

## Week in News: August 11-17, 2008

### **Congress to vote on drilling ban**

Christian Science Monitor, August 17, 2008; <http://features.csmonitor.com/politics/2008/08/17/congress-to-vote-on-drilling-ban/>

### **Regardless of Size, Location, Species Share a Threat: Man**

Washington Post, August 17, 2008; <http://www.washingtonpost.com/wp-dyn/content/article/2008/08/16/AR2008081601964.html>

### **Pelosi Might Consider Offshore Drilling**

Washington Post, August 17, 2008; <http://www.washingtonpost.com/wp-dyn/content/article/2008/08/16/AR2008081602064.html>

### **Taking the guesswork out of offshore drilling**

Houston Chronicle, August 16, 2008; <http://www.chron.com/disp/story.mpl/business/5947299.html>

### **Republicans Are Skeptical Of Pelosi's Offshore-Drilling Proposal**

WSJ, August 16, 2008; [http://online.wsj.com/article/SB121889978439847053.html?mod=googlenews\\_wsj](http://online.wsj.com/article/SB121889978439847053.html?mod=googlenews_wsj)

### **House to Rethink Drilling, Pelosi Says**

NYT, August 16, 2008; [http://www.nytimes.com/2008/08/17/washington/17pelosi.html?\\_r=1&ref=us&oref=slogin](http://www.nytimes.com/2008/08/17/washington/17pelosi.html?_r=1&ref=us&oref=slogin)

### **Democrats open to more offshore drilling**

The Associated Press, August 16, 2008; <http://ap.google.com/article/ALeqM5gURfxpLrCKF1OV7Hh2P1jbOVmqMwD92JESC00>

### **If Congress Lifts the Offshore Oil Drilling Moratorium, What Happens Next?**

U.S. News & World Report, August 15, 2008; <http://www.usnews.com/articles/news/national/2008/08/15/if-congress-lifts-the-offshore-oil-drilling-moratorium-what-happens-next.html>

### **House Republican Compares Drilling Standoff to Being on Losing Side at the Alamo**

CQToday, August 15, 2008; <http://www.cq.com/document/display.do;jsessionid=3741E9AC90ED983EE8927BA114841154.monhegan?matchId=63951490>

### **Drilling Down**

CBSNews, August 14, 2008; <http://www.cbsnews.com/stories/2008/08/13/opinion/printable4348180.shtml>

### **Oil and politics**

Los Angeles Times, August 15, 2008; <http://www.latimes.com/news/printedition/opinion/la-ed-offshore15-2008aug15,0,159999,print.story>

### **Traditional Energy's Modern Boom**

Washington Post, August 15, 2008; [http://www.washingtonpost.com/wp-dyn/content/article/2008/08/14/AR2008081403321\\_pf.html](http://www.washingtonpost.com/wp-dyn/content/article/2008/08/14/AR2008081403321_pf.html)

### **Four offshore-drilling myths**

Christian Science Monitor, August 14, 2008; <http://features.csmonitor.com/environment/2008/08/14/four-offshore-drilling-myths/>

### **Pelosi won't limit vote to offshore drilling**

San Francisco Chronicle, August 15, 2008; <http://www.sfgate.com/cgi-bin/article.cgi?f=/c/a/2008/08/15/MNCD12BC0J.DTL&type=printable>

### **Petroleum industry attacks 'Gang of 10' energy plan**

E&E News, August 14, 2008; <http://www.eenews.net/eenewspm/2008/08/14/1/>

### **Democrats block energy reforms**

San Angelo Standard Times, August 14, 2008; <http://www.gosanangelo.com/news/2008/aug/13/democrats-block-energy-reforms/>

### **Pelosi joins Democrats softening their stance against offshore drilling**

Los Angeles Times, August 14, 2008; <http://www.latimes.com/news/nationworld/nation/la-na-drilling14-2008aug14.0.4495703.story>

### **Democrats distort oil drilling debate**

CNN Money, August 13, 2008; [http://money.cnn.com/2008/08/13/news/economy/oil\\_drilling.fortune/](http://money.cnn.com/2008/08/13/news/economy/oil_drilling.fortune/)

### **America's Main Energy Problem May Well Be Congress**

WSJ, August 13, 2008; [http://online.wsj.com/article/SB121858830408935249.html?mod=googlenews\\_wsj](http://online.wsj.com/article/SB121858830408935249.html?mod=googlenews_wsj)

### **Two wrongs**

The Houston Chronicle, August 12, 2008; <http://www.chron.com/disp/story.mpl/hotstories/5939830.html>

### **Pelosi looks to load up drilling bill**

The Hill, August 12, 2008; <http://thehill.com/leading-the-news/pelosi-looks-to-load-up-drilling-bill-2008-08-12.html>

### **Bush Meets with Coalition for Affordable American Energy**

Environmental News Service, August 12, 2008; <http://www.ens-newswire.com/ens/aug2008/2008-08-12-092.asp>

### **The Great Energy Confusion**

Washington Post, August 13, 2008; <http://www.washingtonpost.com/wp-dyn/content/article/2008/08/12/AR2008081202825.html>

### **Some Conservative Republicans Balk at Drilling Compromise**

WSJ, August 13, 2008; [http://online.wsj.com/article/SB121859070476735473.html?mod=googlenews\\_wsj](http://online.wsj.com/article/SB121859070476735473.html?mod=googlenews_wsj)

### **Rush to Arctic as warming opens oil deposits**

San Francisco Chronicle, August 12, 2008; <http://www.sfgate.com/cgi-bin/article.cgi?file=/c/a/2008/08/12/MN5R1290QE.DTL>

### **Pelosi open to vote on offshore drilling**

CNN, August 12, 2008; <http://www.cnn.com/2008/POLITICS/08/12/pelosi.ganda/>

### **An Empty Promise**

NYT, August 12, 2008; [http://www.nytimes.com/2008/08/12/opinion/12herbert.html?\\_r=1&em&oref=slogin](http://www.nytimes.com/2008/08/12/opinion/12herbert.html?_r=1&em&oref=slogin)

### **'Snake Oil'**

Washington Post, August 12, 2008; <http://www.washingtonpost.com/wp-dyn/content/article/2008/08/11/AR2008081102145.html>

### **One Way To Get More Oil: Do Nothing**

Investor's Business Daily, August 11, 2008; <http://www.investors.com/editorial/editorialcontent.asp?secid=1502&status=article&id=303344358907084>

### **GOP stands firm as it gives up summer for oil debate**

Houston Chronicle, August 11, 2008; <http://www.chron.com/disp/story.mpl/headline/nation/5937484.html>

### **Falling Oil Prices Fuels New Debate Over Offshore Drilling**

Congress Daily, August 11, 2008; [http://www.nationaljournal.com/congressdaily/cd\\_20080811\\_7639.php](http://www.nationaljournal.com/congressdaily/cd_20080811_7639.php)

### **Drill, Drill, Drill Is On A Roll, Roll, Roll**

CNBC, August 11, 2008; [http://www.cnb.com/id/26141187?\\_source=RSS\\*tag\\*&par=RSS](http://www.cnb.com/id/26141187?_source=RSS*tag*&par=RSS)

### **High tech U.S. offshore drilling safer, risks persist**

Reuters, August 11, 2008; <http://www.reuters.com/article/reutersEdge/idUSN1136130220080811?pageNumber=1&virtualBrandChannel=10112>

## Pelosi indicates openness to offshore drilling vote

The Hill, August 11, 2008; <http://thehill.com/leading-the-news/pelosi-indicates-openness-to-offshore-drilling-vote-2008-08-11.html>

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## Congress to vote on drilling ban

Christian Science Monitor, August 17, 2008; <http://features.csmonitor.com/politics/2008/08/17/congress-to-vote-on-drilling-ban/>

In a shift on Saturday, Speaker Nancy Pelosi said that the House will take up comprehensive energy legislation next month that includes partially lifting the 1981 ban on offshore drilling.

By Gail Russell Chaddock

Nearly 40 years after some 80,000 barrels of oil washed up on the beaches of Santa Barbara - and launched a move to ban offshore drilling - Congress is heading toward a vote to end that moratorium.

For a generation of Democratic politicians, the notion of opening protected sites to drilling was toxic. But with soaring gas prices, public opinion is shifting toward anything that promises relief at the pump - and congressional politics is moving with it.

In a shift on Saturday, Speaker Nancy Pelosi said that the House will take up comprehensive energy legislation next month that includes partially lifting the 1981 ban on offshore drilling.

"It will consider opening portions of the Outer Continental Shelf for drilling, with appropriate safeguards, and without taxpayer subsidies to Big Oil," she said in the weekly Democratic radio address on Saturday.

On Friday, Senate majority leader Harry Reid said that the Senate will also examine lifting the ban, which now covers all but central and western portions of the Gulf of Mexico and some parts of Alaska.

"That's something that you know we're going to take up. And there's nothing wrong with that," he said in a conference call with Texas oilman T. Boone Pickens.

Until Saturday, Speaker Pelosi called the notion that more drilling would lower prices at the pump a hoax and said that there would be no votes on this issue on her watch.

With the US controlling some 3 percent of the world's proven oil reserves, drilling in protected sites won't solve the problem of high gas prices in the short term, if ever, Democrats said.

Their solution: increase conservation and alternative fuel sources, tax Big Oil for its record 'windfall profits,' rein in speculation in the commodities market, and end billions in tax subsidies for oil companies now written into the tax code.

Before opening any new sites for exploration and drilling, Big Oil should first prove that it has used available leases on some 68 million acres, Democrats said.

After President Bush lifted the executive moratorium on offshore drilling last month, Republicans called on the majority to allow votes to lift the congressional ban, as well.

Senate Republicans, citing support from constituents worried about energy costs, reduced their legislative agenda to a single item: increase domestic energy supply. In a bid to force an offshore drilling vote, GOP senators blocked votes on all other elements of an energy plan, including a popular measure to extend tax breaks for renewable energy. Both houses broke for August recess without a vote on offshore drilling.

On the House side, Republicans have held nearly daily protests on the floor of the House during the August recess to force Pelosi to allow a vote to lift the congressional moratorium on offshore drilling.

Since Aug. 1, 109 Republicans have returned to Washington to argue the case for offshore drilling on the floor of an adjourned House.

“Our members are finding at home that what we’re doing here in Washington is appreciated,” said Rep. Roy Blunt, the House Republican whip, at a press briefing off the floor of the House on Thursday. “At least somebody is willing to fight for the No. 1 issue for their families today - and that’s gas prices, soon to be followed by energy prices, as we get to the fall.”

Meanwhile, Democrats are gearing up for major energy legislation when Congress returns next month. On Tuesday, Senator Reid is convening a national clean energy summit in Las Vegas. He is calling on Republicans to support a bipartisan summit - and comprehensive energy legislation - when the Senate reconvenes.

The broader energy bill to be debated on the floor of the House covers conservation as well as new investments in alternative fuels. The plan mandates the release of some 700 million barrels of oil from the US Strategic Petroleum Reserve to “reduce the price at the pump within 10 days,” Pelosi said on Saturday.

The plan also requires oil companies to pay the billions of dollars in royalties to be invested in clean energy resources and aims to rein in speculation in energy markets, viewed by lawmakers on both sides of the aisle as a factor in the run-up of gas prices.

In response, House Republican leaders called on the speaker to immediately reconvene the House to vote on a GOP bill to ‘drill here, drill now, and pay less.’

“While the Speaker now claims to embrace a comprehensive energy plan that includes more conservation, more innovation, and more American energy production, the fact is her new effort appears to be just another flawed plan that will do little to lower gas prices,” House Republican leader John Boehner said in a statement.

Even if proposed legislation on both sides of the aisle derails, Republicans are gearing up for one more flash point: On Oct. 1, the start of the new fiscal year, the moratorium on drilling automatically lapses, unless Congress renews it.

Some Republicans are urging President Bush to veto any spending bill - or any continuing resolution to extend spending bills into the new Congress - that includes a renewal of the offshore drilling ban.

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### **Regardless of Size, Location, Species Share a Threat: Man**

Washington Post, August 17, 2008; <http://www.washingtonpost.com/wp-dyn/content/article/2008/08/16/AR2008081601964.html>

By David A. Fahrenthold

In the Washington region, the dramas of disappearing plants and animals often play out on ridiculously small stages. One species lives only on three mountainsides. Another clings to cobblestones in three streams. Another survives, maybe, in the soil along a single river.

But despite their tiny scale, none of these stories lack suspense. Because entire lines of creatures are at risk, to say they are about life and death is probably understating it.

Across Maryland, Virginia and the District, 73 species are listed as threatened or endangered by the federal government. Dozens more are listed by the governments of those three jurisdictions.

They are a diverse group: dive-bombing falcons and sand-dwelling beetles, semi-famous squirrels and anonymous plants, a blind crustacean and a sea monster. But most share a common problem: us.

Last week, the Bush administration proposed giving federal agencies more leeway to decide whether their projects threaten protected species such as these. The agencies could bypass consultation with the U.S. Fish and Wildlife Service.

The government says the change would be trivial. Environmentalists say it would remove a crucial level of protection for the 1,353 plants and animals on the federal threatened and endangered lists.

"The rule-making will make it more difficult for species like the piping plover, the bog turtle, the Delmarva fox squirrel . . . to recover," said Michael Bean of the Environmental Defense Fund, naming three of the area's endangered or threatened species.

Some activists say the move could make it easier for highways or construction projects to destroy precious habitats.

"What this proposal really shows is the deep-seated and continuing hostility by this administration" toward endangered-species laws, said Bob Irvin of the Washington-based Defenders of Wildlife. The Bush administration has already been criticized for using procedural rules to make it more difficult to add species to the protected list.

The federal proposal would change practices: Now, agencies often consult with the U.S. Fish and Wildlife Service to determine whether a danger to protected species exists. If the rule is approved, the agencies could make more of the decisions on their own.

Tina Kreisher, a spokeswoman for the Interior Department, said agencies would face serious consequences if they harmed a protected plant or animal. "If they're wrong, they're liable," Kreisher said.

This week, The Washington Post will profile 17 of the region's endangered and threatened species. Nine capsules appear today, and others will appear daily.

The Washington area has far fewer endangered species than California, with 309 protected animals and plants, or Hawaii, with 344. One possible reason: Many of the most vulnerable species might have died out shortly after Europeans arrived, before anyone went looking for them.

But some plants and animals hang on, in niches among farms, suburbs and cities.

They might not all be familiar faces. The manatee, a tropical species, is so unfamiliar here that scientists think it might be responsible for some sightings of "Chessie," the mythical Chesapeake Bay sea monster. The Hay's spring amphipod, a blind shrimp-like creature, has been reduced to living in only a handful of springs in Rock Creek Park.

And the Virginia fringed mountain snail is found only along the New River in the western part of the state. Or, was found. Nobody has seen the snail in years.

Researchers say that, as relics of the natural world that once thrived here, all of these creatures are worth saving. When pollution and silt devastated the populations of tiny mussels across Virginia, for instance, small streams lost much of their natural water filter.

"They're all parts of a functioning system," said Gwen Brewer of the Maryland Department of Natural Resources. "When we lose things out of it, it may make us more likely to lose more things out of it" because the system won't work as well as it did.

The fates of species on this list are by no means hopeless. The bald eagle is proof of that: After a drastic decline caused by the eggshell-weakening pesticide DDT, it came back so strongly that it was removed last year from the federal threatened list.

The peregrine falcon, a bird of prey known for striking down at other birds at racecar speeds, has come almost as far. The banning of DDT began its return. Then scientists began re-introducing the birds in the mid-Atlantic -- and watching some leave their traditional cliff habitat behind for new, more dangerous perches on skyscrapers and bridges.

If a baby "bird hops out of a nest two or three thousand feet up in the mountains, it has a long way down, it can learn to glide," said Ray Fernald of the Virginia Department of Game and Inland Fisheries. But if a bird jumps out of a nest on a bridge "200 feet above the water, and it doesn't make it the first time, it's going to hit the water and drown."

He said researchers tried to intervene, removing chicks from nests on bridges and releasing them in the Appalachians, where their chances were better.

Other species seem to be making progress. The shortnose sturgeon, a dinosaur of a fish that was nearly wiped out by fishermen in the 19th century, has been visiting its old haunts in the Potomac River. The Delmarva fox squirrel, a fluffy symbol of the Eastern Shore, has been re-introduced to some areas by scientists.

Other species face a more grim future, losing their niche in an area now dominated by humans.

This is a problem even in remote caves in western Virginia. Cave explorers can disturb zonked-out Virginia big-eared bats, causing them to burn valuable calories as they startle and flee. Authorities now put up metal "bat gates" to keep spelunkers out during the winter hibernation.

But some of the worst-off species live on waterfronts, in the real estate people want most.

The seabeach amaranth, a sand-dune plant, has been smashed by 4x4 trucks and munched on by non-native Assateague Island ponies. The Puritan tiger beetle, which lives in the crumbling faces of beach cliffs, is losing its habitat, as human-built breakwaters and riprap stop Calvert County's cliffs from eroding.

"It's almost always habitat loss" that troubles the endangered and threatened animals around Washington, said Karen Mayne, a Fish and Wildlife official in Virginia. "We live where they live."

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### **Pelosi Might Consider Offshore Drilling**

Washington Post, August 17, 2008; <http://www.washingtonpost.com/wp-dyn/content/article/2008/08/16/AR2008081602064.html>

House Speaker Nancy Pelosi signaled on Saturday her willingness to consider opening more coastal areas to oil and gas exploration.

