decades as we make the huge technological and economic transition to renewable energy?

Congressional Democrats demand instead a clampdown on "speculators." The Democrats proposed this a month ago. In the meantime, "speculators" have driven the price down by \$25 a barrel. Still want to stop them? In what universe do traders only bet on the price going up?

On Monday, Obama outlined a major plan with mandates and immense government investment in such things as electric cars and renewables. Fine, let's throw a few tens of billions at this and see what sticks. But success will require not just huge amounts of money. It will require equally huge amounts of time and luck.

On the other hand, drilling requires no government program, no newly created bureaucracy, no pie-in-the-sky technologies that no one has yet invented. It requires only one thing, only one act. Lift the moratorium. Private industry will do the rest. And far from draining the treasury, it will replenish it with direct taxes and with the indirect taxes from the thousands of non-subsidized new jobs created.

The problem for the Democrats is that the argument for "do everything" is not rocket science. It is common sense. Which is why House Speaker Nancy Pelosi, surveying the political rubble resulting from her insistence on not even permitting drilling to come to a floor vote, has quietly told her members that they can save their skins and vote for drilling when the pre-election Congress convenes next month. Pelosi says she wants to save the planet. Apparently saving her speakership comes first.

Energy & Gas: A GOP Opportunity?

Forbes, August 7, 2008; http://www.forbes.com/opinions/2008/08/07/energy-gas-gop-oped-cx_rcp_0807wilson.html

Commentary

Energy & Gas: A GOP Opportunity?

Reid Wilson 08.07.08, 12:50 PM ET

Five days after the U.S. Congress recessed for the month of August, an odd phenomenon has occurred: Instead of heading home, dozens of Republican members are sticking around Washington, speaking in front of an empty House chamber, with the microphones and cameras off, to make the case that Congress needs to return for a special session to address energy issues affecting millions of Americans.

In a time when virtually every issue, from the economy to the war in Iraq, favors Democrats, Republicans have hit on a political positive they hope can lift their party back into contention this year. But as the Summer driving season comes to a close and gas prices ease off their record highs, the GOP's hopes may hinge on voters agreeing that even gas at \$3.50 a gallon is too high, a premise that has not always panned out.

As energy prices rise, House Speaker Nancy Pelosi has come under increasing pressure from Republicans and a handful of Democrats to allow votes both lifting the moratorium on new drilling on the Outer-Continental Shelf and allowing drilling in the Arctic National Wildlife Refuge. Lifting both bans, Republicans say, would increase production of energy at home and reduce the need for importing oil from the Middle East. Pelosi has so far ruled out any votes on the matters outside of a larger comprehensive energy bill that may come in September.

Two weeks ago, eleven House Republicans, led by Minority Leader John Boehner, visited ANWR and a renewable energy laboratory in Colorado to highlight their support for the so-called "all of the above" approach to new energy production, and the party got a boost when President Bush lifted the executive ban on offshore drilling, sending oil futures down in the following days.

The energy issue is becoming a factor on the presidential campaign trail as well; John McCain visited an oil production site in California a few weeks ago, and yesterday he visited a nuclear power plant in Michigan, after reversing his earlier opposition to offshore drilling. Even Barack Obama has softened his opposition, saying he would consider offshore drilling as part of a larger energy package. The Democratic candidate also says he backs releasing oil from the Strategic Petroleum Reserve to reduce gas prices, a move Pelosi too has backed.

Democrats opposed to offshore drilling and exploring in ANWR say the real impact on gas prices would be no more than a few pennies, and would go unrealized for as much as a decade. Obama and Democrats also favor forcing oil companies to explore millions of acres of leased offshore space before opening new areas, though oil companies and Republicans oppose that proposal.

Still, the reaction of voters to new drilling proposals has been surprising. Once seen as a third rail akin to reforming Social Security in certain states, voters now overwhelmingly say they favor new exploration. In Florida, a state in which virtually every politician once opposed lifting the federal moratorium, Governor Charlie Crist's reversal on the issue to mirror McCain's, a move seen as pandering in hopes of winning the vice presidential nomination, has turned out to mirror his constituents as well: A Quinnipiac University poll out last week showed 60% of Floridians now support drilling offshore.

Republicans have framed their support for drilling as positive action, including not only new drilling but investment in oil shale processing and alternative energy industries that tap solar, hydro and wind sources.

The party has also characterized Democrats' reaction to rising concern over energy prices as inaction. As Republicans continued to debate alone on the floor of the House, the National Republican Congressional Committee sent press releases targeting twenty five Democrats for voting to adjourn without considering energy issues, and members called on Pelosi and the White House to call Congress back into session.

Too, McCain and his surrogates have taken Obama to task for suggesting last week that fuel efficiency could be improved by making sure tires were adequately inflated (Top aide Mark Salter handed out tire gauges reading "Obama's Energy Plan" to the press on board McCain's plane as a gag gift this week).

Congressional Democrats have yet to find an answer that consists of more than a simple refusal to hold votes, which they believe they would likely lose. Pelosi has told House Democrats to run against the party on energy

issues if it helps them politically. Obama has gone more on offense, accusing McCain of standing by as part of the problem in Washington while gas prices rose, but his softening position, expressed at a town hall meeting on the economy in Michigan on Monday, shows his advisors, too, would rather the issue were off the table.

But while Republicans look like they are taking advantage of the energy issue, Democrats may not have that much to worry about later this year. Voters favor Democrats over Republicans on the economy, polls show, and that's overwhelmingly relieving news for the party; a recent Pew Research Center poll showed 61% of voters said some economic issue, including gas and energy prices, was the most important factor going into their vote while just 17% said the war in Iraq was the most important problem facing the country.

Gas prices have also declined in recent weeks, thanks to a number of factors including the impending end of the Summer driving season. As prices recede, so too will voter concern over the issue. Democrats found that out in 2006, when the party used the issue during the Summer before gas prices dropped after Labor Day and voter interest turned instead to emerging Republican scandals.

Still, in October 2006, prices hovered around \$2.25 a gallon, sixty cents lower than the same price a year earlier following Hurricanes Katrina and Rita and their attending price spikes. Now, cheap gas is any gallon that costs less than \$4, a dramatic rise. Even if prices drop another fifty cents, which experts think is likely after Labor Day, prices will be higher on than ever before on Election Day.

But this year could be different. If voters see the GOP as doing something, or even agitating for a solution, while Democrats do nothing, they may reward the minority in November. But if Democrats can convince Pelosi to change her mind and allow a few votes, or take the matter off the table by lumping gas prices in with a larger comprehensive energy bill, the party can turn what looks for the moment like a weakness into a positive among the vast majority of voters who see the economy as issue number one.

Drilling in Silence

NRO, August 7, 2008;

<http://article.nationalreview.com/print/?q=YzU1N2Q0MmQxMjNmOTMxZGZmODNiZGZhOWEzNzhIZTc=>

Drilling in Silence

Coats of many solid research.

By Joel Alicea

Imagine my surprise, as a slightly befuddled intern trapped in the whirlwind of energy-policy research, when I found definitive and rather humorous proof that several decades of established economic theory contradicted core liberal doctrine.

It all began after weeks of debate over whether Congress should lift its bans on drilling for oil offshore and in the Alaskan National Wildlife Refuge (ANWR). Sen. Barack Obama and his liberal allies on Capitol Hill proclaimed the hallowed truism that "we can't drill our way out of higher gas prices."

But after Martin Feldstein, Harvard economics professor and a Reagan administration chairman of the Council of Economic Advisers, pointed out the serious flaws in this notion in a Wall Street Journal oped, my immediate boss (Newt Gingrich's research director) asked me to dig up some more research on the matter.

The professor's basic position came from simple economic theory: If you increase supply, you will lower prices, or at least decrease the rate of price inflation. But just as importantly, Feldstein claimed that even future increases in supply can have an immediate impact on oil prices, because buyers and sellers take expected changes into account when making decisions.

In my research, I happened upon study entitled "The Effect of Opening Up ANWR to Drilling on the Current Price of Oil." The study's conclusion was a stunning vindication of Feldstein's position:

If an amount of newly discovered oil is significant enough to reduce prices in the future . . . [this indirectly] reduces the current price of oil just as if there were a reduction in the marginal costs of extracting oil now.

I immediately fired off an e-mail to the study's lead author, Morris Coats, requesting more information on the subject.

I was curious why the study appeared on a website for unpublished work, and I soon found the answer: It was rejected by The Energy Journal, a prestigious academic journal of resource economics.

But why? Was the analysis flawed? Was this censorship another example of academia's leftward slant?

No. When Dr. Coats sent me his rejection letter, part of it read:

I regret to say that we will not be able to publish this work. Basically, your main result (the present impact of an anticipated future supply change) is already known to economists (although perhaps not to the Democratic Policy Committee) . . . It is our policy to publish only original research that adds significantly to the body of received knowledge regarding energy markets and policy.

The letter is a spectacular indictment of the anti-drilling position. It reveals the stunning chasm between the ideas economists have taken for granted for decades and what liberal politicians view as established fact. If Democratic politicians actually believe that drilling won't reduce prices immediately, they are stuck in a mentality that expired as long ago as the 1930s.

— Joel Alicea, a junior at Princeton University, is from El Paso, Texas. He is currently interning for Newt Gingrich at the American Enterprise Institute in Washington, D.C.

Not all California lawmakers oppose offshore drilling

McClatchy, August 7, 2008; <http://www.mcclatchydc.com/257/story/46605.html>

By Michael Doyle | McClatchy Newspapers

WASHINGTON — Lawmakers from California's Central Valley, both Republicans and Democrats, have broken with most of the state's congressional delegation to back offshore oil and gas drilling, exemplifying once more the Valley's distinctive political culture.