In the Democratic Party's weekly radio address, Pelosi (Calif.) said opening portions of the Outer Continental Shelf for drilling will be part of energy legislation that House Democrats intend to put forward in the coming weeks to address oil dependence and high gasoline prices.

Just weeks ago, Pelosi seemed resolved to block any votes to allow offshore drilling. New oil drilling is allowed now only in federal waters in the western Gulf of Mexico and off Alaska.

Pelosi's radio remarks were the latest to hint that Democrats are budging on the issue.

"This comprehensive Democratic approach will ensure energy independence which is essential to our national security, will create millions of good-paying jobs here at home in a new green economy, and will take major steps forward in addressing the global climate crisis," said Pelosi, who criticized Republicans' "drill only" plan.

Republican leaders called Pelosi's proposal a ruse.

She "is deliberately misrepresenting the facts about our plan in order to shift attention away from the Democrats' shameful record," said House Minority Leader John A. Boehner (Ohio). "Her new effort appears to be just another flawed plan that will do little to lower gas prices."

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### **Taking the guesswork out of offshore drilling**

Houston Chronicle, August 16, 2008; <http://www.chron.com/disp/story.mpl/business/5947299.html>

By Kristen Hays

Len Srnka's desire to explore new frontiers emerged with the dawn of the space age when Russia launched the Sputnik satellite more than half a century ago.

Exxon Mobil Corp.'s chief geophysicist, now 61, spent years being enthralled by planetary secrets during the heady days of NASA's Apollo moon program in the 1960s and early 1970s.



But after budget cuts killed Apollo, and the space program's funding appeared grim, he crossed into energy. He applied theories of electromagnetics he'd used at NASA to try to decipher what lay beneath the lunar surface and spearhead development of technology that can determine whether oil is inside a reservoir far beneath the seafloor.

"It's a little bit like exploring 'inner' space," Srnka said. "You just have to change planets."

Now the technology, also developed independently of Exxon Mobil by scientists at Norway's StatoilHydro through the late 1980s and 1990s, is becoming a critical tool to help companies make smart offshore-drilling decisions.

Companies besides Exxon Mobil and Statoil that have used electromagnetic surveys include Chevron, Royal Dutch Shell, BP, France's Total, Brazil's Petrobras, Malaysia's Petronas and India's ONGC.

"There's not a huge amount of data and case histories, and that's what really wins the day. The industry is skeptical, and that's a safe attitude to have — sort of like, 'show me,' " said Bob Hardage, senior research scientist at the Bureau of Economic Geology at the University of Texas at Austin.

"I think people are going to be using it extensively now that it's sort of been proven to be a reliable measurement," Hardage said.

Terje Eidesmo, CEO of ElectroMagnetic GeoServices, or EMGS, the company Statoil spun off in 2002 with the team that developed the technology, said its growing use could ease political and environmental concerns about expanding offshore drilling to U.S. waters that now are off limits.

"The benefits of this technology are significant: improved exploration efficiency and performance, as well as reductions in risk and finding costs. I am confident that in a few years, all oil companies will be using this technology," he said.

The technology involves using a device, pulled through water at the end of a long cable attached to a ship, that shoots low-frequency electromagnetic signals through the seafloor toward what scientists suspect is a reservoir. Those signals bounce back to receivers placed on the seabed.

Scientists retrieve the receivers and analyze the data gathered.

That data can show whether the signals hit a poor conductor for electricity, such as oil, or if it contains a good conductor, like saltwater or brine.

#### Improving odds

Used in tandem with 3-D seismic imaging — which uses sound waves to map out layers of rock, sediment and salt — electromagnetic technology can provide a more accurate picture of whether hydrocarbons exist in reservoirs between those layers, Srnka said.

"This is not something to replace seismology. It's something to augment seismology," he said.

Seismic recording, a routine exploration tool for decades, maps structures and boundaries, such as layers and faults, Srnka said.

Electromagnetics maps what's inside the layers.

Together, the technologies can show where reservoirs are and what's in them. That cuts the risk of drilling offshore wells — which cost \$100 million or more each — that come up empty.

Eidesmo said the cost of electromagnetic surveys varies, but it's a fraction of deep-water drilling expenses.

It's not foolproof. Sometimes what looks like oil can be another poor conductor, such as volcanic layers or certain sedimentary rocks. But companies are using electromagnetic as well as seismic technology to get the biggest bang for drilling bucks.

"You always regret drilling a hole that you get nothing out of," Srnka said. "But also these days, there are lots and lots of environmental questions. The fewer holes you drill, especially in deep-water and in environmentally sensitive

areas, the better."

#### The origins

Electromagnetics dates back to the 1930s, when governments and academia used it for geological studies unrelated to oil and gas.

Later, Schlumberger established use of electromagnetics in well logging — analysis of layers penetrated by drilling — to help guide exploration.

But its use in marine exploration largely emerged in recent years as deep-water offshore oil and gas activity has grown dramatically in the Gulf of Mexico, Brazil, West Africa and elsewhere.

Eidesmo said his company is gaining business in those basins as well as off Canada, India, the South China Sea and Australia.

#### Developing the method

Srnka didn't envision spending nearly three decades in energy when he considered leaving NASA.

"I was a physicist. I was sure they wouldn't need someone like me," he said.

Exxon did. He started studying electromagnetics in the context of oil and gas exploration and obtained a patent on behalf of Exxon's exploration and production research company in 1986. Amid the oil bust that decade, he shelved the idea to focus on seismology.

In 1996 Exxon launched a new research division in hopes that some initiatives would become game-changing breakthroughs, and Srnka returned to electromagnetics, dubbed remote reservoir resistivity mapping, or R3M.

Exxon also solicited help from the Scripps Institution of Oceanography in San Diego and the United Kingdom's National Oceanography Center in Southampton.

However, Srnka's team wasn't alone in the industry. Statoil successfully tested its seabed-logging technology at an offshore Angola oil field in 2000. Exxon Mobil was Statoil's partner in the field, but the Irving-based company knew nothing of the test until after the fact, Srnka said.

He and his team galvanized to test their technology post haste.

"It shows how even partners can be very secretive when they need to be for research purposes," he said.

The next year, Exxon Mobil tested R3M off Angola's shore. More tests pinpointed oil in more than a dozen Angola wells with no false positives.

Exxon Mobil's team used 15-foot-tall receivers on the seafloor with antenna stretching 30 feet tip to tip that resembled Srnka's inspiration of yore — Sputnik.

"They are spaceships, but they go in the other direction," he said. "Every time you put one on the seafloor and bring it back, it's a little bit of an expedition."

#### Survey usage

Srnka's initial patent ran out, so the basic technology is available for others to use. However, Exxon Mobil retains patents on improvements to its technology that contractors can use only on jobs for the Texas company.

Those contractors include EMGS, which was later acquired by Warburg Pincus. The company gathers the data for oil and gas companies.



Other major contractors include Houston's Offshore Hydrocarbon Mapping, a spinoff from the UK's National Oceanography Center, and Schlumberger, which jumped into the business with its 2004 acquisition of AOA Geomarine Operations, another Exxon Mobil contractor.

Srnka estimated that about 350 electromagnetic surveys have been conducted by the industry since 2000. The most recent — Exxon Mobil's 53rd — was in March off Libya's shore.

But Eidesmo said EMGS alone has conducted more than 350 surveys, so the figure is likely higher.

System a 'show stopper'

Srnka said such breakthroughs don't come easily. Exxon Mobil has a disciplined system that involves "show stopper" points at which, if the science shows there's no point in continuing, the initiative stops and scientists move on to something else.

"Almost all of the breakthrough projects that we push come to a science roadblock, and they just stop," he said. In the case of R3M, "We are very fortunate that didn't happen."

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### **Republicans Are Skeptical Of Pelosi's Offshore-Drilling Proposal**

WSJ, August 16, 2008; [http://online.wsj.com/article/SB121889978439847053.html?mod=googlenews\\_wsj](http://online.wsj.com/article/SB121889978439847053.html?mod=googlenews_wsj)

By IAN TALLEY

WASHINGTON -- House Speaker Nancy Pelosi's proposal Saturday to make expanded offshore drilling part of a new Democratic energy bill got a skeptical reaction from Republicans, who said they suspect it will contain other provisions unacceptable to the minority. The result may be that Congress remains deadlocked on the potent election issue.

Ms. Pelosi's proposal is the clearest sign yet that Democratic Congressional leaders are tacking away from earlier strong opposition to expanded offshore oil production, in the face of opinion polls that indicate many voters favor the "drill more" stand adopted by Republican presidential candidate Sen. John McCain and others in his party.

According to people familiar with Ms. Pelosi's proposal, her plan borrows from a bipartisan plan proposed by a "Gang of 10" senators -- five from each party -- that allows several East Coast states to opt into drilling off their shores. It doesn't allow drilling off California or the eastern coast of Florida, the people said. Just a few weeks ago, the House speaker said Republican calls for a vote just on drilling was "a hoax on the American people."

Discussions over the package are continuing. The draft proposal includes several measures that Republicans have already blocked in Congress: releasing oil from the strategic petroleum reserve and a renewable-electricity standard that would require a rising percentage of power to come from sources such as wind and wave generation.

Democratic presidential candidate Sen. Barack Obama of Illinois said this month he would support an expansion of offshore drilling as part of a bipartisan energy bill.

Senate Majority Leader Harry Reid of Nevada has also indicated he would allow a drilling vote -- possibly a version of the Gang of 10 proposal -- though his highest priority is implementing long-term tax credits for renewable-energy production and investment.

The most troubling provision for the GOP is the proposed repeal of tax breaks to oil companies, such as the manufacturing and foreign-earned income credits. Republican leadership, presidential candidate Sen. John McCain (R., Ariz.) and President George W. Bush have made clear the tax issue is a deal-breaker.

"The Democratic leadership should ... give the members a chance to vote up or down on whether or not we should proceed with offshore drilling," Mr. Bush said last week after Mrs. Pelosi indicated she would allow a vote on drilling, adding that they shouldn't insert any "provisions that they know will never be enacted and are added only for the purpose of killing the effort to open up the...outer continental shelf to drilling."

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## House to Rethink Drilling, Pelosi Says

NYT, August 16, 2008; [http://www.nytimes.com/2008/08/17/washington/17pelosi.html?\\_r=1&ref=us&oref=slogin](http://www.nytimes.com/2008/08/17/washington/17pelosi.html?_r=1&ref=us&oref=slogin)

By CARL HULSE

WASHINGTON — Dropping her opposition to a vote on coastal oil exploration, Speaker Nancy Pelosi said Saturday that the House would consider expanded offshore drilling as part of broad energy legislation when Congress returns next month.

In the weekly Democratic radio address, Ms. Pelosi criticized Republicans as focusing too narrowly on offshore drilling as a solution to high gasoline prices, but said she would bow to demands that the House revisit a drilling ban that has been imposed annually since the 1980s.

She said legislation being assembled by Democrats “will consider opening portions of the Outer Continental Shelf for drilling, with appropriate safeguards, and without taxpayer subsidies to big oil.”

“We hope our Republican colleagues will join in a bipartisan effort, not only to increase domestic supply, but also to help consumers and to protect the environment,” Ms. Pelosi said in the broadcast.

The decision came after growing anxiety among Democrats that Republicans were scoring politically with their call for a vote on offshore drilling. Though Congress is on its August break, a rotating group of House Republicans has rallied daily on the House floor, demanding that Ms. Pelosi call lawmakers back for a vote to allow oil companies to pursue offshore resources.

While Ms. Pelosi is relenting despite her longtime opposition to drilling off the coast of California, her home state, Republicans may not get the vote they wanted. Expanded coastal drilling would be just one element of a broader bill that would also contain provisions opposed by Republicans, including a requirement that utilities produce a certain amount of electricity through renewable fuels. Democrats could also impose rules denying Republicans a chance to offer changes to the measure.

Ms. Pelosi, who rarely delivers the radio address, said other elements of the Democratic measure would include requiring a release of oil from the Strategic Petroleum Reserve in an effort to quickly lower gas prices and a proposal intended to cut down on speculation in energy futures.

Republicans quickly dismissed the Democratic approach.

“If Speaker Pelosi and her Democratic colleagues were truly serious about increasing production of American energy and lowering the price of gasoline, they would call Congress back into session immediately to vote on our ‘all of the above’ energy plan, rather than taking a five-week break away from Washington,” said Representative John A. Boehner of Ohio, the Republican leader. He called the speaker’s proposal “another flawed plan that will do little to lower gas prices.”

But the Democratic measure, which officials said was still being written, could take some of the steam out of Republican charges that Democrats are being obstinate in blocking new drilling despite the cost of fuel. And Democrats will try to portray Republicans as unwilling to compromise should they refuse to consider Democratic alternatives after Democrats gave some ground on offshore drilling.

“We are going to put them to the test on this issue,” said Representative Chris Van Hollen of Maryland, chairman of the Democratic Congressional Campaign Committee.

Democratic aides said the expectation was that a bill would reach the floor quickly after Congress returns in early September. They said that it was unclear how the legislation would address the coastal drilling ban, but that it could take the form of an existing proposal that allows states to decide whether drilling should take place off their shores.

Congress has banned new oil drilling off the Atlantic and Pacific coasts and in the Gulf of Mexico off the Florida coast for decades by restricting spending on leasing programs in the annual spending bill for the Interior Department, which oversees drilling on federal lands. Since her election to Congress in 1987, Ms. Pelosi has fought efforts to expand drilling off California and in recent weeks has adamantly refused to entertain a vote on new coastal exploration, saying Republicans were simply trying to shift attention from Bush administration energy policies.

"During the past eight years, our energy policy has been directed by the two oil men in the White House," Ms. Pelosi said in her radio remarks. "Their failed policy has increased our dependence on foreign oil, damaged our economy, and left consumers paying record prices at the pump."

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### **Democrats open to more offshore drilling**

The Associated Press, August 16, 2008;

<http://ap.google.com/article/ALeqM5gURfxpLrCKF1OV7Hh2P1jbOVmqMwD92JESC00>

By DINA CAPPIELLO

WASHINGTON (AP) — Democrats' stance against offshore drilling shifted more on Saturday, with House Speaker Nancy Pelosi signaling she was willing to consider opening up more areas off the nation's coastlines to oil and gas exploration.

In her party's weekly radio address, Pelosi said opening portions of the Outer Continental Shelf for drilling would be a part of energy legislation House Democrats will put forward in coming weeks to address the country's dependence on foreign oil and high gasoline prices.

House members will be able to "consider opening portions of the Outer Continental Shelf for drilling, with appropriate safeguards, and without taxpayer subsidies to Big Oil," said Pelosi, a California Democrat.

Just weeks ago Pelosi seemed resolved to block any votes to allow offshore drilling, in part because Californians have opposed drilling off their coasts since an oil spill off Santa Barbara in 1969. New oil drilling is only allowed now in federal waters in the western Gulf of Mexico and off Alaska.

Pelosi's radio remarks were the latest to hint that the energy debate in Congress is still evolving, and that Democrats are budging on the issue.

Congress left for the August recess deadlocked over how to address \$4-a-gallon gasoline. Democratic proposals to tap the nation's petroleum reserve, curb oil speculation and force oil companies to drill on already leased federal lands were blocked by Republicans trying to force votes on offshore drilling.

Yet any vote on drilling is likely to force the Republicans' hand, since it will likely be packaged with unpopular proposals to tap the petroleum reserve and recoup unpaid royalties from the late 1990s to pay for renewable energy projects.

"This comprehensive Democratic approach will ensure energy independence which is essential to our national security, will create millions of good paying jobs here at home in a new green economy, and will take major steps forward in addressing the global climate crisis," said Pelosi, who criticized Republicans' "drill only" plan.

Republican leaders called Pelosi's proposal a ruse.

"It is solely intended to provide political cover to Democrats that are losing more ground by the day on this issue," said Kevin Smith, a spokesman for House Republican Leader John Boehner of Ohio. Boehner and more than a hundred other House Republicans have refused to depart for recess in protest of Democrats' refusal to have a vote on their proposals.

The pressure to expand offshore drilling intensified last month when President Bush lifted an executive prohibition on drilling for oil and gas on the Outer Continental Shelf. A congressional ban remains in place.

Polls have shown that voters have grown more supportive of more domestic oil production as fuel prices have climbed.

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### **If Congress Lifts the Offshore Oil Drilling Moratorium, What Happens Next?**

U.S. News & World Report, August 15, 2008; <http://www.usnews.com/articles/news/national/2008/08/15/if-congress-lifts-the-offshore-oil-drilling-moratorium-what-happens-next.html>

The issue then moves to individual states. And there is no guarantee that more oil would flow

By Kent Garber

If Congress bows to pressure from Republicans and decides to lift its restrictions on offshore oil drilling, it is unclear exactly what would happen next. Such a move would take the country into uncharted waters, and there is no guarantee that a substantial amount of new drilling would take place at all.

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The frequent "drill here, drill now" refrain of Sen. John McCain and his fellow proponents of offshore drilling that has become part of this year's presidential debate suggests that removing the congressional moratorium would throw open the nation's waters to a spree of new drilling—and, eventually, new oil.

But there are major obstacles that are rarely addressed. New drilling, if it does happen, won't take place willy-nilly. The most likely scenario, if Congress were to relax restrictions on drilling in federal waters, is that individual states would get the authority to approve or reject new drilling.

Yet even that issue is, technically, undecided. "There's no historical precedent here for this sort of action," says Eileen Angelico of the Minerals Management Service, the Interior Department office that handles offshore drilling in federal waters. "It all depends on what Congress decides to do."

One hint may come from a recent proposal by the so-called "Gang of 10," a bipartisan group of senators led by Democrat Kent Conrad of North Dakota and Republican Saxby Chambliss of Georgia. Earlier this month, just before Congress took its August recess, the group announced a compromise energy plan to open up the eastern Gulf of Mexico and give four states—Virginia, North Carolina, South Carolina, and Georgia—the right to "opt in" to new leasing. Chambliss said that it would be up to the state legislatures to approve new drilling under the proposal.

It's unclear at this point if state legislatures will grant such approval, or how eager they will be to take up the discussion. Historically, coastal states have resisted new offshore drilling, in state waters, which usually extend about three nautical miles out to sea, as well as in federal waters, which lie farther out from the shore. (Texas and Louisiana, among others, are notable exceptions.)

Concerns about the impact of oil spills on tourism and coastal industries loom large, as does disdain for the "visual pollution" of oil rigs looming off the coast. Florida, in fact, recently wrapped up an effort to buy back oil leases in state waters, many of which had been in granted to oil companies in the 1940s and had long become idle.

Critics also point to a Department of Energy report from 2007, which found that new drilling won't have a significant impact on oil production before 2030, and determined that the ultimate impact on prices would be "insignificant" because oil is a globally traded commodity.

Still, voter pressure could sway the debate. According to recent polls, between 55 and 60 percent of Floridians say they support new drilling off their coasts. In California, a slim majority—51 percent—now favor the idea. That number is up by about 10 points from a year ago.

Some of these polls may be a bit misleading. A widely cited Rasmussen poll in June asked voters if they would support drilling "to reduce the price of gas," a connection that most experts say is dubious at best. But the polls nonetheless capture an attitude shift among coastal residents that politicians of both parties have been keen to acknowledge.

At the state level, the battle will come down to who runs the legislature. Democrats control both the House and Senate in California, North Carolina, Oregon, and Washington, according to the National Conference of State Legislatures. Republicans, meanwhile, hold both chambers in Florida, Georgia, and South Carolina. Virginia is split. Because these bodies would likely be tasked with approving new drilling, such proposals could languish in Democratic-dominated states, or at least face sizable opposition.

Governors would also likely have some say in this debate. At the very least, they could strike down legislation. In a notable break with both his party and McCain, California Gov. Arnold Schwarzenegger has expressed vocal opposition to new drilling near his state. So have governors in Oregon, Washington, North Carolina, and South Carolina.

But the political winds are shifting. Presumptive Democratic nominee Barack Obama has shown a new willingness to allow expanded drilling. The Republican governor of Florida, Charlie Christ, recently changed his mind on this issue, saying he now supports drilling if it's done in an environmentally safe manner. Meanwhile, in North Carolina, where a competitive gubernatorial campaign is underway, Republican candidate and Charlotte Mayor Pat McCrory has said that, if elected, he would sign an executive order to allow new drilling. That might work for state waters, but he would need federal approval to go beyond there.

Even if some states eventually do grant approval for new drilling, there are numerous other potential obstacles. Environmental reviews will need to be conducted. State officials will have to consult with the public. Lease sales—in which oil companies bid on tracts they may want to explore--will have to be scheduled and held.

These requirements can take several years to complete. In 2006, for example, Congress opened up several million acres in the Gulf of Mexico for new leasing and drilling, of which a large portion had been previously off-limits. Because of the necessary planning work, many of these tracts won't come up for bidding until next year. (And even if these tracts receive bids, and an oil company chooses to develop them, it usually takes about seven to ten years for oil to start flowing, according to the Energy Information Administration.)

The best estimates now suggest that about 18 billion barrels of oil are sitting in areas currently off-limits to drilling. But the oil deposits aren't distributed evenly. Nearly 10 billion gallons lie off California, compared with only about 3.8 billion along the Atlantic.

Drilling advocates would like to see all of those areas opened up, of course, but California, with its Democratic-controlled legislature and drilling-averse governor, could well stay out of play. The state is not included in the Gang of 10 proposal, which, compared with other drilling legislation being offered, has a better chance of passing Congress because it includes incentives for renewable energy.

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### **House Republican Compares Drilling Standoff to Being on Losing Side at the Alamo**

CQToday, August 15, 2008;

<http://www.cq.com/document/display.do;jsessionid=3741E9AC90ED983EE8927BA114841154.monhegan?matchId=63951490>

By Bart Jansen, CQ Staff

House Republicans predicted dire consequences Friday if Congress fails to approve more oil drilling.

As the GOP ended a second week of empty-chamber protests, Rep. Michele Bachmann of Minnesota returned to the Capitol to urge adoption of an energy plan that includes expanded drilling in the <outer> <continental> <shelf and in Alaska's Arctic National Wildlife Refuge.

"You might say this is now the Alamo, and we are here at the Alamo to make a last stand for the American people," Bachmann said.

Rep. Trent Franks of Arizona said he came back to Washington with his 12-day-old twins because of the importance of securing energy independence for greater national security.

"Clearly when I was in school, until you did the homework, you did not get to go on recess," Franks said.

"For my children and for future generations, I'm here because I do not want them to face a nuclear jihad in their time."

By their own count, 112 House Republican lawmakers have spoken in the chamber since the start of the August recess.

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## Drilling Down

CBSNews, August 14, 2008; <http://www.cbsnews.com/stories/2008/08/13/opinion/printable4348180.shtml>

(The New Republic) This column was written by The Editors.

Representative John Shadegg was very proud of his Republican colleagues in the House. They had, after all, wrestled down rising gas prices. "The market is responding to the fact that we are here talking," he told reporters. And, even if he wasn't right about the technical workings of the petroleum market -- which, strangely enough, responded to a decrease in consumer demand and not the posturing of conservative congressmen -- he had a point: By showing up and making their case for drilling for oil, Republicans were indeed moving the needle.

From the opinion polls, you could see how the GOP has persuaded the public of the wisdom of its fetish for populating the U.S. coastline with oil rigs. According to a CNN/Opinion Research Survey, nearly three-quarters of Americans like the idea of offshore drilling. And, most dishearteningly, the public apparently believes the least plausible piece of Republican spin -- that such drilling, even if it won't yield oil for many years, will lower prices in the near term. Then there is the Republican domination of the energy debate in the presidential contest. Under pressure from John McCain, Barack Obama felt obliged to temper his long-standing opposition to drilling. On one of his stronger issues, Obama was suddenly on the defensive.

That Republicans have, against the odds, won the first round of this debate is a remarkable feat. This initial triumph owes as much to Democratic ineptitude as it does to GOP savvy. It speaks to the fact that Democrats have been unable to rhetorically defend their environmental policy as sound energy policy. If Democrats can't figure out how to make their case for alternative energy and conservation, they will have squandered an historic opportunity -- and find themselves buried in a deep political hole.

To recount how things went so badly: The Democrats' initial instinct was to revert to populism. They began wailing about the rapacity of "speculators." "Without regard for anything but their own profits, we've seen that -- it seems the traders are the ones bidding up the prices," Senator Harry Reid crowed last month. "They keep buying futures to inflate the price, and they keep making more and more money." There was, however, a problem with this case: It simply wasn't true. Speculators weren't responsible for rising prices at the pump. And, beyond that, the public simply didn't believe this diagnosis. So the Democrats made their first adjustment. They began to broaden their populist diatribe and started attacking the likes of Exxon and the rest of the big oil companies. But, by that point, they were already losing the argument.

Faced with grim polling numbers, Democrats made their second adjustment. They began to compromise with the drilling plans that they had just attacked. After Obama shifted his stance on drilling, Nancy Pelosi encouraged vulnerable Democratic congressmen up for reelection to do the same, according to House aides. This may help salve their political woes in the short-term, but it is a position that will vitiate their arguments over the long haul. To ultimately prevail politically, not to mention drive down energy costs and forestall climate change, Democrats will have to argue that the only true path to "energy independence" is independence from oil itself. That is, however much we may rely on our own oil sources, the market for oil is global, not national, and the growing thirst for oil from places like China and India won't be diminishing any time soon. So drilling may provide a few more U.S. barrels of oil, but this increase in supply will be minuscule compared to the cresting demand. Instead of generating a true solution to the coming crisis, the Republican energy plan further shackles Americans to the whims of the global oil market.

The inability of Democrats to make this critique against drilling is troubling. Yes, Obama mentioned the importance of tire pressure gauges. And he even did a terrific job fending off McCain's attempt to portray these gauges as the heirs to Jimmy Carter's cardigan. "It's like these guys take pride in being ignorant," Obama told Ohio voters in a town hall meeting. (Indeed, he could have gone further and pointed out that no less a red-blooded organization than nascar has urged drivers to properly inflate their tires.)

But tire gauges are a very small part of the case that Democrats need to make. They need to argue that energy efficiency is the cheapest, most effective avenue for lowering energy prices in a hurry. That it's a means of salvaging our current lifestyle, not remaking it. In other words, Democrats need to better argue that environmentalism is the solution to high energy costs.

There's more at stake in these arguments than presidential polls. If Democrats continue to cede ground on issues like drilling, they will have lost the larger debate over our society's long-term dependence on petroleum.

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## **Oil and politics**

Los Angeles Times, August 15, 2008; <http://www.latimes.com/news/printedition/opinion/la-ed-offshore15-2008aug15,0,159999,print.story>

As the Democrats give ground on offshore drilling, it's the Republicans who are waffling.

Washington's fear and confusion over high gasoline prices has come to this: Democratic Party leaders, who have dismissed Republican calls to end the federal ban on offshore oil drilling as a political stunt, have suddenly decided it may not be such a bad idea after all. Yet many Republicans would rather snatch defeat from the jaws of victory than give up a political advantage. Meanwhile, it's unclear whether either party has noticed that the laws of supply and demand are already doing what offshore drilling wouldn't: causing the price of oil to drop.

On Wednesday, the Federal Highway Administration reported that the miles driven by U.S. motorists fell 4.7% in June compared with the same month a year earlier. Oil closed at \$115 a barrel Thursday, down from its July peak of \$147.27, on news of steadily dropping U.S. demand. For all the hot air from politicians, there is nothing they can do to affect gas prices as quickly and efficiently as market forces can.

House Speaker Nancy Pelosi (D-Calif.) undoubtedly knows this, but she also undoubtedly has seen the polls showing that Americans are increasingly supportive of more domestic drilling. Hence, she's backing an energy bill that would allow four East Coast states to let oil companies despoil their coastlines, while also requiring that the country get more of its electricity from renewable sources. You could call this the Paris Plan, because it's essentially the proposal offered by celebrity Paris Hilton in a recent video that's a smash on the Internet.

There are two problems with the Paris/Pelosi plan: First, offshore drilling isn't a solution to high prices, and second, congressional Republicans are just as cynical and calculating as congressional Democrats.

The U.S. Energy Information Administration says it would take about 20 years for increased offshore drilling to have an effect on world oil prices, and even then it would be a small one. In the meantime, the nation is on a path to reduce its long-term need for oil by boosting research on alternative fuels and ordering automakers to build more efficient vehicles. To step up domestic drilling now when we wouldn't see the results until 2030 would be like investing in steamboats after the invention of the nuclear submarine.

Fortunately, there are Republicans standing by to sabotage their own pro-drilling agenda. Some GOP leaders are balking at the Pelosi compromise, ostensibly because it would eliminate subsidies for oil companies. The real reason is that oil drilling has become an important wedge issue in the November election, and they want to keep it that way.

So be it. If clueless conservatives can block an environmentally destructive and ineffective drilling plan, we're on their side this time.

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## **Traditional Energy's Modern Boom**

Washington Post, August 15, 2008; [http://www.washingtonpost.com/wp-dyn/content/article/2008/08/14/AR2008081403321\\_pf.html](http://www.washingtonpost.com/wp-dyn/content/article/2008/08/14/AR2008081403321_pf.html)

High Prices Are Driving Increased Extraction of Oil and Other Fossil Fuels

By Joel Achenbach

AMWELL, Pa. -- The guys on the derrick, filthy with mud and grease, have the best view in the county. Their drilling rig rises from a bulldozed, flattened patch of meadow near the top of a hill. To the south is an old farmhouse and a white barn. Hay bales dry in the sun.

It's classically pastoral as far as the eye can see, which makes all the more dramatic the presence of this derrick, 160 feet high, and the construction trailers, and the mud gushing into a holding pond, and all the roaring machinery.

Heavy industry has invaded the countryside because of something called the Marcellus Shale. It's a layer of hard, black rock, more than a mile down. Trapped in tiny pores of that rock is a huge quantity of natural gas. The Marcellus Shale could become what people in the natural gas business call a big play.

"It's a gold rush, really. It's a boom," said Steve Rupert, an executive with Range Resources, which is drilling aggressively in the rolling farmland southwest of Pittsburgh.

This is the world of 21st-century energy, which around here looks surprisingly like 19th-century energy. There is little evidence that the old, conventional sources of energy are about to disappear, or that the free market by itself is going to drive a transition to clean, renewable power.

With oil, gas and coal near record prices, there is an obvious market incentive to invest in renewable energy sources, such as wind and solar power. But those same high prices have also incited fossil-fuel companies to ramp up their drilling and mining.

Former vice president Al Gore has called for the United States to switch to 100 percent renewable energy for electricity generation in the next decade. But if the scene in Pennsylvania is any indication, policymakers wanting to see a greener America will have to do more than tweak the energy sector around the edges.

The state of Pennsylvania is on pace to issue more than 7,000 permits for oil and gas drilling this year, more than twice as many as five years ago. Coal mining is expanding, driven by rising coal exports. With the Marcellus looking so promising, Pennsylvania farmers are suddenly flush with cash from leasing mineral rights.

"It's a land-rush type of deal," said Gary Lash, a geologist at the State University of New York at Fredonia who studies the Marcellus. "Some people are becoming millionaires overnight."

The Pennsylvania fossil-fuel boom points to a broader national reality: The old energy sources come from mature industries that have the infrastructure, know-how and capital to put a big drilling rig in a hayfield at the snap of a finger. Oil and gas companies also benefit from a federal tax incentive, dating to 1918, that allows companies early deductions for "intangible drilling costs."

"We believe [fossil fuels] are going to predominate for at least 50 years," said Thomas Sarkus, a coal expert at the Energy Department's sprawling facility near Pittsburgh.

Bill Huber, 67, who lives near Oil City, Pa., recently tapped into the Marcellus play by leasing his mineral rights below 3,000 feet. But there's shallower stuff that's bringing in more money for him than ever before: Pennsylvania crude oil. He runs a mom-and-pop oil company just down the road from Titusville, where "Colonel" Edwin Drake drilled the world's first commercial oil well in 1859.

Business is good these days. In the woods a short walk from his house, he has several rusty pumping jacks. He compares his old wells to dairy cows, saying they can produce only so much a day -- but in a typical month, he says, he can pump 75 barrels of oil. The ground around his jacks has had an obvious impact on his boots: "These suckers are so soaked in oil that I can walk in water and they don't leak."

The big plays here and around the country, though, will be in natural gas.

Used primarily for heating homes and generating electricity, natural gas is also a potential transportation fuel. It is already used to power fleets of buses in large cities. Texas oilman T. Boone Pickens, who has launched a multimillion-dollar lobbying campaign to promote wind energy, has also pushed for natural gas to become a transitional fuel to power cars, trucks and buses.

Gas burns cleaner than oil or coal but still emits significant amounts of carbon. Even as Congress debates whether to open offshore areas in the United States to oil drilling, natural gas companies are racing around the country, snapping up leases to drill into shale formations.

Natural gas executives can boast that, thanks to new technology and high prices, their companies can drill horizontally through deep formations such as the Marcellus Shale and yield hugely profitable amounts of gas. The drilling and extraction require millions of gallons of chemically treated water, injected under tremendous pressure into the rock to shatter it and free the gas to migrate to the wellhead.

The process has triggered environmental concerns about the disposal of the treated water and the potential for contamination of groundwater. Rupert said the process is safe, in part because groundwater is much shallower than the gas fields.

The Marcellus Shale underlies much of Pennsylvania and parts of New York, Ohio, West Virginia, Maryland, Virginia and Kentucky -- an area that already has a lot of infrastructure for distributing natural gas. Geologists say the shale might contain more than 50 trillion cubic tons of gas, about twice what the United States uses in a typical year.

Rodney Waller, a senior vice president of Range Resources, said he recognizes that this is not a renewable resource: "Every time you use it, you have to wait another billion years for something to create some methane."

Meanwhile, the coal industry, savoring the high price of its product, is opening new seams in Appalachia that would have been unprofitable in past years.

"Say we had a mine that had a 30-inch seam of coal that we were following and mining," said Rick Nida, spokesman for Foundation Coal, which plans to open a new mine near Waynesburg, in southwestern Pennsylvania. "That seam was getting thinner and thinner and thinner. At some point you quit mining that coal. But if the price is up, maybe you'd mine the 24-inch seam longer than you would."