Call it, in this case, Kern County values.

Visalia Republican Devin Nunes and Fresno Democrat Jim Costa are each maneuvering for energy influence in their respective parties. Both back separate comprehensive energy bills that emphasize support for offshore oil and gas drilling.

Neither bill will become law this Congress. Time is too short, election-year dynamics too partisan and political resistance too strong, especially from House Speaker Nancy Pelosi, a fellow Californian. But with gas prices bouncing above \$4 a gallon, both lawmakers think political momentum is on their side.

"At some point, Congress has to consider drilling for oil if we want to get prices down," Nunes said.

Nunes crafted a big energy bill that among many other provisions lifts the 27-year-old moratorium on new Outer Continental Shelf drilling. The bill retains a ban up to 25 miles offshore. Drilling could occur in the 25- to 50-mile zone if a state approved. Drilling would be permitted in the 50- to 100-mile zone unless a state prohibited it.

A new bill introduced by Costa and others late last week likewise lifts the overall federal offshore ban while retaining it for the first 25 miles offshore. States could still choose to retain a ban within the 25- to 50-mile zone. All limits are removed after 50 miles.

If anything, the new bill co-authored by Costa and Rep. Dennis Cardoza, a Merced Democrat, is more lenient toward offshore drilling than the Nunes bill. A Democrat from, say, San Francisco could never get away with such a stance. Valley Democrats, though, face a different constituency.

"Valley residents from both parties are not the extremes you see in other parts of the country," Costa's press secretary, Bret Rumbeck, said Wednesday.

Nunes press secretary Andrew House agreed Wednesday that "there is some common ground on some of these issues, like offshore drilling."

Statewide, 43 percent of California residents surveyed in July by the Field Poll agreed more oil drilling should be allowed off the California coast. Reflecting the pinch of higher gas prices, support for offshore drilling has climbed markedly in recent years.

Many Central Valley residents are already on board. A poll by the Public Policy Institute of California released July 30 found that 55 percent of the residents surveyed between Redding and Bakersfield support more drilling off of California's coast. By contrast, 54 percent of San Francisco Bay Area residents surveyed oppose more offshore drilling.

"Democrats and Republicans are not right down party lines on this issue," Pelosi allowed Sunday on ABC's "This Week with George Stephanopoulos." "There are regional concerns as well as some people concerned about what this means back home for them. But we have a planet to save."

For Valley lawmakers, the regional concerns include a homegrown oil-and-gas industry with considerable political clout.

Wells in Kern, Tulare and Inyo counties produced 170 million barrels of oil in 2006, according to the California Department of Conservation. Wells in the district between Stanislaus and Fresno counties produced 6.4 million barrels, primarily around Coalinga.

While not as dominant as the Valley's agricultural sector, the energy industry makes its voice heard. Oil and gas interests contributed \$23,750 to Costa's 2006 re-election campaign and \$24,000 to Nunes' campaign, records compiled by the Center for Responsive Politics show.

Other Democratic lawmakers from energy producing states like Louisiana and Oklahoma have likewise endorsed expanded offshore drilling. All told, 119 House members -- including 28 Democrats -- have co-sponsored the energy legislation supported by Costa. Spanning 42 pages, the bill covers much more than offshore drilling.

"We need all the energy tools in our toolbox to help reduce our need for foreign oil, along with protecting our environment," Costa said.

McClatchy Newspapers 2008

Drill Bits: How Much Oil Would Drilling in the OCS Yield?

ABC News, August 7, 2008; <http://blogs.abcnews.com/politicalpunch/2008/08/drill-bits-how.html>

August 06, 2008 4:38 PM

Some readers have been asking about estimates about what new off-shore drilling would yield from the Energy Information Agency which says lifting the moratorium on new off shore drilling rigs would only yield 200,000 additional barrels per day.

Experts with whom we've spoken find that estimate way too low. People in the think-tanks whom we've interviewed, but also those in the oil and gas exploration industry.

A 2007 report by the National Petroleum Council, for instance, says opening the outer continental shelf areas cordoned off by the moratorium could yield more than 1 million barrels per day by 2025, with almost 2.8 billion barrels of crude produced in these areas between now and 2025.

The Energy Bulletin writes "How much new oil will arrive then? No one can say conclusively. Think in terms of one to two million barrels per day by 2025-2030."

The EIA assessment seems all the more low when you look at these three oil rigs: Thunderhorse -- 250,000 barrels per day; Atlantis -- 200,000 barrels per day; Independence Hub -- the natural gas 850 equivalent of 140,000 barrels of oil equivalent per day.

Experts say the notion that dozens, if not hundreds, of new rigs would combined only equal the approximate output of one of these pre-existing rigs is just low.

Others, of course, disagree. And the truth is, no one will know until and unless the drilling takes place. I'm expressing no opinion about that decision -- just suggesting that the 200,000 bpd figure is hotly disputed.

One other interesting note from yesterday's Oil Daily : "Preliminary data shows US consumption is down a hefty 860,000 barrels per day in the first seven months of the year compared with the same period of last year. ...Nevertheless, overall global oil demand is still rising thanks to China and the Mideast, and was up an estimated 540,000 b/d in July."

In other words, American consumers are lowering their consumption of energy. But demand is going up worldwide anyway because of everyone else!

Gingrich: GOP ready to shut government down over drilling

CNN, August 7, 2008; <http://www.cnn.com/2008/POLITICS/08/06/gingrich.energy/>

By Lisa Desjardins
CNN Radio

WASHINGTON (CNN) -- He led Republicans into government shutdowns in the 1990s, and now, former House Speaker Newt Gingrich indicates his party is seriously considering another shutdown threat to force a vote on offshore oil drilling in September.

Former House Speaker Newt Gingrich is drawing attention to a Republican call for offshore oil drilling.

House Republicans brought Gingrich to the Capitol on Wednesday, partly to revive media coverage of their speech-making protest in the chamber, now in its fourth day.

The rest of Congress is gone for August recess, but several Republican House members have been speaking on the floor of the closed-down chamber, calling for a special session to vote on drilling and energy.

Gingrich did attract more camera crews, and he used the opportunity to point to what may be the GOP's next strategy: If Democrats refuse to hold a separate vote on oil drilling, Republicans could try to block the votes needed to keep government running past September 30. Watch Gingrich return to the Capitol »

"Are [Democrats] really prepared to close the government in order to stop drilling?" Gingrich asked. "Because I think the country will find that to be a suicidal strategy."

The precise maneuvering of a shutdown threat is complicated, but it revolves around the fact that key government spending bills expire when the fiscal year ends September 30 and Congress must vote next month to keep the government operating.

One of those spending bills, for the Department of the Interior, contains the hot-button provision banning offshore oil drilling on the outer continental shelf. If that bill expires, as it is set to do at the end of September, then so does the drilling ban. Republicans believe a majority of the House opposes the ban, and thus a vote on whether to keep government running could also become a vote on whether to allow offshore drilling. Watch House Republicans demand a vote »

The parliamentary possibilities are numerous. But Republican House Leader John Boehner's office thinks the votes are there, on both sides of the Capitol, to support drilling and energy expansion. Boehner spokesman Kevin Smith confirmed there are many options on the table for September, including a shutdown threat.

"If Democrats want to block what a majority of the House and Senate want, they can proceed with a strategy that would in effect shut down the government," Smith said.

House Speaker Nancy Pelosi's office responded quickly with a statement from spokesman Nadeam Elshami. "Democrats will not shut down the government," he wrote, "but it is not surprising Newt Gingrich would raise that threat since he and the Republican Party shut down the government in the 1990s."

Gingrich's political game of chicken with then-President Bill Clinton led to two government shutdowns in late 1995 and early 1996. The moves backfired, and polls showed more Americans blamed Gingrich. But he defends his decisions.

"We shut the federal government down, for a brief period, in order to get a balanced budget," he told CNN Radio. "That was a deliberate systematic strategy."

Now the strategy seems to be an all-out effort to heap pressure on Pelosi, who opposes offshore oil drilling and has so far not scheduled a vote.

Democrats call the floor speeches and photo opportunities a "hoax." House Majority Leader Steny Hoyer sent out a statement saying, "Republicans are doing nothing but pushing the failed Johnny-one-note policies of the past."

But Republicans keep adding pressure. After three days of speaking under shadows in the unlit House chamber, the GOP congressmen found themselves facing six television cameras and at least three dozen reporters when Gingrich joined them Wednesday. The equivalent news conference Tuesday morning attracted a single camera and approximately 10 journalists.

Republican Conference Chairman Adam Putnam would not say how long he and his GOP mates will hold the floor. But there is a clear sense of political momentum, as well as a lot of rah-rah, among Republicans rotating in and out of the chamber.

"The energy level is high," Putnam said, "and I think we've got a lot of energy left in us, don't we?"

About 15 Republicans behind him cheered.

Gingrich pushed a broader view. "I think the energy level has shifted between the two parties in the last couple weeks," he said, "and my hunch is there are a lot of Democrats back home who are tap dancing."

For zero risk, high energy prices

Roanoke Times, August 7, 2008; <http://www.roanoke.com/editorials/commentary/wb/172129>

Winston Porter

Porter, an environmental consultant in Leesburg, is a former assistant administrator of the U.S. Environmental Protection Agency.

If the effort in Congress to deny oil companies access to new areas for offshore drilling is a bad idea -- and it is -- then the consequences of such a political move are even worse: less oil, more volatility in gasoline prices and reduced funding for highway repairs and maintenance. The cost of congressional inaction would fall on motorists -- and ultimately on anyone who suffers from high energy prices.