Nathaniel Keohane, an economist with the Environmental Defense Fund, said higher fuel prices are creating "perverse incentives" that undermine market-driven reductions in greenhouse gas emissions. For example, if it appears that the price of oil will remain higher than, say, \$80 a barrel, the coal industry may plunge headlong into coal-to-liquid technologies. The resulting product could be burned in your car -- but with higher carbon emissions than burning gasoline.

The way to fix that would be a carbon tax or some other mechanism that would reflect the environmental cost of greenhouse gas emissions, Keohane said. But such proposals remain politically contentious and are opposed by free-market advocates, who argue that energy costs would jump and the economy would suffer.

"Ultimately, Al Gore is right," said Terry Engelder, a Penn State geologist who is a leading expert on the Marcellus. "And it must happen, because even natural gas will not be sustainable forever. We do need to switch to renewable resources. The gas buys time. I don't believe that the market forces in this day and age will favor just an overnight conversion."

The idea that the country should switch to renewable energy is actually an old one, dating back at least a century, to when a famous inventor told the writer Elbert Hubbard his views about solar energy:

"Someday some fellow will invent a way of concentrating and storing up sunshine to use instead of this old, absurd Prometheus scheme of fire."

The inventor was Thomas Edison.

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### **Four offshore-drilling myths**

Christian Science Monitor, August 14, 2008; <http://features.csmonitor.com/environment/2008/08/14/four-offshore-drilling-myths/>

By Eoin O'Carroll

"A lie can travel halfway around the world," goes an old saying, "while the truth is still putting on its shoes."

This maxim is particularly true for hot-button political topics, and there is no hotter button right now than the debate over whether Congress should lift the 27-year-old ban on offshore drilling. I've read a lot of news reports and editorials about this issue, and I've seen a lot of misinformation -- some of it implicit, but a lot of it outright falsehood, too. I hope this post will help clear the air a bit.

Myth #1: We know how much oil there is. Opponents of offshore drilling frequently cite a report by the Department of Energy saying that, according to the Interior Department's Minerals Management Service, there are "only" about 18 billion barrels of technically recoverable oil in the currently off-limits Pacific, Atlantic, and eastern Gulf regions. (This is different from the recent US Geological Survey report that estimated that there are 90 billion barrels in the Arctic Circle.) Extracting that oil from those regions, the report says, "would not have a significant impact on

domestic crude oil and natural gas production or prices before 2030.” As a Tuesday editorial in the Washington Post points out, the MMS arrived at those estimates using seismic equipment that is now outdated:

In the case of the Atlantic Ocean, the data were collected before Congress imposed a moratorium on offshore drilling in 1981. In 1987, the MMS estimated that there were 9 billion barrels of oil in the Gulf of Mexico. By 2006, after major advances in seismic technology and deepwater drilling techniques, the MMS resource estimate for that area had ballooned to 45 billion barrels. In short, there could be much more oil under the sea than previously known.

Myth #2: It would be “our” oil. “The American people deserve more access to American oil,” said Rep. Mike Pence (R) of Indiana on the House floor recently. That may be true, but any oil drilled off America’s shores won’t automatically be American oil. It will belong to ExxonMobil. Or Shell. Or BP. Or another multinational company that will be just as free to sell the stuff to China or India as they are to sell it to Americans. Unless we decide to nationalize our oil companies – a notion that, while not opposed by a majority of Americans, has almost no support among our political class – the oil won’t belong to us.

Myth #3: Drilling offshore in the heavily regulated US would prevent more environmentally destructive drilling elsewhere. Conservative columnist Charles Krauthammer put forth this argument a couple weeks back in an op-ed for the Washington Post, in which he criticized House Speaker Nancy Pelosi’s environmentally motivated opposition to offshore drilling.

Does Pelosi imagine that with so much of America declared off-limits, the planet is less injured as drilling shifts to Kazakhstan and Venezuela and Equatorial Guinea? That Russia will be more environmentally scrupulous than we in drilling in its Arctic?

The net environmental effect of Pelosi’s no-drilling willfulness is negative. Outsourcing U.S. oil production does nothing to lessen worldwide environmental despoliation. It simply exports it to more corrupt, less efficient, more unstable parts of the world — thereby increasing net planetary damage. [*Italics in original.*]

Does Mr. Krauthammer really believe that, with oil trading at over \$100 per barrel, an increase in US production would prompt drillers in Kazakhstan to ease off? The only way that we would really get any significant amount of production to shift from the developing world to the United States would be if it were cheaper to drill here. And that’s not going to happen, partly because of the very environmental regulations that Krauthammer touts, but mostly because the stuff is way down there at the bottom of the ocean.

Myth #4: China is currently drilling off the coast of Florida. “[O]il is being drilled right now 60 miles off the coast of Florida,” said Vice President Dick Cheney in a speech to the US Chamber of Commerce in June. “But we’re not doing it, the Chinese are, in cooperation with the Cuban government. Even the communists have figured out that a good answer to high prices is more supply.”

“Right at this moment, some 60 miles or less off the coast of Key West, Florida, China has the green light to drill for oil in order to lower energy costs in that country,” said House Republican leader John Boehner on his website.

“China, thanks to a lease issued by Cuba, is drilling for oil just 50 miles off Florida’s coast,” wrote California Rep. George Radanovich in an op-ed for the Modesto (Calif.) Bee.

“Even China recognizes that oil and natural gas is readily available off our shores; thanks to Fidel Castro, they’ve been given a permit to drill for oil 45 miles from the Florida Keys,” wrote House Whip Congressman Roy Blunt (R-Mo.) in another op-ed.

Setting aside the notion that major political figures are holding up the Chinese government as worth emulating, the idea that China is drilling off the coast of Florida is simply not true. As the McClatchy news service reported, China has an agreement with the Cuban government, but only to develop onshore resources. The Chinese have not yet drilled anywhere in Cuba nor off its shores.

The myth seems to have originate in a piece by conservative columnist George F. Will, who has since run a correction. Mr. Cheney’s office also issued a retraction. But this hasn’t stopped people from still circulating this rumor. The site Talking Points Memo has compiled a list of over a dozen current and former Republican members of Congress who have pushed this falsehood.

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## **Pelosi won't limit vote to offshore drilling**

San Francisco Chronicle, August 15, 2008; <http://www.sfgate.com/cgi-bin/article.cgi?f=/c/a/2008/08/15/MNCD12BC0J.DTL&type=printable>

Carla Marinucci, Chronicle Political Writer

(08-14) 19:07 PDT -- House Speaker Nancy Pelosi on Thursday firmly rejected the idea of a House vote solely on the issue of offshore oil drilling, calling it "a hoax on the American people" backed by oil companies.

Instead, she said, she wants Congress to tackle a compromise comprehensive energy plan that would include alternative energy sources and curtailing tax breaks for oil companies.

"You want to drill? We want the royalties for the American people, and we want that to pay for renewable energy resources," the San Francisco Democrat said in an interview for KQED television's weekly news show, "This Week in Northern California." "We want to connect all that together."

Pelosi also said she supports a roll-call vote at the Democratic National Convention in Denver this month. Supporters of former presidential candidate Hillary Rodham Clinton had been pressing to have her name put into nomination to recognize the millions of votes she received during the primaries.

Clinton and presumed nominee Barack Obama agreed to do that Thursday, but the mechanics of a roll-call vote are still to be worked out. Pelosi argued that the roll call is a tradition and would be good for the party.

And Pelosi also said she hopes U.S. Sen. Dianne Feinstein runs for governor of California in 2010, predicting that she would be an excellent chief executive for the state.

"She'd be great. I wanted her to run during the recall," Pelosi said of the 2003 special election. "I didn't succeed."

Still, she noted, "Sen. Feinstein is in position right now in the Senate - she's chair of the rules committee. ... It would be hard to see her walk away from that, because she's certainly a respected leader in our country."

Pelosi appeared on the show as part of a tour to promote her new book, "Know Your Power: A Message to America's Daughters."

Pelosi was heckled and interrupted later Thursday at an event at the Cowell Theater, where she was being interviewed by KQED talk show host Michael Krasny. About 100 protesters advocating impeachment of President Bush interrupted the speaker, who remained calmer than many angry listeners who shouted down the hecklers. Several people were removed, but there were no arrests.

Pelosi said she wants to end what she called the failed energy policies supported by "two oilmen in the White House," referring to President Bush and Vice President Dick Cheney, former oil company executives.

"They want us to do more of the same," she said. "So they've come up with this gimmick, this hoax" that says if drilling is allowed in the Arctic National Wildlife Refuge and offshore, "it's going to bring down the price at the pump."

"Ten years, 2 cents," Pelosi said, arguing that 10 years would be the time needed to reap a small benefit to most Americans. "Even the president has said it isn't a quick fix. ... I can't allow a hoax to come to the floor."

But she would consider a vote on drilling "in the context of a fuller, more comprehensive energy package" that would include ending some of the oil companies' current tax breaks.

Big Oil, she said, wants to drill and "not pass their royalties to the taxpayer. They want us to subsidize the drilling."

That's why alternative energy - solar, wind, oil released from the strategic energy supply and natural gas, which is clean and abundant - should be mandated as part of the plan, she said.



Pelosi, who will be chairwoman of the Democratic National Convention, which begins Aug. 25, said she does not believe that sexism played the overriding role in the end of Clinton's campaign.

"There was sexism, but that plays a couple of ways. ... Being a woman in politics is a giant plus," she said.

"There's all kinds of analysis of how their campaign prioritized the races," she said, but added that the fact that Obama was against the Iraq war from day one "made a big difference in giving him the opportunity that he had. ... It was a factor that was important."

She noted that in her own district, she is facing a challenge from anti-war protester Cindy Sheehan.

"I'm so glad that Cindy Sheehan got the signatures" to run, because it would have been a controversy if she hadn't, Pelosi said.

But Pelosi said she is confident of her re-election, noting that she won 80 percent of the vote in the Eighth Congressional District in her last race.

She acknowledged that some progressive voters are disappointed because "they want the war to end ... and I'm with them on that," she said, but she added she is certain that Obama - whom she predicts will be the next president - will make that happen.

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### **Petroleum industry attacks 'Gang of 10' energy plan**

E&E News, August 14, 2008; <http://www.eenews.net/eenewspm/2008/08/14/1/>

Ben Geman, E&ENews PM senior reporter

A prominent oil industry group is urging senators to reject a bipartisan proposal that would expand offshore drilling while repealing billions in industry tax breaks, arguing that the expanded drilling access is too modest and higher taxes would stymie investment.

In a letter to lawmakers yesterday, American Petroleum Institute President Red Cavaney calls the proposal "a classic case of one step forward, two steps back -- or in this instance 'light on new production/heavy on new taxes.'"

At issue is the plan unveiled Aug. 1 by the "Gang of 10" senators, led by Democrat Kent Conrad of North Dakota and Republican Saxby Chambliss of Georgia, that is aimed at breaking a partisan stalemate on energy policy.

"New taxes on ... U.S.-based energy companies would drastically cut capital that otherwise could be invested in domestic oil and natural gas production and expanded refining capacity," API says. "The net result could be to stifle high-risk, capital-intensive projects in the U.S., leaving Americans more dependent on foreign sources of energy, while jeopardizing U.S. jobs and economic growth."

The Gang of 10 plan is emerging as a rallying point for lawmakers who say Congress should try to pass new energy legislation this year, despite a highly partisan pre-election climate.

The plan would scale back leasing bans in the eastern Gulf of Mexico by allowing drilling as close as 50 miles from Florida's shores.

It also allows drilling in the Atlantic Ocean at least 50 miles off the coasts of four Southeastern states, if they allow it. These states -- Virginia, North and South Carolina, and Georgia -- would get a sizable share of the royalties. But API is calling for a much wider expansion of leasing.

The proposal includes more than \$80 billion in alternative energy and conservation measures, paid for with \$30 billion in revenues from oil companies and other as-yet-undisclosed offsets.

Industry revenues would come in part from repeal of major oil companies' ability to claim the Section 199 domestic manufacturing deduction, and provisions to ensure federal revenues from flawed late 1990s deep-water gulf leases that currently allow royalty waivers regardless of energy prices.



Mixing new drilling with renewable energy and conservation programs is also part of a bipartisan House plan sponsored by Reps. John Peterson (R-Pa.) and Neil Abercrombie (D-Hawaii). Their drilling plan is more aggressive. It would lift all moratoria to within 50 miles of states' coasts and would allow drilling within 25 miles if states agree. The proposal steers clear of repealing industry tax breaks.

About a quarter of the House bill's 120 backers thus far are Democrats.

Jockeying continues

Easing leasing bans nonetheless faces heavy opposition from Democrats, and party leadership in both chambers has rebuffed calls to ease the moratoria.

However, some Democratic opponents of easing offshore leasing bans, put on the defensive amid high gasoline prices, have softened their stance -- especially if wider drilling is part of a broader energy package that is heavy on renewable energy and other priorities.

House Speaker Nancy Pelosi (D-Calif.), who supports the current restrictions, said she is open to allowing a vote on wider drilling if it is paired with other energy measures. But there are no specifics on the energy package that aides say she is planning to bring up after the August break.

Pelosi said this week that releasing oil from the Strategic Petroleum Reserve, expanding regulation of futures markets and boosting federal investment in renewable energy are the best ways to address high energy costs and cure oil "addiction."

A Democratic leadership aide said one candidate for inclusion in the plan would be a renewable electricity standard, which would require utilities to supply escalating amounts of power from sources like wind and solar.

But packaging drilling with these other provisions could create a logjam despite Pelosi's apparent openness to allowing votes on the issue. The renewable electricity standard, for instance, has strong GOP opposition and has drawn White House veto threats.

A renewable electricity standard was included in a major House-passed energy bill last year but was eventually dropped in negotiations with the Senate, where Republicans blocked a version of the bill that included the standard.

Republicans -- who say Pelosi should cut short the August recess to vote on energy legislation -- called her comments an effort to create political cover in a climate where the public increasingly supports wider offshore drilling.

House Minority Whip Roy Blunt (R-Mo.) this afternoon declined to take a position on the Democrats' potential legislation, saying he would wait until there was an actual bill.

"I haven't seen anything that resembles a bill," Blunt said. "When they have a bill, I'm glad to talk about it."

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### **Democrats block energy reforms**

San Angelo Standard Times, August 14, 2008; <http://www.gosanangelo.com/news/2008/aug/13/democrats-block-energy-reforms/>

Deroy Murdock

NEW YORK - To plan a long and challenging journey, would you reject Mapquest and GPS and only consult an atlas from the 1970s? Unlikely. But to pinpoint America's offshore oil deposits, congressional Democrats, starting with Sen. Barack Obama, love disco-era maps. Despite his conditional, latter-day support for limited offshore drilling, Obama is the sole sponsor of legislation that would block geological research to locate offshore oil.

Federal officials currently employ estimates based primarily on two-dimensional maps that oil-industry surveyors produced in the 1970s and furnished to the Interior Department. Since 1981, congressional appropriations amendments effectively have barred Interior from financing or permitting survey expeditions.

In 2005, Congress mandated new, quinquennial inventories, then gave Interior six months and no money to assess how much oil and natural gas under gird the 1.76 billion-acre Outer Continental Shelf - a laughably impossible task.

The resulting document states: "Resource estimates are highly dependent on the current knowledge base, which has not been updated in 20 to 40 years for areas under congressional moratorium..." Translation: "We have no idea what's really out there."

Obama's "Oil SENSE Act" would repeal the 2005 Energy Policy Act's authorization of these inventories. S.115 would leave decision makers with Carter administration maps drawn with pre-PC technology. This is like engineering a space shuttle mission with slide rules.

Obama's bill would prohibit expanded use of 3-D seismic techniques that locate and measure underwater oil deposits. In October 1999, President Clinton's Energy Department evaluated the environmental quality of 1970s' 2-D equipment against last decade's 3-D technology. With the latter, Energy concluded, "Overall impacts of exploration and production are reduced because fewer wells are required to develop the same amount of reserves." In 1970, 17 percent of offshore wells struck oil. By 1997, that figure was 48 percent.

Contemporary 4-D surveying adds the dimension of time. Satellites help find and quantify sub-sea deposits, track their flows, and predict their next steps. Some 70 percent of 4-D wells hit oil.

Obama's Don't Ask, Don't Drill policy spurns these marvels and embraces outdated information gathered with obsolete instruments. This is the audacity of ignorance.

Instead of voting on Republican energy proposals, House Speaker Nancy Pelosi, D- Calif., dispatched her colleagues to build sandcastles. Nevertheless, GOP representatives unofficially are pleading their case to tourists inside the House chamber.

Across the Capitol, as Human Events' Jed Babbin observed, Senate Democrats favored doubling gasoline prices to considering further fuel development.

Senate GOP leader Mitch McConnell of Kentucky asked to debate pro-energy legislation. Sen. Ken Salazar, D-Colo., representing majority Democrats, objected. And if gasoline reached \$5 per gallon? Salazar said no. \$7.50? McConnell wondered. Salazar: Not yet. McConnell continued, "I would renew my request with the modification that the trigger be \$10 a gallon at the pump." Salazar replied: "I object."

Meanwhile, Sen. Charles Schumer, D-N.Y., recently complained, "It's Christmas in July" as he denounced oil-industry earnings, even though that sector's 8.3 percent margin for 2007 lagged the chemical and electronics industries' 12.7 and 14.5 percent respective returns. "Big oil is plowing these profits into stock buybacks instead of increasing production," Schumer huffed.