It's hard to see what anyone would gain from a continued moratorium on drilling in untapped areas of the Atlantic, Pacific and Gulf of Mexico, regions that hold 18 billion barrels of oil and 76 trillion cubic feet of natural gas, according to the U.S. Minerals Management Service. Experts estimate that the oil in these closed-off areas alone could provide an additional 1 million barrels per day of oil production for 50 years. This would be a big improvement in domestic production, now at about 5 million barrels a day.

The United States is the third largest oil producer in the world, next to Russia and Saudi Arabia. What we do -- or fail to do -- affects not just our country, but energy markets throughout the world. But we are the only oil- and natural gas-producing country whose government restricts access to its energy resources -- both offshore and on land. Consequently, Americans bear a costly and unnecessary burden in high energy prices as world demand for oil and natural gas continues to climb.

We cannot afford to repeat the mistakes of the 1970s, when public frustration with the energy situation led to price controls, allocation schemes, restrictions on natural gas use and punitive taxes. None benefited the consumer. Instead, they resulted in less investment in domestic oil and gas production -- and increased dependence on

imports of foreign oil. Indeed, the trend has continued away from energy independence: Imports now account for 70 percent of the nation's oil supplies, compared to 35 percent in 1973.

In a way, the foolishness of the effort to ban offshore drilling symbolizes the wasteful pursuit of zero risk. In the name of environmentalism, politicians too often are making bad decisions based on emotion and misleading data.

Examples of restrictions on energy production leading to results opposite of those intended can be seen all over the regulatory landscape. In pursuit of the impossible goal of eliminating all risk, we are going to expensive extremes to produce ethanol, which has raised food prices and used scarce water, with few benefits. Congress has slowed efforts to develop shale oil, a potential long-term substitute for conventional oil. And it has yet to lift the ban on energy exploration and production covering 85 percent of the Outer Continental Shelf.

The escalation in oil and natural gas prices is more worrisome than the perceived risk from drilling in coastal waters. There hasn't been a large oil spill from an offshore platform in the United States in nearly 40 years. More oil seeps into the ocean naturally through the ocean floor than from accidents involving tankers and offshore rigs, according to a study by NASA and the Smithsonian Institution. But who is there to see the big picture when environmental activists have elected officials fooled?

Federal constraints on domestic energy production serve only to reduce supplies and raise prices. The irony is that the constraints do not apply to energy from foreign countries, so they also hand a comparative advantage to OPEC and other non-U.S. producers.

In short, members of Congress should ask themselves whether the ban on offshore drilling justifies the cost to our nation's economy. The answer should be clear: If we are serious about easing the financial burden of high energy prices, then we need to open up the Outer Continental Shelf to drilling for oil and natural gas.

Keep Up the Pressure

NRO, August 6, 2008;

<http://article.nationalreview.com/print/?q=Mzk2M2U0ZmViNjYwMDI4MTA5ZDIhMjhmMjQ1N2E1ZDc=>

By the Editors

To drill or not to drill? According to recent polls, two thirds of Americans think Congress should lift restrictions that prevent energy companies from exploring the outer continental shelf for oil and natural gas. President Bush, John McCain, most Republicans, and some Democrats support lifting the ban. Barack Obama, Nancy Pelosi, and Harry Reid find themselves on the wrong side of the drilling question, and it has thrown their party into disarray.

All three Democrats are tangled on the same tripwire: Their friends in the environmental movement want to stop oil exploration. Unlike most politicians, who face public outcry when gas gets pricey, environmental groups are willing to argue that gas should be more expensive in order to make alternative sources of energy seem cost-efficient by comparison. It's not just that they oppose new drilling; they also support a windfall-profits tax on the oil companies, new restrictions on current oil production, and the elimination of tax provisions that allow energy companies to write off the cost of expanding refinery capacity.

By making gas cheaper, increased domestic oil production would prolong what environmentalists see as America's harmful dependence on fossil fuels. These groups would oppose offshore drilling even if it had no direct impact on the environment.

Obama echoed this thinking in June, when a reporter asked him if high gas prices could help wean the U.S. from its dependence on oil. Obama answered that they could, even though he "would have preferred a gradual adjustment." That same month, he said that McCain's drilling proposal "would only worsen our addiction to oil and put off needed investments in clean, renewable energy."

That was then. In July, Rasmussen released a poll showing that 67 percent of Americans support lifting the ban on offshore drilling, and now Obama appears to have reversed his position. If "a careful, well-thought-out drilling strategy" were attached to "the kind of comprehensive energy policy that can bring down gas prices," he said in an interview with the Palm Beach Post, he wouldn't "want to be so rigid that we can't get something done."

Obama's reversal coincides with the news that Nancy Pelosi has given at-risk Democrats permission to publicly support offshore drilling, freeing them to take the popular position while she blocks any efforts to lift the ban. Pelosi

refused to allow any votes on drilling before adjourning the House for a five-week August vacation. A number of House Republicans stayed in Washington to hold protest sessions, arguing that Congress shouldn't be taking a vacation at a time when high gas prices have caused many Americans to cancel theirs.

In the Senate, Harry Reid ("Oil makes us sick, . . . It's ruining our world. We've got to stop using fossil fuels") also blocked energy legislation for fear that Republicans would offer drilling amendments and force Democratic senators (such as Barack Obama) to commit to positions. While their counterparts in the House are keeping the issue alive in Washington, Republican senators headed home to spend all five weeks talking about energy.

In both houses of Congress, the Democratic leadership has offered gimmicky solutions to distract the public from the drilling issue. First, Democrats argued that the oil companies had already leased millions of acres of public land that they weren't using to produce any oil. That effort foundered when the oil companies pointed out that they weren't producing oil on this land because they hadn't found any when they explored it. Then, Democrats pointed the finger at commodity traders, accusing them of driving up the price oil through "excessive speculation." This effort didn't gain any traction, either. Traders don't conspire to drive up prices; they try to anticipate movements in supply and demand — so of course, as U.S. demand has slowed (and as an increasing number of U.S. policymakers have argued for increasing supply), the price of oil futures contracts has fallen.

The latest half-baked idea comes from a "gang of ten" senators — five Republicans, five Democrats — who have offered a compromise that would lift the ban on offshore drilling in exchange for \$20 billion in new federal spending on alternative sources of energy. The list — ag-friendly guys like Saxby Chambliss and Kent Conrad, corn-staters like Ben Nelson and John Thune — smells of ethanol. The compromise bill includes \$2.5 billion for biofuel research and billions more in incentives for automakers to make cars with ethanol-burning engines. There might be a smart way for Washington to subsidize research into alternative energy, but this isn't it.

There is a simpler solution. The congressional ban on drilling has to be renewed each year, and the current ban expires in September, so congressional Republicans and President Bush should fight to stop the ban's renewal. The Democrats are backpedaling like mad. Their presidential candidate doesn't have a coherent position and has resorted to Carter-esque lectures on energy conservation. Meanwhile, the speaker of the House is telling vulnerable members of her caucus to support lifting the ban.

The Democrats find themselves on the wrong side of the most important issue to Americans right now. Now is not the time for a compromise. It's time to keep applying pressure.

Obama v. McCain: It's About Energy, Stupid

Forbes, August 6, 2008; <http://blogs.forbes.com/trailwatch/2008/08/obama-v-mccain.html>

More than a month ago, Republican presidential candidate John McCain unveiled his controversial—and some say contradictory—energy program (open the Outer Continental Shelf to offshore drilling, but not the Arctic National Wildlife Reserve, etc).

Now, we've got something from Democratic contender Barack Obama, which indicates that he'd be open to some offshore drilling—a stance McCain has described as a flip-flop. We turn to a research note by FBR Capital Markets analyst Kevin Book for insight:

We remain skeptical of Senator Obama's offshore drilling 'about-face' described in recent media reports. We regard it as savvy politics to create the appearance of flexibility on energy legislation, particularly when so much of Capitol Hill has been deadlocked. On the other hand, we see the Obama plan as a nonstarter because it pairs offshore drilling with 'windfall' taxes...

But he adds: "The prospects for taxes predicated on the notion that oil companies are earning 'windfalls' seem considerably more likely next year."

This race is quickly turning into a fight over energy policy. Understandably, it has been the dominant issue of the season, at least since there has been just one candidate from the major parties in the field. If either Obama or McCain is able to push through a massive energy bill, it will be the third large piece of energy legislation passed by Congress since 2005. In the end, elections are almost always about the economy, but to paraphrase James Carville, maybe this time, it's more specifically "about energy, stupid."

--Brian Wingfield
Forbes.com Washington Bureau Chief

Could the election ruin your investments?

MSNBC, August 6, 2008; <http://www.msnbc.msn.com/id/25972419/>

Obama's and McCain's policies differ, but for now it's best to do ... nothing
By Tristan Heinrich
Motley Fool

It's an election year, which means economic and political predictions are coming hard and fast.

Economists surveyed by The Washington Business Journal think that, on the whole, presidential candidate John McCain's policies would have a more positive impact on the stock market than those of his rival, Barack Obama. But an academic study reported by The Wall Street Journal suggests that market returns are higher when Democrats hold the highest office.

So what kinds of policies are the candidates proposing, and how might they affect your portfolio?

It's the medical bills, stupid
Health-care reform has been a mainstay of political debate for nearly 20 years, but Obama's vision could shake it up further. He has vowed to overhaul the medical insurance industry and introduce more competition for prescription drugs, including international competition.