Naturally, it's hard for Big Oil to generate more petroleum when they cannot open new refineries, develop the Alaskan National Wildlife Refuge, broaden offshore production, nor even modernize their underwater maps. This is like screaming at Mom because dinner is late - while blocking the kitchen door.

For all their supposed sophistication, Obama, Pelosi, Salazar, Schumer and their caucus-mates are anti-intellectual eco-Luddites. Democratic bullheadedness deserves the republic's scorn.

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### **Pelosi joins Democrats softening their stance against offshore drilling**

Los Angeles Times, August 14, 2008; <http://www.latimes.com/news/nationworld/nation/la-na-drilling14-2008aug14,0,4495703.story>

Responding to high gas prices, she and many House colleagues consider legislation to allow more drilling, in addition to proposals such as repealing Big Oil tax breaks.

By Richard Simon, Los Angeles Times Staff Writer

WASHINGTON -- Democratic House Speaker Nancy Pelosi is considering legislation that would permit new offshore drilling as part of a broad energy bill, a response to growing anxiety within her party that Republicans are gaining traction with election-year attacks that Democrats aren't doing enough to address high gasoline prices.

One proposal under consideration would let states decide whether to permit new energy exploration off their coasts while possibly maintaining the drilling ban off the Pacific Coast, according to a House leadership aide who requested anonymity because of the sensitivity of ongoing negotiations.

Pelosi has long opposed lifting the drilling ban but has come under pressure from members of her own party -- including freshmen in tough reelection campaigns -- to allow a vote on offshore drilling. Adding to that, Democratic presidential candidate Barack Obama recently said that he would be open to limited offshore drilling if it was part of a broader energy compromise.

A vote is likely to be held next month, after the House returns from its summer recess.

What exactly would be voted on was still being discussed Wednesday. Democrats are expected to insist that any bill include some of their priorities, such as the repeal of oil industry tax breaks and a requirement that utilities generate more electricity from cleaner energy sources.

Those measures, which have drawn GOP opposition, could complicate the passage of any measure. That is especially true in an election year, with time running out on the congressional session and partisan tensions running high.

Pelosi said on CNN's "Larry King Live" this week that she would consider a vote on offshore drilling but that "it has to be part of something that says we want to bring immediate relief to the public and not just a hoax" -- part of a broader package that would probably include investment in alternative energy sources, releasing oil from the Strategic Petroleum Reserve and targeting speculation in energy markets.

Pro-drilling forces remained suspicious.

"Just because a bill comes to the floor with 'offshore' and 'energy' in the title doesn't mean it's a good offshore drilling bill," said Brian Kennedy, a former House Republican leadership aide who is now with the Institute for Energy Research, a Washington group that promotes free-market energy policies. "Speaker Pelosi is only going to schedule a vote on an offshore energy bill if she believes it would be politically perilous not to, and even then it's not going to have much energy in it."

President Bush and Republican presidential candidate John McCain have called for lifting the long-standing ban on new offshore drilling, but Pelosi has called the proposal an election-year ploy by oil industry allies. She has said that new offshore drilling would provide no immediate relief from high gas prices and that, even in the long run, it would have only a negligible effect on energy costs at potential risk to the environment.

At least 31 Democrats have signed on as cosponsors of legislation to permit new drilling 25 miles off the coast -- or, if states object, 50 miles offshore. The number of Democratic supporters is expected to grow once lawmakers get an earful from their constituents about high gasoline prices, said Dave Helfert, a spokesman for Rep. Neil Abercrombie (D-Hawaii), one of the bill's chief sponsors. Counting Republicans, the bill has 124 House sponsors.

The bill should get the support of oil-patch Democrats, or those from petroleum-producing states, plus the backing of some Democrats who have previously voted against new offshore drilling. It includes measures aimed at attracting more Democratic support, such as funding for such party priorities as development of alternative fuels, like solar and wind power, and energy assistance to low-income households.

The idea of letting states decide whether to permit drilling has gained support in the Senate too. A bipartisan group of senators recently unveiled a compromise that would let Virginia, North Carolina, South Carolina and Georgia decide whether to allow drilling 50 miles off their shorelines.

Drilling opponents are stepping up their efforts to preserve the ban.

MoveOn.org Political Action, which supports the election of candidates favoring the MoveOn.org agenda, has run radio ads in some GOP-held districts attacking the incumbents for accepting oil industry campaign contributions and calling new offshore drilling a gimmick that wouldn't produce oil for years.

The ad also accuses GOP lawmakers of being more interested in "political stunts than honest solutions," a reference to the Republicans who have stayed behind on the House floor during the summer recess to criticize Democrats -- even with the cameras and microphones off -- for leaving town without acting on major energy legislation.

The issue has presented Pelosi with a sticky political problem. On one hand, with gas prices on voters' minds, public support for offshore drilling has increased, even in California, where a 1969 oil spill devastated the coast off Santa Barbara. Republicans have spotlighted Pelosi's opposition to new coastal drilling in attacks on Democrats throughout the country.

But the drilling ban has long been a priority for environmentalists, an important Democratic constituency, and party leaders prefer to shield their members from politically tough votes close to an election.

Rep. Tim Walz (D-Minn.), who supports the bill sponsored by Abercrombie and Rep. John E. Peterson (R-Pa.), called it a good compromise.

Not only does the measure "show the public that we're going to do something" about gas prices, he said, but it includes elements meant to win the support of lawmakers, like him, who are outside the oil patch and want to develop alternative energy sources in their districts.

Rep. Jim Costa (D-Fresno), another cosponsor of the Abercrombie-Peterson bill, said that more than 50 House Democrats would probably support a balanced energy package that would include new offshore drilling.

"And I'll bet you when members come back from their districts, you'll find more movement taking place," he said.

Costa said that he told Pelosi during a recent meeting that "it's nonsensical that it's safe to drill off the coast of Texas and Louisiana and Mississippi, and yes, California, but it's not safe to drill anywhere else. . . . The average hardworking American doesn't understand that."

But Rep. Lois Capps (D-Santa Barbara), a leading opponent of new offshore drilling, said in a statement that although she was "always concerned about the push for more drilling off our coasts from the oil industry and its supporters," she hadn't seen "a huge erosion of support for the moratorium among Democrats."

"Holding a vote on a policy to keep doing more of the same drill-only strategy makes no sense, and I don't think that you'll see the Congress do that," she said.

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### **Democrats distort oil drilling debate**

CNN Money, August 13, 2008; [http://money.cnn.com/2008/08/13/news/economy/oil\\_drilling.fortune/](http://money.cnn.com/2008/08/13/news/economy/oil_drilling.fortune/)

The issue isn't about lowering gas prices today but securing oil supplies for the future.

By Jon Birger, senior writer

Just as it will take years for offshore drilling to begin producing oil, it will also take years for solar and wind projects to come online.

(Fortune) -- "I think it's important for the American people to understand we're not going to drill our way out of this problem. It's also important to recognize if you start drilling now you won't see a drop of oil for ten years, which means it's not going to have a significant impact on short-term prices." - U.S. Senator Barack Obama, Aug. 8, 2008

If Senator Obama - as well as every other leading Democrat who's uttered some variation of the above - merely wanted to remind the American people that there are no easy answers to the ongoing energy crisis, I'd say bravo to them. Washington can't just snap its collective fingers and bring back \$1.50-a-gallon gasoline, yet too many Americans seem to think otherwise.

Unfortunately though this is not the point the Dems are trying to make. They're using the drilling-takes-too-long argument as cudgel against those who want to lift the ban on offshore drilling and end the moratorium on oil shale production in the American West. They say there's no point in allowing more drilling if the oil won't hit the market for five or ten years.

There is a thoughtful argument to be made that oil is bad for the environment and that keeping gas prices high is the best way to promote alternatives and wean consumers off a harmful habit. It's not an argument I happen to agree with, but it's one I can respect. Of course, voters don't want to be told that \$4 gas is good for them, which is why you no longer hear Democrats (there are some Republicans too, like former Bush administration economist Gregory Mankiw) pushing for higher gas taxes. Instead, oil-hating pols have invented a bizarre new litmus test: instant gratification.

Thing is, if Congressional Democrats are really going to oppose any energy initiative that doesn't yield quick results, then they'd better rethink their support for alternative energies like wind and solar too. Wind projects can take years to get off the ground. Oilman T. Boone Pickens announced his huge Texas panhandle wind farm in 2007, but the project isn't expected to be up and running until 2011.

Solar suffers from a similar problem. Constructing a commercial-scale solar installation can take up to two years, says Dr. Gerald Fine, CEO of solar company Schott North America. Not only that but, but the manufacturing of photovoltaic panels is incredibly energy intensive, which pushes the time frame for positive results back even farther. According to the National Renewable Energy Laboratory, it takes three or four years for PV panels' energy output to exceed the amount of energy used manufacturing them, and even that estimate may be optimistic. Solar skeptic Howard Hayden, a retired physics professor at the University of Connecticut, accuses NREL of fuzzy math and claims that the real number is closer to 12 years.

Whoever's numbers you believe, the fact is that any investment in solar today won't pay energy dividends for a number of years - just as is the case with offshore drilling. This is not to say that businesses shouldn't invest in solar or that Congress shouldn't extend the solar tax credit which is set to expire at year-end. They should. After all, if instant results were to become the basis for all public policy, there would be little incentive for schools to their upgrade middle-school math and science curriculums (why bother, since 12-year-olds won't hit the work force for another ten years) or for cities to enforce smoking bans at nightclubs populated by twentysomethings (they won't get lung cancer till they're middle-aged, so who cares, right?).

It is government's job to think long term, which is exactly why Congress should allow more offshore oil exploration. I've already written in this space about the absurd moratorium on oil-shale production. As far as offshore drilling goes, what's most frustrating is we can't even have an informed debate.

There may be very little undiscovered oil in the outer continental shelf (OCS), or there may be a multiple oil fields the size of Tupi - the monster field that Petrobras discovered off the coast of Rio de Janeiro in 2006. We just don't know how much oil is out there because oil companies have no incentive to do the costly seismic surveys required to find out.

"The fact is that much of the data we have about potential resources in prospective OCS areas is very limited - the equivalent of a few snapshots the size of postage stamps - because it's based on technology that is more than 25 years old," Chevron CEO David O'Reilly said last year. "When we consider the development of domestic oil and gas resources in the OCS, we've created a kind of Gordian knot in the policy arena. We've become paralyzed in a debate confined by fixed positions and fuzzy data."

And now fuzzy logic too.

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### **America's Main Energy Problem May Well Be Congress**

WSJ, August 13, 2008; [http://online.wsj.com/article/SB121858830408935249.html?mod=googlenews\\_wsj](http://online.wsj.com/article/SB121858830408935249.html?mod=googlenews_wsj)

Regarding the letter from Rep. Edward J. Markey, chairman of the House Select Committee on Energy Independence and Global Warming (Aug. 8): Americans are not stupid and have not been fooled by absurd claims, driven by the extremist environmental lobby, that permitting drilling in our Outer Continental Shelf would be "a fire sale of our nation's beaches to oil companies." In the past 30 years, seven billion barrels of oil have been pumped to our shores without a single significant spill. Over that same period, on average 80% to 90% of Democratic members of Congress repeatedly voted to lock up America's domestic energy supply.

Although Republicans controlled Congress for 12 years, nearly every bill to expand refining capability or production of oil, natural gas and nuclear power was either blocked in the Senate by the Democratic minority or defeated by a collation of the vast majority of Democrats and a handful of Republicans. There have been no real solutions offered



by the Democratic leadership in this Congress. Speaker Nancy Pelosi and Senate Majority Leader Harry Reid should permit legislation to come to the floor that enables an affordable, stable energy supply to power the American economy today, while encouraging the development of alternatives and renewables upon which our economy will depend tomorrow.

This energy crisis cannot be solved by sabotaging the American economy for several decades as Washington Democrats are determined to do. The innovation necessary to wean America off fossil fuels depends upon investment enabled by a robust economy.

Rep. John Shadegg (R., Ariz.)  
Washington

The letter from Rep. Markey and the article in the same issue, "Republican Energy Fumble" (Potomac Watch), are exhibits A and B on why Congress fails miserably in solving this nation's problems. The sweeping "bipartisan" plan does nothing to increase oil supply, and effectively blocks increasing supply while forcing endless "negotiation." Rep. Markey focuses only on "move America beyond oil."

The world will not be beyond oil for many decades. How about a dose of realism? We are going to need every source for as long as our congressmen live.

Leland Burnett  
Seattle

Mr. Markey completely misses the point of your editorial. No matter what one believes is the correct solution to the energy crisis, this issue -- as all others -- should be left to the democratic process. Circumventing democracy by granting an early congressional recess and refusing to hold a vote on an issue important to so many Americans, is about as shameful an act as we've seen by the leaders of our latest do-nothing Congress. Democracy means reaching a decision based on opinion, debate and discussion -- not forcing one's opinion on others by stifling debate and discussion.

Reuvain Borchardt  
New York

Rep. Markey must not read or listen to the news. The mere discussion of future off-shore drilling and developing other domestic oil sources has dramatically lowered the price of oil, strengthened the dollar and reduced potential future inflation resulting from increased cost of fuel. Drilling is faster than "alternative" energy sources, and much more certain.

Nathen P. Edwards  
Willow Street, Pa.

Thanks again for telling me what I want and don't want, Rep. Markey, and reminding me of how disconnected Congress is from the rest of America. I challenge you to ask all Americans how they would reduce oil prices and break our dependence on foreign oil. Simply check one of three boxes:

- (A) Expand renewable energy; produce fuel-efficient autos; be smart about consumption.
- (B) Drill offshore with environmental safeguards.
- (C) Both A and B.

Let the people be heard!

We all know what the answer would be. And wouldn't that be a bipartisan solution?

Thomas Piacentini  
Springfield, Mass.

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**Two wrongs**



The Houston Chronicle, August 12, 2008; <http://www.chron.com/disp/story.mpl/hotstories/5939830.html>

Republicans and Democrats both mistaken about the significance of expanding offshore drilling.

Republicans in Congress mistakenly imply that ending a congressional ban on most offshore drilling would reduce today's gasoline prices. The Democrats are equally mistaken in their counterargument, leaving the voters without a needed rational discussion on energy this summer.

House Democrats, vacationing away from Capitol Hill, are correct when they say an immediate end to the ban on drilling off the Atlantic and Pacific coasts would not affect gasoline prices anytime soon, if at all. However, that is no reason to discourage offshore drilling in the coming years. Regardless of conservation measures and the development of alternative fuels, Americans are going to need that domestically produced oil and gas to avoid an energy shortage.

To argue, as the Democrats do, that The United States should forgo future sources of oil and gas because they produce no energy today is illogical and ridiculous on its face. Should the United States drill no more wells at home because it is dependent on foreign sources today? Of course not. The long lead time in developing offshore oil and gas fields should act as an imperative to delay no further.

While House Democrats are taking August off, about 40 Republican House members have returned to Washington to criticize House Speaker Nancy Pelosi. They fault her for going on tour to promote her autobiography before allowing a vote on offshore drilling.

U.S. Rep. Kevin Brady, R-The Woodlands, armed himself with 10 questions scoffing at Pelosi's positions on energy. He was justified in asking Pelosi where her promised "common-sense plan to lower gas prices" was. He was also right to cast aspersions on the Democrats' insistence that Big Oil drill on acres already leased from the federal government. If Democrats don't mind drilling in current offshore leases, what is their objection to opening up other waters? The risk of a spill would be similar or the same, and companies should have the opportunity to deploy limited rigs where they think they have the best chance of hitting oil and gas.

However, U.S. Rep. Gene Greene was on the mark when he called the Republicans' rump session counterproductive theatrics. Pointing fingers is not going to place a single barrel of oil in the pipeline nor lower gasoline prices one penny. Without the will to compromise and craft rational, bipartisan energy legislation, House members might as well be on vacation.

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### **Pelosi looks to load up drilling bill**

The Hill, August 12, 2008; <http://thehill.com/leading-the-news/pelosi-looks-to-load-up-drilling-bill-2008-08-12.html>

By Mike Soraghan and Jared Allen

House Speaker Nancy Pelosi (D-Calif.) may be ready to allow a vote on offshore drilling, but that doesn't mean she's going to make it easy on the Republicans who've been goading her for weeks on energy.

As she announced her willingness to hold a drilling vote Monday night, she stressed that it would have to be part of a larger energy package. And the contents of that package might include some items that would be tough for Republicans and the energy industry to swallow, like a renewable portfolio standard and the Democrats' signature "use it or lose it" legislation.

Rep. Jason Altmire (D-Pa.) said that if both sides in Congress have to agree to terms they don't like, the energy debate will be a success.

"This is going to be one of those situations where people are saying, 'I don't like that, but I do like this,'" Altmire said. "That's how you do good legislation."

Democratic leaders are expected to begin discussing the shape of the package in a conference call Wednesday.

Republicans, who have staged a sit-in of sorts on the House floor for more than a week in order to demand an immediate drilling vote, greeted Pelosi's gesture with deep skepticism.

"If Speaker Pelosi is truly sincere about having a vote on deep-ocean oil and gas drilling to help bring down fuel costs, she should use her power as Speaker to call Congress back into session immediately and schedule a vote on the American Energy Act," Minority Leader John Boehner (R-Ohio) said in a statement released Tuesday morning.