While this would be a welcome relief to many patients, it would likely squeeze margins for large American drug companies such as Pfizer, Johnson & Johnson, and Merck, all of whom rely on insurance payouts as well as the competitive advantage granted by drug patents.

To drill or not to drill, that is the question
Increasing oil prices have put the spotlight on energy, but the candidates have very different responses.

McCain supports lifting the moratorium on oil drilling in the Outer Continental Shelf in order to raise domestic production. Companies such as Transocean, Diamond Offshore Drilling and Noble are likely beneficiaries of a policy like this.

Obama opposes lifting the moratorium, focusing instead on the need for renewable energy sources. His plan to double the research funding for clean energy, and require the U.S. to produce 25 percent of its energy from renewable resources by 2025, would be great news for companies in the solar industry such as First Solar and SunPower.

Read my lips
Taxes are the classic bugaboo of political debate — and both candidates have plans for them.

McCain has pledged to cut the corporate tax rate from 35 percent to 25 percent — which would enable companies to spend more on research and growth. He also pledged to keep the 15 percent tax rate for dividends and capital gains, protecting those of us with portfolios full of dividend stocks from higher taxation.

Obama is focusing his proposed tax cuts on the middle class, which he plans to pay for through a windfall-profit tax on oil companies. The profits of companies such as Chevron and ExxonMobil would take a hit, but middle-class Americans would have more money to invest in their futures.

The bottom line
The 2008 presidential election is likely to affect the direction and profits of American companies as well as the American family. So what should you do now?

Nothing.

No, really: nothing. We won't know who will win until the election is over, and it's impossible to predict with any accuracy which policy proposals would even be adopted by Congress, or in what form — not to mention how a given policy would actually affect shareholder returns at a given company. There are simply too many variables.

And despite the differences in the candidates and their parties, the election may not have a significant effect on the market. Since the beginning of what has become the S&P 500, in 1923, the market has returned an average of 11 percent per year. Since that time, there have been 13 elections producing seven Republican and six Democratic administrations.

In other words, over time, investments in the stock market have prevailed regardless of who holds political office.

I'm not suggesting you ignore the effects that politics can have on business, especially when government policies have the potential to completely change a company's business model. But we should respond to those instances when they occur — not when they're just a twinkle in a candidate's eye.

Coalition with African American Leaders Pushes More Energy Production

CQ News, August 6, 2008; <http://www.cq.com/document/display.do?matchId=63744626>

By Avery Palmer, CQ Staff

Last week, House Majority Whip James E. Clyburn, the highest ranking African American in Congress, took the podium at a news conference to praise the launch of a new commission designed to engage African Americans on climate change.

Speaking of the panel created by the Joint Center for Political and Economic Studies, the South Carolina Democrat said it was time for blacks to become an “active part of this debate” about global warming.

But his comments sparked an immediate backlash from a newly formed coalition known as the Alliance to Stop the War on the Poor.

Niger Innis, co-chairman of the alliance, described the commission as “patronizing and insulting,” calling it “a sham effort by environmental extremists” that would raise energy costs for black Americans.

The alliance — launched last month at a Capitol Hill rally with several Republican members of Congress in attendance — describes itself as a coalition of African American, civil rights, and faith-based leaders pushing for more domestic energy production in an effort to bring down energy prices.

But critics say the group is too focused on business interests.

David Bositis, senior political analyst at the Joint Center, a think tank that focuses on African American issues, dismissed the alliance as “a fringe group.” He said that energy and climate change policies can be crafted to ameliorate the impact on poor people.

But Innis said environmentalists are so concerned about “theoretical harm that could be caused by catastrophic climate change” that they ignore the immediate harm from gasoline and heating costs.

The alliance says it is a collaborative effort of the Congress of Racial Equality (CORE), the High Impact Leadership Coalition and Americans for American Energy, a group aimed at boosting American energy independence.

The alliance favors the main elements of the GOP energy agenda, including increased oil and gas production off the Pacific and Atlantic coasts, drilling in the Arctic and development of oil shale resources in the West.

The leaders of the coalition have been actively engaged in conservative causes. Innis worked on the presidential campaign of Republican Alan Keyes in 2000. His father, Roy Innis, chairman of CORE and a long-time civil rights leader, has voiced conservative views for decades and serves on the board of the Hudson Institute.

Also part of the alliance is Bishop Harry Jackson, Jr., chair of the High Impact Leadership Coalition. Jackson, who holds conservative views on abortion and same-sex marriage, urged African Americans to support President Bush in the 2004 election.

He recently co-authored a book with Tony Perkins, president of the Family Research Council, that included a discussion of energy policy.

"There's been an all-or-nothing-at-all view by those on the green side," Jackson said. "What I haven't bought into is this almost dictatorial concept that you must do it my way."

Americans for American Energy, meanwhile, is led by members of state legislatures in Wyoming, Colorado and Utah. The group's president is Greg Schnacke, a former executive vice president for the Colorado Oil and Gas Association.

Bositis of the Joint Center said a recent survey he conducted found that a majority of African Americans believe the benefits of dealing with global warming will outweigh the costs. He stressed that lawmakers can seek to set policies that minimize the negative impact on the poor.

In June, for example, the Senate debated, but did not pass, climate change legislation (S 3036) that would have auctioned greenhouse gas allowances to industry and used some of the proceeds for tax rebates and energy efficiency programs.

The new alliance, meanwhile, is working to bring more members of Congress over to its side. Niger Innis said the group will be "actively pursuing" House and Senate Democrats after this year's election.

And in a recent speech to the Resources Development Council for Alaska, Roy Innis said "the civil rights challenge of our time" is to stop policies that drive up the cost of energy for low-income Americans.

"They know that price pain makes folks turn down their thermostat and drive their car less," Innis said. "They call this 'energy conservation.' I call it economic enslavement."

Alaska sues to reverse polar bear status

Greenwire, August 5, 2008; <http://www.eenews.net/Greenwire/print/2008/08/05/18>

Alaska sued Interior Secretary Dirk Kempthorne yesterday, aiming to reverse his decision to list polar bears as threatened under the Endangered Species Act.

Gov. Sarah Palin (R) and other state officials fear a listing would harm offshore oil and gas development in the Chukchi and Beaufort seas off the state's northern coast, the same waters where the only polar bears under U.S. jurisdiction reside.

"We believe that the service's decision to list the polar bear was not based on the best scientific and commercial data available," Palin said.

Alaska officials said they would sue to block the protection shortly after the listing in May. The decision to list the bear was based on future threats to its habitat from climate change. Polar bears rely on sea ice to hunt, mate and make dens for their young. The U.S. Geological Survey says that shrinking sea ice could eliminate all of Alaska's bears in the next 50 years (Greenwire, May 22).

Kassie Siegel, staff attorney with the Center for Biological Diversity and lead author of the petition that led to the listing, said federal scientists adequately addressed skeptics' concerns during the listing process. She said the lawsuit was "completely ridiculous and a waste of the court's time" (AP/Anchorage Daily News, Aug. 5). -- RB

Drill for more U.S. oil

Chicago Tribune, August 6, 2008; <http://www.pressdemocrat.com/article/20080806/OPINION/808060314/-1/frontpage&title=CHICAGO TRIBUNE Drill for more U S oil>

This editorial is from the Chicago Tribune:

If you could boil down the ideal U.S. energy policy to a few words it would be this: We have to stop buying foreign oil. U.S. dependence on it creates too much political, economic, environmental and national security vulnerability.

The nation needs to find alternatives. Gasoline at \$4 per gallon seems to be concentrating the mind on this. In April, 20 percent of the cars sold in the U.S. were compacts or subcompacts. The sales of gas-guzzling sport-utility vehicles were down 25 percent. Higher gas prices have pushed more people to use public transit; the trains are packed.

The run-up in prices has also accelerated talk about alternative fuels. Those ideas have been percolating for years, though they got a welcome boost recently from oilman T. Boone Pickens, who is bankrolling a campaign to promote wind energy and substitute propane gas as a fuel for cars.

And then there's oil.

We can treat our oil addiction, but it's not going to disappear. U.S. consumption has started to ebb, but the U.S. still accounts for 24 percent of the 86 million barrels of oil consumed in the world every day. We buy about two-thirds of the oil we use from overseas. Much of it comes from lands that are engulfed in political turmoil.

It's critical to reduce the U.S. dependence on oil. But it's most critical to reduce the U.S. dependence on foreign oil.

President George W. Bush has lifted an 18-year-old executive order banning oil and natural gas drilling in the coastal waters of the United States. The moratorium, put in place by his father in 1990 and extended in 1998 by President Bill Clinton, prohibited drilling for oil and natural gas in much of the Outer Continental Shelf, between three and 200 miles offshore.

Bush has also called on Congress to lift its moratorium, enacted in 1982, which protects almost the entire Outer Continental Shelf on the Atlantic and Pacific coasts from oil and gas leasing. So, should we open these areas to exploration and drilling? Yes.

Exploration in these areas for domestic energy would help to reduce reliance on foreign oil.

The impact would be modest. A 2007 U.S. Energy Information Administration report estimated that 18 billion barrels could be recovered from the offshore areas currently off limits to drilling, equal to nearly 2 1/2 years of U.S. consumption. And it would be seven to 10 years before we begin to see sustained supply from the coastal waters.

So Republicans ought to quit trying to make the argument that a vote by Congress to expand drilling will have a quick effect on gas prices. It won't. But if we begin to cut energy consumption and accelerate our move toward alternative fuels, the oil from new drilling will over time continue an exodus from foreign oil.