Both Boehner and House Minority Whip Roy Blunt (R-Mo.) said the protest on the floor will continue. Republicans are demanding a vote on the entire Republican energy plan, which includes drilling offshore and in the Arctic National Wildlife Refuge in Alaska.

"We are asking that she bring our American Energy Act up for a vote," said Rep. John Kline (R-Minn.), who on Tuesday morning led nine Republicans to the House floor for their 10th day of protests. "If she brings it up under regular order, then amendments will be allowed and we'll have that debated. What we want is a chance to have that debate and have a vote."

Pelosi intentionally timed her reversal on CNN's "Larry King Live" to fall well before the political intensity of the party conventions and into a news cycle dominated by the Olympics.

She realized a vote was inevitable because the offshore moratorium expires at the end of September, a Democratic leadership aide said, and requires congressional renewal. Also, in response to a Senate compromise plan, Democratic presidential candidate Sen. Barack Obama (Ill.) has indicated willingness to consider offshore drilling.

Pelosi, who'd already started to signal the change by cutting vulnerable freshman members loose to vote their political best interests on drilling issues, was under increasing pressure from vulnerable Democrats who wanted a vote.

As voters' anger intensified this summer on high gas prices, Republicans had found that drilling in new areas was a political windfall. Republicans found their natural inclinations aligned with the polls in a year in which even they are expecting to lose 10 House seats, and likely more.

According to a Gallup poll in late July, 57 percent of Americans surveyed said they'd be more likely to vote for a candidate who supports easing restrictions on offshore drilling. Still, the poll found 58 percent more likely to vote for one supporting a windfall profits tax, and 67 percent more likely to vote for one supporting tax incentives for energy conservation.

Seizing the advantage despite minority status, the GOP forced Democrats to go to great lengths to avoid a drilling vote, all but canceling the appropriations process and resorting to parliamentary gimmicks to avoid drilling amendments.

But Pelosi's drilling announcement indicated that she's made a tactical move, not an unconditional surrender.

She stressed that drilling will have to be a part of a larger package that would include many elements that have been resisted by Republican members and leaders. A leadership aide said many of the energy proposals that were put forward by Democrats in July would wind up in the package. Many of them won majority House support but failed because of a parliamentary maneuver used to block GOP amendments.

In the CNN interview, she indicated that drilling, which she's opposed for years, could be accompanied by "great things" like expansion of wind power, solar energy and biofuels. She hinted that the package could include the Democratic leadership's "use it or lose it" plan to force drillers to produce their existing federal leases, more regulation of greenhouse gases, and that the federal government should get more money for the oil.

"It has to be part of something that says we want to bring immediate relief to the public and not just a hoax on them," Pelosi said.

She was even more emphatic that it would include a renewable electricity standard, a requirement that a certain percentage of electricity must be generated with renewable energy. The standard has faced broad Republican opposition. And she specifically mentioned releasing oil from the Strategic Petroleum Reserve, which also faces Republican resistance.

Their inclusion is not an attempt to load the package with deal-killers that Republicans couldn't support, a leadership aide said.

"If those are poison pills, they're not serious," the aide said. "If those are poison pills, they don't understand the word 'compromise.'"

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### **Bush Meets with Coalition for Affordable American Energy**

Environmental News Service, August 12, 2008; <http://www.ens-newswire.com/ens/aug2008/2008-08-12-092.asp>

WASHINGTON, DC- President George W. Bush met today with a newly formed group of businesses and national trade associations that is lobbying for increased domestic production of oil and gas from offshore and Alaskan drilling. "I agree with them," the president said.

The Coalition for Affordable American Energy was created in June by the National Association of Wholesalers-Distributors, the National Association of Manufacturers, the Office Products Wholesalers Association and 75 other national associations to fight high energy prices.

During their hour-long meeting with the president this afternoon, each organization outlined its policy position on energy and all positions had in common twin messages - not enough domestic oil production - fuel costs too high.

The coalition will support initiatives which encourage conservation and the development of renewable and alternative energy sources, but its focus is on increasing domestic oil and gas production since members believe alternative sources will not be able to meet U.S. energy demand for decades.

Bush said the coalition supports his policy of opening wider areas of the Outer Continental Shelf to oil and gas drilling.

President George W. Bush addresses the Coalition for Affordable American Energy. (Photo courtesy the White House)

"We discussed a variety of strategies about how to affect the supply of oil, and one way that we can affect the supply of oil is to increase access to offshore exploration on the Outer Continental Shelf," he said of the meeting at the Dwight D. Eisenhower Executive Office Building in Washington.

"One of the things that came out in this discussion was there's a lot of folks in our country who understand we could be doing something about the high price of gasoline and we're not," Bush said. "Obviously we need to be wise about conservation, but we've got to be wise about increasing the supply of oil here in America."

Bush used the meeting as a platform to press his familiar oil production agenda - drill offshore, drill in northern Alaska, develop oil shale and expand American refining capacity.

When Congress returns from its recess, the president said, it should bring up the offshore drilling moratorium for a definitive "up or down" vote. Bush lifted the executive moratorium on offshore drilling last month, and only the congressional moratorium remains.

Lawmakers should not insert any "legislative poison pills," said Bush, adding, "Those would be provisions that they know will never be enacted and are added only for the purpose of killing the effort to open up the Outer Continental Shelf to drilling."

"Our goal should be to enact a law that reflects the will of the overwhelming majority of Americans who want to open up oil resources on the Outer Continental Shelf," said Bush.

That certainly is the opinion of Michael Uremovich. As an executive committee member of the Associated Builders and Contractors and chairman of the board of Starcon International, a privately held Illinois plumbing, heating, and air conditioning contracting company, Uremovich was at the table with the president today.

"The energy crisis has driven up costs in all aspects of our business," said Uremovich. "Not only have we made changes to company travel policies and felt the impact on our fleet of more than 100 vehicles, but for the first time since Starcon International was founded 25 years ago, we had to lay off workers. Additionally, our clients have cancelled or postponed nearly \$2 billion of projects which translates to fewer jobs."

Also present at the meeting, Dyke Messinger delivered the same message to the president.

An executive committee member of the National Association of Manufacturers, Messinger heads a 55-year-old family-owned company in Salisbury, North Carolina that manufactures machinery for forming concrete curbing, sidewalks and highway safety barriers.

"We need to access our abundant land-based and offshore domestic resources," he said. "Our employees are asking us as employers to promote federal policies that tap America's own energy supplies."

President Bush said domestic oil development would not necessarily destroy the environment.

"Obviously we need to expand conservation measures," he said. "We need to develop alternative energy technologies such as advanced batteries, plug-in hybrids, hydrogen fuel cells. We need to expand clean, safe, nuclear power; clean coal technology; solar and wind power. There's not a single answer to our energy problems."

"But a part of solving the dilemma that our consumers are facing, that the hardworking Americans face, and that is high price of gasoline, we need to get after exploration here in America," Bush said. "And we can do it in a way that protects the environment."

But environmental and conservation groups do not agree.

At the end of July, the Sierra Club launched a radio ad campaign urging Congress to "keep standing strong against Big Oil," and blaming oil company "price gouging" for the pain at the pump.

Sierra Club Executive Director Carl Pope said as he launched the ad campaign, "President Bush, Big Oil's backers in Congress, and shadowy outside groups are doing everything they can to push an agenda that will help pad Big Oil's bottom line while denying consumers any real relief from pain at the pump."

Pope said, "We are urging the public to tell Congress to stand strong and move the kind of legislation we need to end Big Oil's chokehold on America's economy, energy policy and politics once and for all."

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### **The Great Energy Confusion**

Washington Post, August 13, 2008; <http://www.washingtonpost.com/wp-dyn/content/article/2008/08/12/AR2008081202825.html>

By Robert J. Samuelson

Forget about a candid national conversation on energy. As John McCain and Barack Obama campaigned last week, that much seemed clear. To lower oil prices (which were already dropping), Obama proposed releasing 10 percent of the Strategic Petroleum Reserve. This is an atrocious idea. The SPR was intended as insurance against a catastrophic loss of oil from wars, embargoes, terrorism or natural disasters. It should not be manipulated cynically for political advantage. Earlier, McCain suggested suspending the 18.4-cents-a-gallon federal gasoline tax; that was another bad and expedient idea.

No doubt Obama and McCain want to relieve Americans' discomfort at the pump. The trouble is that Americans should feel discomforted. We want a return to cheap, secure oil; we want painless pathways to lower greenhouse-gas emissions. These are fantasies; they should not be indulged.

In 2006, coal, oil and natural gas provided 85 percent of U.S. energy. In 2025, regardless of what we do, they will almost certainly remain the leading energy sources. We will still import huge volumes of oil and face global disruptions. And any serious effort to curb oil use and greenhouse gases will require high energy prices -- whether imposed by the market or taxes -- to induce conservation and conversion to nonfossil fuels.

Judged by their rhetoric, you might conclude that McCain and Obama differ dramatically on energy. Actually, their agendas overlap substantially. Both advocate a "cap and trade" system to reduce greenhouse gases; that's essentially a tax on fossil fuels, though neither describes it that way (candor grade for both: D). Both hold out, in similar language, the vision of resurgent American technology riding to the rescue.

To be sure, some contrasts are glaring. McCain and most Republicans support more offshore drilling for oil and natural gas; most Democrats don't (Obama has said he might consider more offshore drilling). The Democrats are deservedly getting pounded on this. Of course, "we can't drill our way out of this problem." But if we don't increase drilling, import dependence will worsen as production from mature fields ebbs. Since 1990, U.S. oil production has dropped 23 percent, while imports have gone from 42 percent to 58 percent of consumption. Greater exploration is common sense, as more Americans recognize (Democrats' candor grade: F).

McCain proposes achieving "strategic independence" by 2025 -- a seductive but empty phrase. In 2025, oil would still represent a third or more of total energy use (it was two-fifths in 2006), with more than half imported, forecasts the U.S. Energy Information Administration. Although these figures could change, dependence on foreign oil is unavoidable. The projection already assumes big gains in fuel efficiency (the average for new vehicles goes from 25 miles per gallon now to almost 37 mpg). But the gains are diminished by a 25 percent increase in cars and light trucks, mainly reflecting population growth. Even if oil imports came mostly from Canada and Mexico, flows could still be affected by global disruptions (McCain's candor grade: D).

It's easy to exaggerate how quickly new technologies can improve our situation. Obama says that we can have a million plug-in hybrids averaging 150 miles a gallon on the road within six years (plug-in hybrids run on electricity and gasoline). Sounds impressive. But that would be less than one-half of 1 percent of all vehicles, and the forecast is probably a stretch. The battery technology required for plug-in hybrids is still not competitive, adding \$7,000 to \$10,000 per vehicle, says Brett Smith of the independent Center for Automotive Research. Obama would address this problem by providing a \$7,000 tax credit (in effect: a rebate) on plug-in hybrids. These subsidies might go mainly to upper-middle-class buyers, permitting them to flaunt their "green" credentials (Obama's candor grade: C).

We are not powerless, and some policies would help more than others. A straight carbon tax, for instance, would be better than a complex cap-and-trade program. But with a growing population and the existing stock of vehicles and buildings, even good policies and technological breakthroughs will only gradually shift our energy consumption. In the government's projection, renewable energy (wind, solar, some biomass) grows seven times faster than average energy use; still, it's only 7 percent of total consumption by 2030.

All this can be seen as the messy process by which democracies reach consensus. "Crises are the only times when we are capable of making difficult decisions," says former Democratic representative Phil Sharp, who heads the think tank Resources for the Future. High pump prices, he says, "are drawing both parties toward the center": Republicans will be more open to regulation, Democrats to offshore drilling. The next president will find it easier to act. Maybe. But the preamble has involved so many exaggerations and simplicities that it's uncertain whether the ultimate response would make us better off -- or worse off.

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### **Some Conservative Republicans Balk at Drilling Compromise**

WSJ, August 13, 2008; [http://online.wsj.com/article/SB121859070476735473.html?mod=googlenews\\_wsj](http://online.wsj.com/article/SB121859070476735473.html?mod=googlenews_wsj)

By Stephen Power

WASHINGTON -- Some conservative Republicans are balking at an effort to compromise with Democrats on allowing more offshore drilling for oil, even as more key Democrats appear to be softening their opposition to such a move.

The moves come as opinion polls show rising levels of public support for increased offshore drilling.

House Speaker Nancy Pelosi (D., Calif.) said Monday on CNN's Larry King Live show that she would consider allowing a vote on legislation to permit drilling in more offshore areas if it were part of a broader energy package that included adequate safeguards for the environment, as well as support for renewable energy.

Ms. Pelosi and other top House Democrats have blocked Republicans from offering measures that would overturn the 27-year-old ban on drilling in many parts of the outer continental shelf. Earlier this month, the Democrats' likely presidential candidate -- Illinois Sen. Barack Obama -- also said he would be willing to support an expansion of offshore drilling as part of a broader bipartisan energy bill.

Republicans have used the offshore-drilling issue to paint Democrats as out of touch with ordinary Americans and beholden to environmental groups that oppose any relaxation of the current drilling ban. Arizona Sen. John McCain,



the Republican's likely presidential nominee, has made Sen. Obama's opposition to offshore drilling a feature in recent ads critical of his Democratic rival.

But the drilling issue could lose its power as an electoral wedge if both parties agree to the concept put forward by a group of Republicans and Democrats. Their proposal would open additional acreage in the Gulf of Mexico off Florida's western coast to drilling, and also allow Virginia, North Carolina, South Carolina and Georgia to "opt in" to drilling off their shores if their legislatures approve.

The plan would also raise billions of dollars for conservation and energy-efficiency programs partly by making oil companies no longer eligible for a manufacturing tax credit and repealing other tax breaks. Some estimates have put the potential savings from such a move at \$13 billion over 10 years.

Some conservatives worry that a deal would remove party differences on what they otherwise see as one of the Republicans' best issues for winning over voters in the November election. Conservative radio-show host Rush Limbaugh has accused the Republicans who favor the compromise of giving a "gift" to Sen. Obama and other Democrats seeking election this fall.

Among many Republicans, "there's a desire to not solve this problem" of gridlock over energy policy, said one of the Republicans supporting the compromise, Sen. Bob Corker of Tennessee. Sen. Corker added that "many people in the Republican Party are missing the point that this is a strong pro-[oil] production bill" and that Republican leaders "made a mistake" by not immediately endorsing it.

Some Republicans decry tax provisions in the proposed compromise. Senate Minority Leader Mitch McConnell (R., Ky.) has expressed objections to the proposal to eliminate the oil companies' eligibility for a tax credit. Through a spokesman, Sen. McConnell declined to be interviewed.

And former House Speaker Newt Gingrich, who has spearheaded a campaign in favor of increased domestic drilling, assailed the compromise in a column published Tuesday on the Web site of the conservative Human Events magazine, saying it amounted to "an \$85 billion tax increase disguised as an energy bill."

The skirmishing over the compromise has placed Sen. McCain in a delicate spot. When the proposal was announced earlier this month, Sen. McCain's aides released a statement saying he would oppose it on the grounds that it would raise taxes. Speaking to reporters last Friday, however, Sen. McCain said he had "not seen or examined all the aspects" of the proposal and that "obviously we have to come together" on energy policy.

A spokesman for Sen. McCain noted on Tuesday that the proposal's supporters haven't so far published any actual legislation. "He would obviously take a look at it when or if there is" specific legislation, the McCain spokesman said.

The compromise's supporters include Sen. Lindsey Graham (R., S.C.), one of Sen. McCain's closest friends in the Senate, and FedEx Corp. Chairman Fred Smith, a longtime friend of Sen. McCain who heads a Washington-based nonprofit group that advocates reducing foreign oil dependence through tougher auto-efficiency standards, increased offshore drilling and more reliance on biofuels.

Sen. Graham said Tuesday that Sen. McCain is "waiting to see how this thing plays out. ... He's basically said 'let's see what you come up with.'"

Mr. Smith said Tuesday that he hasn't discussed the Senate proposal with Sen. McCain. While the proposal is "not perfect," Mr. Smith said, it is "a reasonable compromise."

"You have people like me who live in the industrial world and move 700 planes and 80,000 trucks a day -- what we'd like to see is progress, and what that requires is compromise," Mr. Smith said.

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### **Rush to Arctic as warming opens oil deposits**

San Francisco Chronicle, August 12, 2008; <http://www.sfgate.com/cgi-bin/article.cgi?file=/c/a/2008/08/12/MN5R1290QE.DTL>

Zachary Coile, Chronicle Washington Bureau



It's a scramble for the spoils of global warming as the rapid melting of Arctic sea ice is opening access to previously unreachable deposits of oil and gas, setting off a race by northern nations - including the United States, Canada and Russia - to claim them.

The pursuit of those resources will be underscored this week as the U.S. Coast Guard cutter Healy sails north from Barrow, Alaska, on Thursday to map the sea floor of the Chukchi Cap, an area at the northern edge of the Beaufort Sea. The maps could bolster U.S. claims to the area as part of its extended outer continental shelf.

The U.S. Geological Survey confirmed last month what the oil industry had long suspected when the agency released an estimate that the area north of the Arctic Circle may hold as much as 90 billion barrels of oil and 1,669 trillion cubic feet of natural gas, or roughly 13 percent of the world's total undiscovered oil and 30 percent of the undiscovered natural gas.

The dash to stake out territory across the Arctic has accelerated since Russia sent one of its submarines last August to plant the country's flag on the sea floor beneath the North Pole, provoking an outcry by other nations that viewed it as an unauthorized land grab.

Earlier this month, Canadian officials at a geology conference in Norway detailed their territorial claims to the Lomonosov Ridge, an underseas mountain range that runs beneath the North Pole. Canada argues that the ridge is part of the North American continent, not part of Siberia, as Russia has asserted.

#### Denmark backs Canada

The Danish government joined in backing Canada's argument, even though those two nations have also clashed over claims in the Arctic. Why? Because Denmark, which controls Greenland, believes Canada's assertion could boost its own contention that part of the energy-rich ridge should be Danish territory.

These northern powers are all rushing to complete assessments of how far their underseas territory may extend. Under international law, countries control all natural resources within the "exclusive economic zone," which extends 200 nautical miles offshore. But if a country's continental shelf extends far into the ocean, the nation can claim underseas land up to 350 miles offshore under the U.N. Convention on the Law of the Sea.

The United States has signed the Law of the Sea Treaty, but the Senate has not ratified it. Margaret Hayes, who directs the State Department's Office of Oceanic Affairs, said on a conference call Monday that while the United States moves toward ratifying the treaty, it must gather all the scientific data it will need to justify its territorial claims.

During the Healy's three-week voyage, scientists from National Oceanic and Atmospheric Administration and University of New Hampshire will use a device called an echo sounder to create a three-dimensional map of the sea floor. The Healy will make a second voyage, from Sept. 6 to Oct. 1, carving a path through the ice, while a Canadian ship, the Louis S. St. Laurent, follows, gathering seismic data about the thickness of the sediments along the sea floor.

While it's a scientific mission, USGS scientist Deborah Hutchison acknowledged that oil companies will be eager to see the results, which could yield major clues about the size and location of oil and gas deposits.

"The cruises are not intended to look for energy resources. ... That is not a primary or even a secondary objective," Hutchison said. "However, it's inevitable because there are so few data in this area (of the Arctic), there will be great interest in using this data" to assess the potential for drilling.

#### Alaska favors drilling

Alaskan officials, who rely on oil revenue and face declining oil fields along the North Slope, see more Arctic drilling as a way to keep the state's oil economy afloat. While the Atlantic and Pacific coasts have been off-limits to drilling under a federal ban for nearly three decades, the Interior Department is already leasing areas of the Beaufort Sea and Chukchi Sea.

Environmentalists warn of the perils of oil exploration in the region. Critics say that conditions in the Arctic - shortage of natural light in winter, extreme cold, moving ice floes and high winds - make it extremely difficult to respond to an oil spill.

"Ultimately what is going to be needed is a more comprehensive ecological study of that region and some indication as to whether or not any technology that we have today is likely to be able to clean up spilled oil in that set of conditions," said Richard Charter, a coastal advocate for Defenders of Wildlife Action Fund.

The voyage of the Healy this week is being made possible by the swift melting of the sea ice. Last year, Arctic sea ice retreated at a record-setting pace.

Northwest Passage open

The Inupiat residents of Barrow were stunned last fall when a cruise ship and 400 Germans showed up in their town. They had arrived from Europe via the Northwest Passage over Canada, which for the first time in recorded history was ice-free.

Larry Mayer, an oceanographer at the University of New Hampshire who helped lead a similar Arctic trip last summer, said he was shocked at how easily the team could navigate through the region. He noted the irony that the rapid melting "was bad for the Arctic, but very, very good for mapping."

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### **Pelosi open to vote on offshore drilling**

CNN, August 12, 2008; <http://www.cnn.com/2008/POLITICS/08/12/pelosi.ganda/>

U.S. House Speaker Nancy Pelosi reversed her opposition to a vote on offshore drilling on "Larry King Live" on Monday night, saying she would consider a vote if it were part of a larger energy package.

Pelosi and fellow House Democrats have staunchly opposed Republicans' request for a vote on the drilling. Some Republicans stayed in chambers after Congress adjourned for the session, making speeches on energy policies, in an attempt to get Democrats to come back for a vote.

On Monday night, Pelosi said the vote would need to be part of a larger discussion that would include investing in renewable energy resources and releasing oil from the Strategic Petroleum Reserve. Those options would help bring both immediate and long-lasting solutions to the energy crisis, she said.

In her interview with King, Pelosi talked about what the government and country needs to do to avert the energy crisis and quickly bring down gas prices. The following is an edited version of the interview:

Larry King: OK, Madam Speaker, author of "Know Your Power," why don't you bring [Congress] back?

Speaker Nancy Pelosi: Well, it's interesting to hear Sen. [John] McCain talk about bringing Congress back. He wasn't even in Congress this last session when we really had two very important bills on energy -- one to give tax credit for wind, solar and other renewable resources, and another about hybrid cars and the rest. So he wasn't in to vote when we were in session and now he's saying call it back in.

And then one of the others said to the president, call Congress back in. And the president said no. The president said no. But the point is this: The American people are suffering. We have to do what is best for them.

How do we bring down the prices at the pump? We have said to the president, the fastest way to do this if in 10 days the price can come down if you will free our oil. Over 700 million barrels of oil the president is sitting on of the Strategic Petroleum Reserve.

No. 1, free our oil.

No. 2, they want to drill. If they want to drill, we have 68 million acres in the Lower 48 that they can drill in that are permitted and all the rest.

Three, stop the speculation.

Four, renew -- invest in renewable energy resources, which will bring a faster return than drilling offshore, which will take 10 years and produce 2 cents' reduction in 10 years off the price at the pump.

And then use natural gas. Natural gas is so plentiful. It's better for the environment, and it is cheaper.

So there are things that Congress can do, and we have voted on this over and over again. But the Republicans and the president have resisted. Instead, they have this thing that says drill offshore in the protected areas. Well, we can do that. We can have a vote on that. But it has to be part of something that says we want to bring immediate relief to the public and not just a hoax on them.

King: Would you vote yes on a package that includes drilling?

Pelosi: I would not. It depends how the drilling is put forth. But I don't -- that is not excluded, let me say it that way. It depends how that is proposed, if the safeguards are there. Now, mind you, 68 million acres -- 10 million more acres in Alaska where they can drill.

But if there's -- if we can get some great things, in terms of renewable energy resources: a renewable electricity standard, wind, solar, biofuels and the rest in that context, because if you make a decision only to go with the offshore drilling, you are increasing our dependence on fossil fuels, and you will never free yourself of that addiction unless you invest in the renewable energy resources that are good for the environment, cheaper for the consumer and will reverse global warming.

And the consumer is our first responsibility. The American taxpayer owns this oil offshore, by the way. Let me make this one final point. This oil is owned by the American taxpayers. The oil companies drill. We give them money to drill there. But we get very little in return.

So I think as we have this debate, which is a very healthy one to have and I welcome it; we have to review and realign the relationship between our oil, Big Oil's profits and what it means to the consumer and the taxpayer.

King: Do you expect -- do you suspect the oil companies of having a lot of clout here, influence over the Republicans?

Pelosi: Of course. Yes, they rule. And that's what we'll find out.

King: They rule?

Pelosi: When we have this vote, when we really define it and where the choice is clear to the American people -- I mean, do you know what -- Exxon Mobil, their last quarter, their profits were historic. Last year, they were historic. They outdid themselves this year already in this second quarter. And they insist that we pay them to drill. They need an incentive to drill in order to make over \$11 billion in one quarter. And it just doesn't make sense. We should be using that money to invest in renewable resources, tax credit for wind and solar, etc. and invest in the technologies that will develop the battery and the rest, instead of giving Big Oil more profits.

King: Do you expect to get a big enough majority in the Senate and House for the Democrats to overcome anything and get through your proposals?

Pelosi: Well, I hope we can do some of it before we even leave this session. I think we can -- hopefully, we can do something before December. I will not subscribe to a hoax on the American people that if you drill offshore, you're going to bring down the price at the pump. Even the president says that's not true.

Ten years, two cents -- we're saying 10 days, bring down the price, if the president would free our oil from the Strategic Petroleum [Reserve] -- from our stockpile -- owned by the taxpayers, purchased by the taxpayers.

In the next election, I know that we will strengthen our majorities, increase their numbers, and we will have a Democratic president in the White House, and we will be able to address more fully really what I think is the challenge to our generation -- energy security and global warming.

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### **An Empty Promise**

NYT, August 12, 2008; [http://www.nytimes.com/2008/08/12/opinion/12herbert.html?\\_r=1&em&oref=slogin](http://www.nytimes.com/2008/08/12/opinion/12herbert.html?_r=1&em&oref=slogin)

By BOB HERBERT

Senator John Kerry was on the phone and the words were coming in a rush.

"It's a completely fraudulent argument," he said. "It's misleading. It's snake oil salesmanship of the worst order."

He was talking about the latest smoke screen in the presidential election, the bogus contention that lifting restrictions on offshore oil drilling would somehow, in the foreseeable future, bring down the price of gasoline for American motorists.

This absurd contention is now one of the main issues of the campaign. It's the latest example of a very real fear (that sky-high energy prices will undermine the average family's standard of living) being exploited shamelessly for political purposes.

Senator John McCain told cheering bikers at a giant motorcycle rally in South Dakota: "We're gonna drill offshore! We're gonna drill here, and we're gonna drill now!" He told an audience in Lafayette Hill, Pa.: "We have to drill here and drill now. ... Drill here and drill now."

With Senator McCain and the Republicans painting a false portrait of drilling as a method of relief for today's high prices, and with polls showing the G.O.P. gaining traction on this issue, Senator Barack Obama has eased off his previous opposition to new offshore leases.

And so dies the possibility of the presidential campaign offering any real clarification of this important issue.

As Senator Kerry and many others have pointed out, it would be nearly 10 years before any oil at all would be realized from new offshore leases. So your adorable 7- or 8-year-old would be just about 17 and clamoring for a license when this new oil started coming online.

Maximum capacity from these new leases wouldn't be reached until 2030, when that 7- or 8-year-old is approaching 30, finished with college and graduate school, and very likely married with children.

And even then — after more than two decades and who knows how many graduations, weddings, funerals and family cars — even then, the amount of oil expected to come from these leases would have little or no effect on the price of gasoline at the pump.

Assuming that everything over all those years goes all right, it is estimated that an additional 200,000 barrels of oil a day would come from the additional offshore drilling. That's a tiny share of the world's daily output of 85 million or so barrels.

Here's what the Energy Information Administration, the statistical agency that provides official data for the federal government, had to say about the anticipated additional output from offshore drilling:

"Because oil prices are determined on the international market ... any impact on average wellhead prices is expected to be insignificant."

Did anyone mention that to the bikers who were so fired up by John McCain's "drill here and drill now" mantra? Or to the 63 percent of respondents to an ABC News poll who want the embargo on new offshore drilling to be lifted by the federal government?

I wonder how they would have responded if they had been told that lifting the offshore restrictions would risk serious environmental damage to the U.S. coastline over the next several decades while having no significant effect on the price of gasoline at the pump.

Public officials should be disabusing the electorate of its delusions, not encouraging them. The widespread mistaken notions about the potential impact of offshore drilling on gasoline prices reminds me of the large percentages of Americans who were encouraged to believe, and did believe — erroneously — that Iraq and Saddam Hussein had something to do with the attacks of Sept. 11, 2001.

I wonder if the electorate will ever wise up. We've known, or should have known, since the 1970s that the day of reckoning on energy would come. The U.S., blessed with so many resources, is no longer blessed with an abundance of oil.

Jimmy Carter, for all his faults, was on the case when it came to energy. He saw the challenge as "the moral equivalent of war," and dared to ask the public to make sacrifices as part of a coordinated national effort.

Senator Kerry, in accepting the Democratic nomination for president in 2004, said: "Our energy plan will invest in new technologies and alternative fuels and the cars of the future so that no young American in uniform will ever be held hostage to our dependence on oil from the Middle East."

Former Vice President Al Gore has tried, more than any other public figure in recent years, to raise the consciousness of Americans by dramatically illustrating, not just the enormity of the energy challenge, but creative and practical ways of dealing with it.

How pathetic that in the midst of a presidential campaign the loudest voices we are hearing on this subject are crying: "Drill! Drill! Drill!"

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### 'Snake Oil'

Washington Post, August 12, 2008; <http://www.washingtonpost.com/wp-dyn/content/article/2008/08/11/AR2008081102145.html>

#### Debunking three 'truths' about offshore drilling

THE NATURAL Resources Defense Council Action Fund has taken out full-page ads in this newspaper and others to decry offshore drilling for oil as "George W. Bush's Gasoline Price Elixir" that is "100% Snake Oil." The environmental group calls on supporters "to stop the giveaway of our coasts." It is urging visitors to its Web site to send a pre-written letter to their members of Congress that says, "I am not buying the lie . . . that sacrificing the Arctic National Wildlife Refuge and America's coastal waters to oil drilling would make a real difference in gas prices -- either today or twenty years from today!" And the missive adds, "With just three percent of the world's oil reserves, our nation simply doesn't have enough oil to impact the global market or drill our way to lower prices at the pump."

The NRDC's arguments above neatly encapsulate the position taken by environmentalists and other opponents of offshore drilling. And they include a couple of good points. Contrary to the baldly political suggestions regarding lower gasoline prices by President Bush and Sen. John McCain (R-Ariz.), drilling would make no impact on today's pain at the pump because it would be years before any oil flowed from the Outer Continental Shelf. We agree that the Arctic National Wildlife Refuge, with its varied and sensitive ecosystems, should be preserved. In the quest for new sources of energy, there are trade-offs. That pristine area must remain off-limits. But there are three "truths" masquerading as fact among drilling opponents that need to be challenged:

- Drilling is pointless because the United States has only 3 percent of the world's oil reserves. This is a misleading because it refers only to known oil reserves. According to the Interior Department's Minerals Management Service (MMS), while there are an estimated 18 billion barrels of oil in the off-limits portions of the OCS, those estimates were made using old data from now-outdated seismic equipment. In the case of the Atlantic Ocean, the data were collected before Congress imposed a moratorium on offshore drilling in 1981. In 1987, the MMS estimated that there were 9 billion barrels of oil in the Gulf of Mexico. By 2006, after major advances in seismic technology and deepwater drilling techniques, the MMS resource estimate for that area had ballooned to 45 billion barrels. In short, there could be much more oil under the sea than previously known. The demand for energy is going up, not down. And for a long time, even as alternative sources of energy are developed, more oil will be needed.

- The oil companies aren't using the leases they already have. According to the MMS, there were 7,457 active leases as of June 8. Of those, only 1,877 were classified as "producing." As we pointed out in a previous editorial, the five leases that have made up the Shell Perdido project off Galveston since 1996 are not classified as producing. Only when it starts pumping the equivalent of an estimated 130,000 barrels of oil a day at the end of the decade will it be deemed "active." Since 1996, Shell has paid rent on the leases; filed and had approved numerous reports with the MMS, including an environmentally sensitive resource development plan and an oil spill recovery plan that is subject to unannounced practice runs by the MMS; drilled several wells to explore the area at a cost of hundreds of millions of dollars; and started constructing the necessary infrastructure to bring the oil to market. The

notion that oil companies are just sitting on oil leases is a myth. With oil prices still above \$100 a barrel, that charge never made sense.

· Drilling is environmentally dangerous. Opposition to offshore drilling goes back to 1969, when 80,000 barrels of oil from an offshore oil well blowout washed up on the beaches of Santa Barbara. In 1971, the Interior Department instituted a host of reporting requirements (such as the resource development and oil spill recovery plans mentioned above) and stringent safety measures. Chief among them is a requirement for each well to have an automatic shut-off valve beneath the ocean floor that can also be operated manually. According to the MMS, between 1993 and 2007, there were 651 spills of all sizes at OCS facilities (in federal waters three miles or more offshore) that released 47,800 barrels of oil. With 7.5 billion barrels of oil produced in that time, that equates to 1 barrel of oil spilled per 156,900 barrels produced. That's not to minimize the danger. But no form of energy is perfect or without trade-offs. Besides, if it is acceptable to drill in the Caspian Sea and in developing countries such as Nigeria where environmental concerns are equally important, it's hard to explain why the United States should rule out drilling off its own coasts.

The strongest argument against drilling is that it could distract the country from a pursuit of alternative sources of energy. There's no question that the administration has been lax on that front. True leadership would emphasize both alternative sources and rational approaches to developing oil and natural gas. No, the United States cannot drill its way to energy independence. But with the roaring economies of China and India gobbling up oil in the two countries' latter-day industrial revolutions, the United States can no longer afford to turn its back on finding all the sources of fuel necessary to maintain its economy and its standard of living. What's required is a long-term, comprehensive plan that includes wind, solar, geothermal, biofuels and nuclear -- and that acknowledges that oil and gas will be instrumental to the U.S. economy for many years to come.

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### **One Way To Get More Oil: Do Nothing**

Investor's Business Daily, August 11, 2008;

<http://www.investors.com/editorial/editorialcontent.asp?secid=1502&status=article&id=303344358907084>

BY THOMAS PYLE

Politicians are rightfully concerned that Americans are fed up with skyrocketing energy costs, so they have been scrambling to appear as though they are doing something about it.

But here's a news flash: If our elected representatives in Congress simply do nothing, three decades of failed anti-energy policies will disappear.

A ban on drilling in America's outer continental shelf (OCS) is set to expire on Oct. 1.