Drilling technology is cleaner and safer than it was when the White House and congressional moratoriums were imposed. Hurricanes Rita and Katrina caused some 600 cases of damage to pipelines, but the environmental costs of the damage were minimal, according to a report commissioned by the Interior Department.

New technology may allow drilling closer to shore without subjecting people to unsightly oil rigs. Companies would place their large, above-water physical structures beyond coastal sightlines, and the rigs would be tied to smaller, underwater structures closer to shore by undersea lines.

Senators John McCain and Barack Obama have moved in this direction.

Yet House Speaker Nancy Pelosi won't even allow a vote on lifting the ban. She won't allow a vote even though polling shows increasing public support for expanded drilling.

Even if Congress were to lift the ban, there would be limits.

States would most likely retain the power to veto drilling up to 100 miles from their shores. Nearly 10 billion of the 18 billion barrels of untapped oil is off the coast of California, according to the Energy Information Administration. Gov. Arnold Schwarzenegger has nixed the idea of drilling off of California's coast.

The political calculus is changing, though. Technology is making drilling less of a risk and the demand for it is growing. The Democratic leadership in Congress has to start listening.

Gingrich to guest star at pro-oil drilling protest

Atlanta Journal Constitution, August 6, 2008;

http://www.ajc.com/metro/content/news/stories/2008/08/05/gingrich_oil_protest.html

Gingrich to guest star at pro-oil drilling protest

AJC Washington Bureau

Published on: 08/05/08

WASHINGTON — Former House Speaker Newt Gingrich is set to join Republican lawmakers Wednesday as they continue their occupation of the recessed House of Representatives chamber to demand a vote on offshore drilling for oil and gas.

The former speaker from Georgia already has been leading an online petition drive favoring immediate opening of all "proven energy reserves" to exploration.

The current House Republican leadership announced Gingrich as a sort of guest star protester, as a couple of dozen GOP lawmakers Tuesday continued an occupation of the vacated House chamber which began Friday when the Democratic majority voted to adjourn until September. Since then, Republican lawmakers have been bringing tourists in to hear their daily arguments for voting on a "comprehensive" energy bill that includes drilling along the outer continental shelf.

House Speaker Nancy Pelosi, D-Calif., has dismissed the protest as a "stunt."

The liberal group MoveOn.org staged a sparsely attended counter demonstration just off the Capitol Grounds Tuesday. "We need a real solution and not gimmicks," said one speaker of the Republican protests. She led the group of about two-dozen in a chant: "Two, four, six eight. Separation of oil and state."

The group had to contend with defenders of the Republicans, who held up signs and shouted, "Drill, drill, drill."

— Julia Malone

GOP claims House protest led to lower prices

The Hill, August 5, 2008; <http://thehill.com/leading-the-news/gop-claims-house-protest-led-to-lower-prices-2008-08-05.html>

By Jared Allen

House Republicans on Tuesday said their protest of Speaker Nancy Pelosi's (D-Calif.) decision not to allow a vote on expanded offshore oil drilling has helped lower gas prices.

Heading into a third day of speeches in the near-empty chamber, Republicans acknowledged that the average price of gas and oil has declined in recent weeks. But they claimed credit for part of that reduction.

"I think the market is responding to the fact that we are here talking," said Rep. John Shadegg (R-Ariz.) at a joint press conference with other GOP lawmakers. "I think the market realizes this kind of pressure from Congress may, in fact, lead to a change in policy."

The Republican members did not answer questions about whether they would take the blame if gas prices go up again.

After the House went into recess Friday, several Republicans stayed behind to deliver energy speeches and press Pelosi to bring members back for a vote. They returned on Monday for a second day of protests. On Tuesday, they widened their message.

In their pre-floor speech press conference, Republican members mentioned the economy and jobs almost as much as gas prices and energy — which had been the driving force behind their speeches to staff and constituents Friday and Monday.

"This is not all about gas prices," said Shadegg, a new addition to the lineup of GOP representatives participating in the protest. "It's much more than just about the price of oil and gas. It's about the economy and jobs."

Republicans want Pelosi to bring the chamber back into session so that the House can vote on a GOP plan to allow additional oil exploration off the U.S. coast on the Outer Continental Shelf (OCS).

Drilling in the OCS would not only mean lower gas prices, but also more jobs and increased national security, Shadegg said.

Rep. Jim McCrery (R-La.), also making his first appearance at the protest, stressed that America's energy policy "is going to be critical to our economic future."

Storm doesn't faze energy companies

Houston Chronicle, August 6, 2008; <http://www.chron.com/disp/story.mpl/headline/biz/5927013.html>

By BRETT CLANTON and TOM FOWLER Copyright 2008 Houston Chronicle

For energy and chemical companies in the region, Tropical Storm Edouard turned out to be mostly a nonevent, causing only minor disruptions that were addressed quickly.

By late afternoon Tuesday, oil producers and drillers in the Gulf of Mexico were making plans to send workers back to offshore facilities, and refiners and chemical plant operators in southeast Texas were returning to normal operations.

Marathon Oil Corp.'s 72,000-barrel-per-day plant in Texas City remained shut down late Tuesday, but a decision to reopen it could come as early as today, said Angela Graves, spokeswoman for the Houston-based company.

Edouard made landfall on the upper Texas coast early Tuesday morning between High Island and the Louisiana border.

Though the rapidly forming storm had threatened critical oil and gas industry infrastructure, most facilities experienced little or no damage.

"Honestly, it highlights how well the companies are prepared for this type of situation," said Kenneth Medlock, an energy fellow with Rice University's Baker Institute and an economics lecturer.

The Interior Department's Minerals Management Service said Tuesday that 6 percent of oil production and 12.3 percent of natural gas production in the Gulf of Mexico had been halted because of evacuations of offshore platforms.

But oil companies, including BP, Shell and others, said they planned to resume full operations by today, as did offshore drillers like Noble Corp. that had evacuated workers.

Elsewhere, San Antonio-based Valero Energy Corp., the nation's largest refiner, said it was returning plants in Port Arthur, Texas City and Houston to normal production rates after reducing output for the storm.

Word that the Houston Ship Channel was reopening to all ship traffic helped ease concerns that crude shipments might not reach Gulf Coast refineries, which could force them to halt production of gasoline and other fuels.

In addition, major chemical makers in the region were planning to resume regular operations today after scattered storm disruptions.

Dow Chemical Co., the Midland, Mich.-based chemical giant, had closed plants in La Porte and the Clear Lake area but was moving to reopen them Tuesday evening, company spokeswoman Gina Gibbs-Foster said.

Germany's BASF cited "very minimal" impact to plants in Port Arthur and Beaumont and said all sites continued to run safely.

Meanwhile, gasoline distributors had relatively few delivery problems in the area, although some stations ran out of fuel briefly on Monday, said Brooks Smith, vice president of Bay Oil in Dickinson.

"Most of those outages were at stations that had a big weekend and then sold so much Monday morning before their regular deliveries showed up," Smith said.

Bill Tilger, operations manager for fuel wholesaler Sun Coast Resources, said operations were running smoothly and that even in Beaumont, where the storm hit hardest, his drivers were reporting normal deliveries.

Letter: Statistician's figures misleading

The Advocate, August 6, 2008; <http://www.2theadvocate.com/opinion/26322754.html>

Letter: Statistician's figures misleading

Published: Aug 6, 2008 - Page: 6B - UPDATED: 12:05 a.m.

A best-selling book in 1982 was "How to Lie with Statistics." In her recent letter, statistician Vicki Lancaster showed exactly how extreme environmentalists use statistics to mislead the public.

She accused Gov. Bobby Jindal of misleading the public by saying there were no major oil spills as a result of Katrina and Rita. In her letter she referenced a Minerals Management Service technical report suggesting that as a result of the storms, 9 million gallons of oil were spilled, and she noted — cleverly in parentheses — that 743,700 gallons were spilled offshore.

First, it is noteworthy that Lancaster reports spillage in gallons, rather than barrels. It makes the spill numbers look much bigger to maximize the scare factor. I cannot wait until these people discover ounces. Then they can really scare us!

Secondly, Lancaster pushes these stats as an argument against allowing more drilling in offshore waters of the United States, to my knowledge the only country on the planet that has the silly policy of not allowing drilling where oil and natural gas are known to exist. Yet, her own figures confirm that the great majority of the spillage was ONSHORE in tank farms, such as the Murphy Refinery in St. Bernard Parish and the spills at the Cox Bay storage facility. These spills would have happened even if all the oil had been imported from foreigners and the tank farms had been in Virginia.

Thirdly, I would direct interested readers to the MMS Web site. Enter "oil spills Katrina," and you will be led to an MMS document "Setting the Record Straight." Among MMS findings: (1) only 16,302 barrels were lost from platforms, pipelines etc. in the federal Outer Continental Shelf, (2) there were NO "major" spills as the MMS defines them, (3) no spills reached the shoreline or oiled birds and mammals, or involved large volumes of oil to be collected or cleaned up. Where's the "disaster"?

To get an idea of how big a 16,302 barrel spill is, take an eyedropper of 3-in-1 oil and drop it in your backyard swimming pool. Although 16,303 barrels sounds like a lot, the Gulf of Mexico is huge.

A 1995 National Science Foundation report, "Oil in the Seas," indicates that far more oil enters the oceans from natural, underwater seeps than from offshore production platforms. Seeps introduce about 1,700 barrels a day into U.S. marine waters, 150 times the amount from oil and gas activities.

The next time you go to the pump and fill up with \$4-a-gallon gasoline, thank folks such as Lancaster. Their extreme views helped get us into this mess.

Loren C. Scott
economist/consultant
Baton Rouge

Pentagon Mulls Allowing Offshore Drilling In Training Areas

Media General News Service, August 6, 2008; <http://www.mgwashington.com/index.php/news/article/pentagon-weighs-impact-of-more-oil-drilling-on-training/1408/>

WASHINGTON -- Defense Secretary Robert Gates is considering whether to revise the Pentagon's own policy that prevents most oil and gas drilling within military training areas in the eastern Gulf of Mexico off of Florida.

Opening up this area could bring oil drilling as close as 50 miles from the Florida west coast.

"What he has done is agree to take a look at the policy," Pentagon spokesman Geoff Morrell said Tuesday.

Any relaxation of existing Pentagon rules would come on the heels of President Bush's call for Congress to lift a ban on offshore drilling, and amid a fierce debate within Congress over whether to do so.

Opponents of lifting the drilling moratorium fear any such move by Gates could also undercut their national security arguments.

But Morrell said that he wouldn't characterize Gates as coming under any pressure from the White House or other sources to change the Pentagon's policy, even as the push to open those areas seems to have gained strength and more public support.

It has even become a centerpiece of Republican John McCain's presidential campaign's energy plan.

"Frankly, he's (Gates') been approached by people on both sides of the issue ... and he's agreed to take a look at it and see if any changes are warranted," said Morrell.

No deadline has been set for Gates' decision. But Morrell said there are a number of offices and entities within the Defense Department reviewing the matter, and that, "we do things as quickly as we can."

Morrell's comments Tuesday came after congressional staffers were told this week during a presentation by Air Force officials that revisions by Gates to the policy are "forthcoming."

Since 1983, the defense department and the Department of the Interior's Mineral Management Services have agreed upon a "Military Mission Line" in the Gulf that sets aside space for military training purposes.

The line is set at about 235 miles west of Tampa Bay.

Gulf waters to the east have been closed to new oil or gas leasing. Those areas have been used extensively by the Navy and Air Force, in particular, for conducting various training missions, including air-to-air gunnery, rocket and missile research and testing, sonar buoy operations, pilot training and aircraft carrier operations.

Opponents of lifting the ban on offshore drilling, such as Sen. Bill Nelson, a Florida Democrat, argue the oil and gas industry does not need "to put oil rigs in the last unfettered American military training range that's out in the eastern Gulf of Mexico."

"We'll have to wait and see what he (Gates) puts out," said Dan McLaughlin, a Nelson spokesman.

There is no indication that the military would abandon the eastern Gulf as a main training area. And McLaughlin said Nelson spoke to Gates about the issue last week and was told nothing would be done that degraded or interfered with the military needs in the Gulf.

"Maybe he (Gates) wants to sort of expand the approach and say, 'OK, there's an energy situation and we'll look at it (drilling applications) on a case-by-case basis,'" said McLaughlin.

But McLaughlin said the senator worries that would be seized upon as a signal by some in Congress that the military is OK with the idea of lifting the moratorium, "and it will give Republicans room to run with the ball."

But lawmakers who are pushing for more off-shore oil drilling confirm they have not gotten any kind of commitment from Gates.

"I can tell you that the 'Gang of 10' was in contact with the Department of Defense," said Adam Sharp, a spokesman for Sen. Mary Landrieu, a Louisiana Democrat.

He was referring to the group of 10 bipartisan lawmakers, including Landrieu, who last week unveiled a compromise proposal that could move drilling within 50 miles of Florida. On Friday, Barack Obama expressed his tentative support of the group's approach as one part of a comprehensive strategy to solving America's energy needs, though had previously said he would enforce the offshore drilling ban.

"Various members (of the group) had communicated with Secretary Gates," said Sharp, who said no promises were made.

Chris Oynes, associate director of the Minerals Management Service's Offshore Minerals Management Program, confirmed the Bush Administration's efforts to get a wide range of input regarding opening up the area to more drilling.

"It's still in a very preliminary stage," he said. "We have said many times that military parameters are paramount. If there is a serious issue, the military's needs are going to win."

Reporter Billy House can be reached at (202) 662-7673 or bhouse@mediageneral.com.

Energy recovery moving quickly after Storm Edouard

Forbes, August 6, 2008; http://www.forbes.com/reuters/feeds/reuters/2008/08/05/2008-08-05T215558Z_01_N05322472_RTRIDST_0_STORM-EDOUARD-ENERGY-UPDATE-2.html

By Erwin Seba

HOUSTON (Reuters) - The U.S. oil patch's recovery from Tropical Storm Edouard appeared unlikely to take much longer than the storm's 48-hour charge across the northern Gulf of Mexico before becoming a tropical depression over east Texas on Tuesday afternoon.

Offshore production and refinery output was reduced by only fractions compared with the devastating hurricanes of 2004 and 2005.

The U.S. Minerals Management Service said on Tuesday 6 percent of offshore crude oil production was shut and 12.3 percent of natural gas output remained offline.

Four of five refineries affected by the storm said they were restoring production by Tuesday afternoon.

The U.S. Gulf of Mexico supplies about a quarter of the country's crude oil output and 15 percent of its natural gas, while Gulf Coast refiners make about a quarter of domestic gasoline.

U.S. crude oil futures ignored Edouard for a second day on Tuesday, settling down \$2.24 a barrel at \$119.17, after tumbling as low as \$118, the lowest price since May 5. .

Of the five affected refineries, Marathon Oil Corp's 76,000 barrel per day refinery in Texas City, Texas, remained shut, a precaution taken when Edouard menaced the Houston-Texas City area.

Shell Oil Co and Valero Energy Corp (nyse: VLO - news - people) said they were returning their Port Arthur, Texas, refineries to full output.

Shell's joint-venture Motiva plant was hit by a partial power outage, while Valero's refinery was affected by shipping interruptions at Houston and Port Arthur, which also impaired the company's Houston and Texas City, Texas, plants.

The Houston and Texas City plants were ramping up to full output.

The Houston Ship Channel remained shut on Tuesday afternoon, though the U.S. Coast Guard said it was beginning the process to reopen the waterway, which also serves Texas City. The waterway was shut due to rough seas on Monday.

The Sabine Pass Channel, which serves Port Arthur and Beaumont, Texas, also remains closed until seas calm down enough following the passage of Edouard's remnants.

The Louisiana Offshore Oil Port, the nation's only deepwater oil port, resumed offloading foreign crude from tankers Tuesday afternoon. The LOOP was shut on Monday.

Chevron (nyse: CVX - news - people) and Shell said they were returning evacuated workers to offshore platforms, while BP (nyse: BP - news - people) said it was standing down from its storm preparations.

Chevron did not disclose the number of workers evacuated, while Shell pulled 43 people out of the offshore area as the storm moved toward the Texas-Louisiana border.

A series of powerful hurricanes in 2004 and 2005, including Hurricane Katrina, toppled oil rigs, severed pipelines and flooded refineries in the Gulf, pushing oil prices to then-record highs. (Additional reporting by Chris Baltimore, Haitham Haddadin, Richard Valdmanis, Rebekah Kebede; Editing by Marguerita Choy)

Crude Campaigning

Washington Post, August 6, 2008; <http://www.washingtonpost.com/wp-dyn/content/article/2008/08/05/AR2008080502931.html?wpisrc=newsletter>

By Ruth Marcus

You could write the formula with mathematical precision. The higher the price of oil and the lower the number of days until the election, the shriller the rhetoric, the grander the promises and the dumber the policy.

Exhibit A, campaign 2008, is John McCain. Just a few months ago, McCain had an energy policy that, while hardly perfect, was in the ballpark of reasonable. He had broken with his party on climate change and understood the importance of weaning America from its carbon habit. He proposed a palette of solutions: nuclear power, clean coal, plug-in hybrids, biofuels. You could argue that McCain's plan overemphasized nuclear energy or spent too little on renewable energy, but it was hardly Bush-Cheney revisited.

Then came McCain's reversal on new offshore drilling. This wasn't, in itself, the problem. The moratorium on drilling in the Outer Continental Shelf has been in place for almost three decades. It is more a matter of theology than logic to believe that the combination of improved technology and increased prices does not justify reconsidering the environmental balance.

But with the unthinking zeal of the newly converted, McCain has morphed into a believer in the magical power of drilling. "We have to drill here and drill now," he has taken to crying on the campaign trail, as if he could get more sweet crude gushing by, say, November. On Monday, McCain, whose 2008 Senate attendance record is rather spotty, demanded that Congress "come back into town" to pass an energy bill. "Let's get this energy crisis solved," he proclaimed, as if a few weeks might make a difference.

Then there is the matter of misrepresentation. For all the focus on Britney Spears and Paris Hilton, the real problem with McCain's "celebrity" ad was that it falsely accused Obama of wanting to "raise taxes on electricity." As FactCheck.org noted, the McCain campaign based this claim on a single interview in which Obama rejected the notion of taxing wind energy, saying that instead "what we ought to tax is dirty energy." This is, FactCheck concluded, "a feeble peg on which to hang" the claim that Obama wants to raise your electricity bill. In fact, the cap-and-trade program that both candidates support is, in effect, just such a tax.

Monday's cute campaign trick was to celebrate Barack Obama's 47th birthday by distributing tire pressure gauges labeled "Obama Energy Plan," mocking the Democrat's suggestion that drivers improve gas mileage by properly inflating their tires. This trivial-sounding move could save millions of barrels of oil annually. The Bush Energy Department urges drivers to do it.