Congress can let the clock run out on this outdated energy blockade and take an important step in addressing America's long-term energy needs.

Since 1982, Congress has prohibited energy production on America's OCS.

As a result, the federal government has leased less than 3% of its offshore federal land, forcing us to spend \$700 billion per year to import the energy we need from foreign nations.

This policy works great for OPEC, but hasn't benefited U.S. consumers or our economy one bit. Instead of allowing drilling on the OCS, a self-described Gang of 10 in the Senate unveiled a proposal called the "New Era" energy plan.

Unfortunately, the plan represents anything but a new era, just more of the same old subsidy-filled legislative window dressing hyped with TV sound bites.

In reality, American consumers would be better served if their government simply stopped trying to help. With a price tag of \$84 billion, the bulk of the Gang's plan consists of new subsidies, tax credits and other federal handouts.



For example, the authors dedicate \$7.5 billion in direct taxpayer support to car companies, with instructions to produce "alternative fuel" vehicles.

Another \$7.5 billion in tax credits would incentivize consumers to purchase these not-yet-manufactured cars that run on not-yet-discovered fuels. But those are just insignificant details to the Gang of 10.

To pay for nearly a third of its plan, the Gang intends to tap a convenient political bogey man — oil and gas producers — by repealing a tax deduction given to all domestic manufacturers.

The Gang disingenuously describes this as "closing a loophole," but it actually is a tax hike on oil and gas companies doing business in America.

The bill makes no economic sense and it may increase our imports by discouraging energy producers from investing in the U.S.

In addition, the Gang is willing to open only a small part of the Gulf of Mexico to new production and give four coastal states — Georgia, North and South Carolina and Virginia — the right to reject or approve offshore production on their own territories at some point in the future.

The Gang also imposes an arbitrary, 50-mile no-drilling zone along the coasts. That will further restrict access to enormous potential resource deposits, such as the Gulf of Mexico's Destin Dome, which is 25 miles offshore.

The U.S. has made great strides in energy conservation and efficiency. We've invested billions after billions in alternative and renewable energy development.

The only thing we have failed to do is increase our energy supplies on taxpayer-owned lands here at home because our own government has made it illegal for three decades.

Unless Congress extends the OCS ban, American energy production will become legal again in less than two months.

So on behalf of hundreds of millions of American families, the Gang of 10 should give it a rest and let Congress do what is best for American families — absolutely nothing.

Pyle is the president of the Institute for Energy Research, a not-for-profit foundation that conducts research and analysis on the functions, operations and government regulation of global energy markets.

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### **GOP stands firm as it gives up summer for oil debate**

Houston Chronicle, August 11, 2008; <http://www.chron.com/disp/story.mpl/headline/nation/5937484.html>

By Bennett Roth

WASHINGTON — Kevin Brady was supposed to be taking a family vacation this week.

But even though the congressman from The Woodlands said his wife was "giving me dirty looks," he returned to Capitol Hill instead to join several fellow Republicans on Monday on their tenth day in a darkened House chamber to build support for an offshore oil drilling plan.

Brady came armed with a 'top ten' list of questions for House Speaker Nancy Pelosi, who adjourned the chamber for an August recess without allowing a vote on the Republicans' proposal. One of Brady's questions was, "In your mind, do you believe America is a democracy or dictatorship?"

In what has come across as a mixture of political stump speech, college lecture and telethon, about 90 Republicans have taken turns participating in a rump session intended to put Democrats on the defensive for high gasoline prices. In a year where most issues have not been breaking their way, the Republicans believe their public relations campaign is driving home the Democrats' shortcomings on energy policy.

The Democrats have counterpunched with their own aggressive campaign to tie Republicans to Big Oil campaign contributions and an unwillingness to tax huge energy company profits.

Last week, Rep. David Davis, a Republican freshman from Tennessee, may have become the first casualty of that argument, losing in a GOP primary to an opponent who accused him of selling out to oil companies.

"Both parties have their vulnerabilities on energy," said Norman Ornstein, a political scholar at the American Enterprise Institute. But Ornstein said the House Republicans' summer political theater appears to be gaining traction outside Washington.

"It has put Democrats in Congress a bit more on the defensive," he said. "It has given them a way to dramatically illustrate the idea they are for drilling and doing something and the Democrats are not."

Dispute is growing testy

Ornstein and other analysts, however, doubt that the strategy will help Republicans make major inroads.

David Wasserman, a House election analyst for the Cook Political Report, said the outcome of the presidential contest is more likely to determine whether Republicans win or lose seats in November.

But in an indication that the voter sentiment for domestic drilling is growing, Democratic presidential candidate Barack Obama has softened his opposition to domestic energy exploration. GOP presidential candidate John McCain reversed himself in June and now strongly backs offshore drilling.

The partisan skirmishing over House Republican action has grown increasingly testy over the past week. Republicans have taunted Pelosi for being on a book tour to promote her autobiography instead of keeping the House in session to deal with energy issues.

Outside the House, they displayed a cardboard sign that displayed the phone number for the House switchboard and urged people to call Democratic members to urge them to come back from vacation.

"Americans have a lot of questions about why this Congress is not working," said Brady. He spoke in front of a House chamber where the lights were dimmed and microphones turned off but where tourists and staff were given a rare opportunity to fill seats normally reserved for lawmakers.

Brady said the pressure on Pelosi was increasing and that constituents in his heavily Republican district north and east of Houston were paying attention. He said that even though the mainstream media were not heavily covering the sessions, it was being widely discussed on conservative talk-radio shows and blogs.

To the Republicans' disadvantage C-Span has not been covering these sessions, But Rep. John Culberson, R-Houston, has sought to fill that void with a videocamera.

Brady said Capitol police barred Culberson from videotaping him outside the chamber Monday. Pelosi spokesman Drew Hamill said such bans on the use of videocameras in the House chamber and the adjacent speaker's lobby have long been in place.

Meanwhile, Democrats have criticized Republicans for wasting fuel by flying back and forth to Washington during the recess.

They also have mocked House Republican leader John Boehner, of Ohio, for attending a fundraiser at a golf course in his home state last week when his members were calling for an end to vacations.

Rep. Gene Green, a Houston Democrat who supports off-shore drilling, criticized the Republican approach as counterproductive to reaching a compromise.

"I think it is theatrics," he said.

He also noted that when Republicans controlled the House from 1995 to 2006 they never canceled their August break, even when energy prices were high.

Green said that if Republicans keep insisting on clamoring for the lawmakers to return to Washington he may ask Pelosi to call the House back into session right after Labor Day when the Republican National Convention is under way.

However, Green said that whenever lawmakers do return in September he expects there to be pressure on Pelosi from some Democrats to lift the moratorium on off-shore drilling.

Hamill said the speaker has no plans to bring up the off-shore drilling measure. He also said he didn't believe the Republican clamor to bring the drilling measure up for a vote was having much impact.

Some of the tourists who were given the rare chance to sit in the House chamber on Monday were swayed by the Republicans' argument.

"I think it is ridiculous that Democrats are not in session," said Jo Unberger, of the Dallas suburb of Garland. She said people were being forced to weigh between buying food or buying fuel because of high gas prices.

But after listening to the lawmakers' speeches for a few minutes, Dan Pearlman, of California, said he didn't hear any solid arguments.

"It is just ranting," he said.

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### **Falling Oil Prices Fuels New Debate Over Offshore Drilling**

Congress Daily, August 11, 2008; [http://www.nationaljournal.com/congressdaily/cd\\_20080811\\_7639.php](http://www.nationaljournal.com/congressdaily/cd_20080811_7639.php)

by Terry Kivlan

Environmental groups are hoping the recent drop in oil prices will ease the pressure for opening up the outer-continental shelf to drilling.

"Maybe it will encourage people to reflect on what we really should be doing," said Virginia Sierra Club Director Glen Besa today, referring to conservation and renewable fuel initiatives. "What has gotten ignored in this debate is the looming of global warming and the need to end our dependence on fossil fuels."

Oil, meanwhile, dipped 27 cents to \$115.20 a barrel this morning despite concerns that the conflict between Russia and Georgia might disrupt supply shipments from the region.

But Jim Kibler, a government relations vice president for AGL Resources, parent company of Virginia Natural Gas, argued that the continued price decline was due at least in part to the fact that "Congress having a good hard discussion" about lifting the three-decade-old ban on drilling in the OCS, he said.

In any case, suggested Kibler, oil prices are likely to remain at historically high levels. "I don't know anyone who thinks we are going to see \$60-a-barrel oil again," he said.

Besa and Kibler were scheduled to take part in a forum on offshore drilling this evening in Norfolk, Va., sponsored by Rep. Bobby Scott, D-Va. Also due to participate was Democratic State Del. Joe Bouchard of Virginia.

Scott, who has opposed the elimination of the ban, said in a statement that the voters "deserve an open honest discussion on how offshore drilling will impact both their wallets and the coastlines. I believe it is vitally important that we hear from experts on this issue."

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### **Drill, Drill, Drill Is On A Roll, Roll, Roll**

CNBC, August 11, 2008; [http://www.cnn.com/id/26141187?\\_source=RSS\\*tag\\*&par=RSS](http://www.cnn.com/id/26141187?_source=RSS*tag*&par=RSS)

By Larry Kudlow- Anchor

Nearly two-thirds of Americans (64 percent) support offshore oil drilling, according to a new Rasmussen poll. And 42 percent say offshore oil drilling would have the biggest impact in terms of reducing oil prices. Only 20 percent

of Americans now oppose offshore drilling. And in terms of reducing oil prices, building more nuclear plants and developing more fuel-efficient cars rate only 16 percent.

Public support for drill, drill, drill clearly continues to grow. And that's one key reason why oil prices continue to fall. In today's trading oil is off another \$2 to \$113 a barrel, despite the war between Russia and Georgia. According to government sources in Georgia, the Baku pipeline is still functioning and oil is flowing through Georgia.

Let me return to my theme that the plunge in oil prices is solving the economy's problems. In today's stock market trading, while overall prices are up 100 points, retailers and banks are the leading sectors. This follows on last Friday's huge 300-point jump, largely on the strength of collapsing oil. Retailers and financials led Friday's action also.

As oil and gas pump prices descend, homeowners will have more extra cash to pay their mortgages on time. This means the mortgage bonds owned by banks are worth more. Hence the oil drop solves the credit crunch as well as the housing decline.

And there's more. Gold has dropped another \$35 today to \$830 an ounce. The greenback is up again. This means of course that the oil drop solves the inflation problem as well. Essentially, we are witnessing a complete reversal of the damaging oil shock that has been the single-biggest economic depressant this year. You couldn't ask for any better news.

And I want to repeat my view that the reversal to lower oil prices is a function of a) lower energy demand through greater conservation in response to the prior price increase and b) the likelihood that Congress will reverse its ban on drilling. Oil traders are selling the black gold in anticipation of greater future energy supplies.

The InTrade prediction markets are showing a 45 percent probability that the congressional ban on drilling will be removed before year-end. In early July this contract was less than 10 percent. We are watching a combination of economic and political forces acting to depress oil prices.

My suggestion to Sen. John McCain, who has capitalized on the drilling surge, is to maintain his drilling mantra every day on the campaign trail. Sen. McCain has Obama on the run on this issue and the Arizonan should not let up the pressure. In some sense President Bush launched all this in back-to-back speeches in mid-July. He removed the executive ban on drilling, thereby capturing a public revolt against higher energy prices. McCain must ride this wave for all it's worth.

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### High tech U.S. offshore drilling safer, risks persist

Reuters, August 11, 2008;

<http://www.reuters.com/article/reutersEdge/idUSN1136130220080811?pageNumber=1&virtualBrandChannel=10112>

By Ayesha Rascoe - Analysis

WASHINGTON (Reuters) - If Congress agrees to allow more drilling off America's coasts, energy companies will employ more environmentally friendly technology than in years past, but serious risks remain in "industrializing" the U.S. shoreline and a major spill could cause significant damage.

As oil prices soared to record levels this summer, President George W. Bush rescinded the White House offshore drilling ban and now the pressure is on Congress to do the same. Presumptive Democrat presidential candidate Barack Obama, who wants to calm voter angst over high fuel prices as he heads into the final stretch of the November election, has said he's prepared to allow more offshore drilling, which could help break the logjam in Congress on the issue.

Congress banned drilling on most of the offshore Outer Continental Shelf in 1981 and the first President Bush expanded the ban with an executive order in 1990 after the 1989 Exxon Valdez oil spill in Alaska -- the worst tanker accident in U.S. history.

These inaccessible offshore areas contain an estimated 18 billion barrels of oil and 76.5 trillion cubic feet of natural gas, according to the U.S. Minerals Management Service.

Much of the opposition to offshore drilling stems from the potential damage to marine ecosystems and coastal economies that rely on tourism. But experts say technology developed over the past two decades make offshore drilling safer.

"Technology has certainly lessened the risk of equipment failures and things of that nature," said Bruce Bullock, director of the Maguire Energy Institute at Southern Methodist University.

With oil companies moving into waters as deep as 10,000 feet, their equipment has had to become sturdier and more structurally sound to handle much higher water pressures and higher temperatures.

Rigs are also easier to monitor, "so once you tell that there's a problem you can shut that well down immediately," Bullock said.

The oil industry likes to point out that there were no major offshore oil spills during Hurricane Katrina, even though the 2005 storm destroyed or damaged dozens of production platforms. However, millions of gallons of petroleum were spilled at damaged oil facilities that were located onshore.

In addition to upgrading technology, oil companies say they are not oblivious to their impact on the environment. Ian Hudson, corporate environmental manager for Transocean Inc (RIG.N: Quote, Profile, Research, Stock Buzz), said companies try not to drill in areas with sensitive ecosystems.

"I think people's perception is that you're going to park a rig over a coral reef and drill through it. That's obviously not going to happen," Hudson said.

He said his company, the world's largest oil and gas drilling contractor, tries to make sure that its hydraulic or cleaning fluids are biodegradable, so if there is a spill the effects will be minimal.

Nevertheless, groups such as the National Audubon Society and the Sierra Club, said rigs pose a range of risks to the environment including oil spills, water pollution from the tons of wastes that wells produce, air pollution from well emissions, and damage to coastal wetlands from pipelines and other infrastructure associated with offshore drilling.

"American communities are being asked to take on risks to their health and their environment and get no relief at gas pump. It's not a good deal," said Mike Daulton, director of conservation policy at the National Audubon Society.

If Congress does allow more drilling, companies will likely want to explore in areas close to existing oil infrastructure and where there are known reserves of hydrocarbons such as the eastern Gulf of Mexico and off the coasts of Florida and California. The Gulf Coast and East Coast are vulnerable to hurricanes, which can harm rigs and cause spills.

A bipartisan Senate bill, which could become the vehicle for moving several energy initiatives through Congress when lawmakers return in September from their summer vacations, would only allow drilling 50 miles beyond the shorelines of Georgia, Virginia, North Carolina and South Carolina.

Still, the risk of a major accident in offshore drilling due to human error or damage from a natural disaster is something many environmental groups can not tolerate.

"We don't think the tradeoffs ever justify allowing an industry like the offshore oil and gas industry to operate in those areas that are currently off limits," said Athan Manuel, director of lands protection for the Sierra Club.

(Editing by John Picinich)

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**Pelosi indicates openness to offshore drilling vote**

The Hill, August 11, 2008; <http://thehill.com/leading-the-news/pelosi-indicates-openness-to-offshore-drilling-vote-2008-08-11.html>

By Mike Soraghan

House Speaker Nancy Pelosi on Monday night dropped her staunch opposition to a vote on offshore oil drilling in the House.

Republicans, reacting to high gas prices, have demanded a vote on additional oil exploration in the Outer Continental Shelf, where drilling is currently blocked by a moratorium. Until now, Pelosi (D-Calif.) has resisted the idea as a "hoax." But in an interview on CNN's Larry King Live, she indicated that she was open to a vote.

"They have this thing that says drill offshore in the protected areas," Pelosi said. "We can do that. We can have a vote on that."

She indicated such a vote would have to be part of a larger package that included other policies, like releasing oil from the Strategic Petroleum Reserve, which she said could bring down prices in a matter of days.

"But it has to be part of something that says we want to bring immediate relief to the public and is not just a hoax on them," Pelosi continued.

She even indicated that she might support a package that includes drilling. She said her decision on whether to support such legislation would depend on how the policies are packaged.

"It's not excluded, let's put it that way," Pelosi said.

In a year in which Republicans expected to take a beating at the polls, their support for drilling in protected areas has been a sudden bright spot. They have relentlessly demanded a vote on drilling as Democrats rearranged House business to avoid such a vote.

But the pressure has only grown. Republicans demanded a drilling vote before the House went home for the summer recess, and when that didn't happen, some stayed behind in the chamber to protest.

A bipartisan group in the Senate came up with a plan that would include drilling, and Democratic presidential contender Sen. Barack Obama (D-Ill.) has said he's "willing to consider" it.

And Democrats realize that it will be difficult to end their legislative year in September without a vote because the offshore drilling moratorium must be renewed every year.

Pelosi had previously said she would allow a vote on drilling and then backed off. On July 30, the last day Congress was in before the August recess, she was interviewed by the Capitol Hill press corps. She was asked if she could envision a vote on drilling in new areas this year, and she answered, "Of course."

But her aides later released a statement saying she was not announcing a change in her stance on a drilling vote.

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