This brings us to Exhibit B, which is, you may have guessed, Obama. He got the good-policy merit badge for resisting peer pressure (McCain plus Hillary Clinton) for a gas tax holiday. He would spend \$150 billion over 10 years, far more than McCain would, to promote alternative sources of energy. So far, so good.

But the Obama campaign has taken a decided turn toward the less responsible in the past week. I'm not talking about his evolution on drilling. However poll-driven, this is eminently sensible: He's not itching for more but willing to consider it in certain areas as part of a broader, bipartisan compromise.

The same can't be said for his *deja-vu-all-over-again* proposal to release oil from the Strategic Petroleum Reserve (see Al Gore 2000, John Kerry 2004), or for his \$1,000-per-family "energy rebate," a whopping \$65 billion cost to be paid for with a windfall-profits tax. Just a month ago, Obama was saying that there was no need to tap the reserve and that such a move should be saved for a "genuine emergency." Oil was more than \$140 a barrel then. It's less than \$120 a barrel now. What's changed, except for the better? Still, as gimmicks go, tapping the reserve is a more effective one than a gas tax holiday.

As for a windfall-profits tax, if you want to produce more energy, it hardly makes sense to give oil companies less incentive to make investments. Nor does it make sense to tax companies because market conditions boost their profits -- any more than homeowners and shareholders should be penalized for selling during a boom.

Obama, too, has descended to misleading. He accuses McCain of wanting to give \$4 billion in tax breaks to oil companies -- without mentioning that this is no special oil-only deal, just part of McCain's proposal for an overall

reduction in the corporate tax rate, something Obama has said he'd consider. Does that put him in the pocket of Big Oil, too?

And another question: If this is the state of the discussion in August, what will October bring?

Drill Through The Floor

Investor's Business Daily, August 4 2008;

<http://www.investors.com/editorial/editorialcontent.asp?secid=1501&status=article&id=302742377911981>

INVESTOR'S BUSINESS DAILY

Energy: House Republicans recognize that drilling for our own oil has become the issue this election year. Will the rest of the party join their crusade and use it to win in November?

House Speaker Nancy Pelosi may have sent the House of Representatives on a five-week vacation, but Republicans have decided to remain in the sweltering Washington, D.C., heat, take to the in-recess House floor and demand that Congress be called back so that Americans can get some relief from high gas prices.

Led by Reps. Mike Pence, R-Ind., Tom Price, R-Ga., and Lynn Westmoreland, R-Ga., and fully backed by House Minority Leader John Boehner, R-Ohio, this GOP attack could smack unwary Democrats as hard as the blast of a Texas oil gusher, because what Republicans are demanding is nothing more than a simple up-or-down vote on drilling for domestic oil in a Democratic-controlled House of Representatives.

Pelosi and the House Democratic leadership will not give them a roll call on drilling because she knows what doing so would mean: Enough Democrats would vote with the Republicans to pass legislation opening up offshore areas for oil drilling and to allow access to oil shale in Western states.

That would be public proof that Democrats are out of step with most Americans on how to bring down gasoline prices. And so on Sunday, we heard continual intransigence from Nancy Pelosi regarding having a simple floor vote in which the people's representatives could decide whether to drill or not to drill.

It was "a diversionary tactic," she said, "a decoy . . . not a solution," and so Republicans will just "have to use their imagination as to how they can get a vote"

Republicans have as an advantage the majority of the American public in support of drilling. Last month, an IBD/TIPP Poll found a broad-based 64% favoring offshore drilling, while 65% want our domestic oil shale made use of. A June Zogby poll found that a 74% majority of Americans in favor of offshore drilling.

Even in one of the bluest of blue liberal states, New Jersey, 56% of residents actually want oil rigs established off the state coast, according to a newly released Monmouth University/Gannett New Jersey poll conducted in mid-July. That shows just how deep and widespread pro-drilling sentiment now is.

During the House floor protest, Rep. Phil Gingrey, R-Ga., taunted Pelosi about conducting a tour to promote her new book while gas consumers suffer. Rep. Jeb Hensarling, R-Texas, read a letter from a family in his state that "can't afford to both go on vacation and send their son to Boy Scout camp." And so if they can't afford to go on vacation "then neither should Pelosi and the Congress!"

Republicans may even be willing to shut down the government when time comes to vote on the 2009 fiscal year budget resolution.

On the other side of the Capitol, Sen. Jim DeMint, R-S.C., is drumming up support from colleagues to demand that Senate Majority Leader Harry Reid, D-Nev., remove the drilling ban from that budget resolution. Such a ban has been renewed every year since 1982, prohibiting oil and gas leasing on most of the Outer Continental Shelf (OCS). As of now, Democratic leaders plan to extend it a year.

The presumptive Democratic presidential nominee, Sen. Barack Obama, D-Ill., now says he can live with "limited" drilling. But listen closely at what he said in his energy speech in Lansing, Mich., on Monday:

He called the inclusion of "a limited amount of new offshore drilling" in new bipartisan legislation a "drawback," adding that "I still don't believe that's a particularly meaningful short-term or long-term solution." But he said "I am willing to consider it if it's necessary to actually pass a comprehensive plan."

"Consider" should not be reported as "support," as the media have done. Moreover, Obama also wants a windfall profit tax — certain to exacerbate high fuel prices by lessening domestic production, as it did under Jimmy Carter.

John McCain and congressional Republicans have the opportunity to expose both Obama and Pelosi as enviro-extremists who refuse to let Americans use the treasure trove of oil that lies beneath our own soil, arctic ice and waters. Whether they take avail of that opportunity could determine both our economic and national security for years to come.

That offshore drilling snake oil

NJ Star Ledger, August 5, 2008; <http://www.nj.com/columns/ledger/farmer/index.ssf?/base/columns-0/1217910933123300.xml&coll=1>

A key to understanding the language of politics in this country is credulity -- a two-bit term for willingness to believe the damndest nonsense with no supporting evidence as long as it appeals to one's abiding prejudice or unquenchable avarice.

Lots of Florida real estate under a foot of water was sold in years past to lots of credulous out-of-staters who believed they were getting in on a steal. (Actually, they were, but not the steal they had in mind.) More recently, some of our best bankers actually believed they could make money by giving mortgages to folks with less credit than a guy living in a cardboard box in the Bowery. And we all know some dodo today who believes Barack Obama is a Muslim.

Now we have a new winner in the credulity sweepstakes -- the belief that offshore oil drilling is a sure cure for obscene gasoline prices. It's more evidence of the power of panic to push office seekers into lousy public policy decisions, not to mention more evidence of the triumph of hope over experience.

It wasn't always that way. Time was, both John McCain and Obama weren't fooled by claims that cheap offshore black gold could drive gasoline prices back to \$2-something a gallon. Each opposed offshore drilling as a threat to the environment and a colossal con job by U.S. oil giants eager to lock up every possible oil field as a cheap way to boost their stock prices -- whether they drilled or not.

Now both have changed, though with a difference. McCain's a full-immersion convert to offshore oil as a panacea for pain at the pump. He believes the oil industry's inflated claims, or acts like he does. Obama's is a limited, modified, let's-do-a-deal kind of conversion. He'll sit still for a little drilling in the deep so long as we rescind some of the oil industry's tax breaks -- breaks, incidentally, that should mortify oil moguls as they roll up unprecedented profits while the rest of America struggles with high prices and recession. They should give them up without a fight, if only for the sake of their images.

It's a lot to ask of the oil barons. But if we're really in a "war" on terrorism that adds to gasoline costs, then aren't they war profiteers?

With Obama, it's hard to escape the feeling he knows this offshore business is a mortal scam. But he's afraid to buck the popular tide, and that's not an admirable trait in a would-be leader of the Free World. McCain, on the other hand, seems to actually believe the industry claim that oil independence is just an ocean rig (or a few thousand) away. That's credulity. And that's not much of a recommendation for leader of the Free World either.

Amid all the conflicting claims about offshore oil, two things seem indisputable:

First, we can drill right up to the shore line -- and throw in the Arctic National Wildlife Refuge as well -- and we wouldn't come close to meeting our national needs or to cutting gasoline prices appreciably.

Americans require about 20 million barrels of petroleum a day, while the U.S. produces roughly 5 million a day. Open the outer continental shelf to drilling -- even throw in drilling in federal lands out west -- and the best we could hope for is about 3 million more barrels a day, Shell Oil's former president, John Hofmeister, told Newsweek magazine. We'd still have to pay the sheiks.

Second, no matter how many oil rigs we erect on the briny or how much of the black stuff they produce, none of it will find its way into your neighborhood gasoline pump for the better part of a decade, maybe longer.

There's no quick cure. American demand for oil must be reduced, and that can't be done rapidly. The technology needed for conversion to alternative fuels is still too primitive to take up the slack and, in any case, a too-quick turn away from fossil fuels would disrupt the economy even more than a mindless rush to globalization already has done.

If there's a bright side to the oil-in-the-ocean craze, it's that it has been accompanied by a slight shift in Washington toward cracking down on the industry's unconscionable tax breaks. This has produced dire predictions that a cutoff of such incentives could halt research and development.

Who are the critics kidding? All that talk about "incentives" and R&D rings hollow. Best I can determine, no new major refinery has been built in the country in roughly 20 years. Even if we had more oil, we lack refinery capacity to process much of it. And since when is a \$13 billion profit in the most recent quarter of this year for just one oil giant -- and \$4-a-gallon gasoline-- not an adequate incentive to invest? We're back to credulity again.

So where do we go for truth in this cavalcade of lies? T. Boone Pickens might be a starter. He's got no beef with the oil patch as far as I can tell. He's become a billionaire in business. And he's no Democrat. But he's preaching the gospel of moving posthaste to alternative fuels.

Or, as he puts it, to the consternation of his oil-patch buddies, about dealing with the gasoline price crunch: "We can't drill our way out of this." Hope somebody in Washington is listening.

Democrats hit shutdown threat

The Washington Times, August 5, 2008; <http://washingtontimes.com/news/2008/aug/05/democrats-hit-shutdown-threat/>

Democrats hit shutdown threat

S.A. Miller (Contact)

Democratic leaders slammed Republicans on Monday for threatening to force a government shutdown this fall unless Congress lifts the ban on offshore oil drilling and for simultaneously demanding lawmakers return from the August recess to vote on more drilling.

"This is a last gasp of a party without ideas, hamstrung by a politically weakened president and fully understanding that they are going to lose a significant number of seats in November," said Jim Manley, spokesman for Senate Majority Leader Harry Reid, Nevada Democrat.

He said Republicans should have learned that government shutdowns don't work in 1995, when voters mostly blamed the then-Republican-led Congress for the budget standoff with President Clinton that brought the federal government to a virtual standstill.

Some Republicans nevertheless say they are prepared to vote against a resolution to fund the federal government for fiscal 2009, which begins Oct. 1. If the resolution fails, many agencies and departments would run out of money and close their doors.

"We don't want the government shutdown to be an issue, but the fact is the Democrats are so overconfident that they're willing to talk about [extending the] ban, and they're willing to talk about raising taxes on gasoline," said Sen. Jim DeMint, South Carolina Republican, who is circulating a letter encouraging colleagues to demand a vote to lift the drilling ban.

The conflict stems from Republican demands that any energy plan include a provision to expand domestic oil drilling to areas currently off-limits, including a wildlife reserve in northern Alaska and in the eastern Gulf of Mexico. Democrats oppose the idea, saying oil companies already have millions of available drilling acres on land they're not using.

About 24 Republicans also protested on the closed-for-business House floor Monday, calling for Speaker Nancy Pelosi to reconvene the chamber from the August recess to take up energy legislation, including measures for more offshore drilling.

Republicans have seized on the drilling issue, which the Democratic environmentalist base opposes, but which enjoys support of about two-thirds of voters, polls show.

"I really sense that we are at a tipping point in our country on this issue," said Rep. Mike Pence, Indiana Republican. "You sense the change that is happening in the debate."

He noted likely Democratic presidential nominee Sen. Barack Obama of Illinois on Monday said that he is now willing to consider more offshore oil drilling - a measure he previously opposed - as part of a comprehensive energy plan.

"We welcome him to see the light on this," Mr. Pence said.

But House Majority Leader Steny H. Hoyer said the minority party was resorting to political "stunts" to grandstand on the energy issue.

"A smattering of House Republicans are engaging in stunts on the House floor in a transparent political effort to manufacture headlines," the Maryland Democrat said. "Meanwhile, most of their Republican colleagues returned home burdened with trying to explain why they blocked efforts to combat high gas prices."

He criticized Republicans for voting against several energy measures, including expanded drilling in Alaska, renewable energy research, repealing subsidies for oil companies and cracking down on speculation in energy markets.

"For six years, Republicans controlled every branch of government and did nothing while America became more dependent on foreign sources of oil," Mr. Hoyer said. "House Republicans now want to dust off old proposals, rejected by Congress on a bipartisan basis as bad ideas, and claim they have put forward 'solutions.'"

Republicans say they opposed the measures to protest Democratic leaders in both chambers refusing to allow a stand-alone bill on drilling.

The congressional drilling moratorium was first enacted in 1982 and has been renewed every year since. It prohibits oil and gas leasing on most of the outer continental shelf - from three miles to 200 miles offshore - and expanded oil-shale development in the West.

An executive moratorium on offshore drilling was lifted last month by President Bush. That ban was put in place by President George H.W. Bush in 1990 and sustained by President Clinton.

The congressional ban is set to expire at the end of September, but Democratic leaders are expected to include a one-year extension in legislation that they will introduce next month to continue funding the government past Oct. 1.

Obama, in shift, proposes tapping oil reserves

Dallas Morning Star, August 5, 2008;

http://www.dallasnews.com/sharedcontent/dws/news/politics/national/stories/DN-energy_05pol.ART.State.Edition1.4d73e21.html

Associated Press

LANSING, Mich. – Democrat Barack Obama called Monday for tapping the nation's strategic oil reserves to help drive down gasoline prices, a shift from his previous position on the issue.

Mr. Obama's reversal was his second on energy policy in the last week. He said Friday that he would reluctantly consider accepting some offshore oil drilling after previously opposing it.

John McCain, who strongly backs allowing such drilling, has been able to score political points on energy issues in recent weeks, particularly in swing states such as Michigan. He abandoned his past opposition to drilling on the Outer Continental Shelf in June.

In his speech in Michigan, Mr. Obama also endorsed long-term work on hybrid cars and renewable energy sources.

"Breaking our oil addiction is one of the greatest challenges our generation will ever face," he told a supportive audience. "It will take nothing less than a complete transformation of our economy."

Mr. Obama proposed that the government sell 70 million barrels of oil from its stockpiles and said that releases from the reserve in the past have lowered gas prices within two weeks.

Explaining his thinking, campaign energy adviser Heather Zichal said that Mr. Obama "recognizes that Americans are suffering."

The McCain campaign lost no time in criticizing Mr. Obama.

"Tapping the strategic oil reserve is not a substitute for a real plan to increase supply through additional drilling and nuclear power," said campaign spokesman Tucker Bounds.

"The strategic oil reserve exists for America's national security strategy – not Barack Obama's election strategy."

Campaigning in suburban Philadelphia, Mr. McCain called on Congress to return from its traditional summer holiday to tackle energy issues. He also challenged Mr. Obama to come off the campaign trail with him if Congress resumes its session.

And Mr. McCain criticized Mr. Obama for his comments that keeping tires inflated would save more oil than expanding offshore drilling.

Drilling for Victory

National Review, August 5, 2008;

<http://article.nationalreview.com/?q=Mjg2YTY1OWZkNmZhYzIxOGIxOTk4M2FmZW00ZmY4YjM=>

Bush, Republicans, and Americans all stand to gain if the moratorium on offshore drilling is lifted.

By Phil Kerpen

With President Bush and congressional Republicans beating the drums daily for more oil and gas production, the Democrats are finally starting to crack and offer compromises. The Democrats, of course, can read the polls, and they know drilling is the one issue that threatens their otherwise commanding position heading into the November elections. But Bush and the Republicans can do better than a compromise. Indeed, a full no-compromise victory on domestic energy production is less than two months away if they can just stick together and defend current law.

Congress has never seen fit to enact a permanent moratorium on offshore drilling. Instead, it has opted for a series of one-year bans, with the latest ban ending at the close of September. Opponents of drilling thus need a vote on legislation to impose a new ban for fiscal 2009. President Bush, with his veto pen, is in a position to stop them.

The president can begin by announcing that offshore oil leasing will commence on October 1, 2008, the day after the current congressional ban expires. He then can make it clear to Democrats that he will veto any legislation to impose a new ban in October, even if Democrats attach it to so-called "must pass" legislation to keep government open. In other words, the president can dare the Democratic Congress to shut down the federal government in order to stop offshore oil leasing.

There is no good reason for the president to back down. We clearly need the oil and gas. According to conservative estimates from the Department of the Interior's Mineral Management Service, the Outer Continental Shelf — where offshore drilling would take place — contains 86 billion barrels of oil and 420 trillion cubic feet of natural gas. Through the end of September, 97 percent of this area is subject to the congressional ban on offshore exploration and production. And while it is true that energy companies need time to harvest this oil and gas, the mere perception of substantial new future production will break expectations of higher energy prices in the futures markets and bring down prices at the pump today. We had a preview of this effect last month when the president lifted the executive branch's moratorium on offshore drilling.

A showdown on this issue also will be a political winner for Republicans. This is precisely what Democrats are scrambling to avoid. The Democrats initially thought they could circumvent the issue by halting work in the congressional appropriations committees, which usually include an annual drilling ban in the Interior Appropriations

bill. It is now likely that Democrats will pursue a continuing resolution to keep the government running until after the election, using that resolution to sneak through an extension of the drilling ban.

The president should make it clear that he won't sign any such extension. This would put the ball in the Democrats' court, forcing them to decide whether stopping offshore drilling is worth shutting down the government. If they decide it is, just weeks before Election Day, the dynamics of the election will transform dramatically. Energy will no longer be one of several top-tier issues — it will be the only issue. And it will favor Republicans right when they need it most.

Polls show that as prices have risen at the pump, public support for offshore drilling has climbed, too. Most Americans, as many as 75 percent, are for increased offshore drilling, and they will favor the party that delivers it. Should Democrats opt for the government shutdown — and no new drilling — the political costs will be high.

Some Democrats will pin the blame for any shutdown on the president and the Republicans. But just as Newt Gingrich took the heat for closing down the government when he refused to accede to the wishes of President Clinton, today's Democrats will be guilty of congressional obstinacy in the face of clear direction from the White House. Moreover, the president merely will be defending the continuation of existing law that calls for drilling to be permitted come October.

This really isn't a risky strategy. With Republicans forecasted to take heavy losses in November, betting the election on the energy issue will only make the outlook brighter.

And the issue is exceedingly straightforward: Americans are straining under the burden of sky-high gas prices and they have no appetite for a new ban on offshore oil drilling. If Bush and the Republicans can put an end to the moratorium, they will have scored an important policy victory that could pay political dividends as well.
