

CHAMBER OF COMMERCE
OF THE
UNITED STATES OF AMERICA

R. BRUCE JOSTEN
EXECUTIVE VICE PRESIDENT
GOVERNMENT AFFAIRS

1615 H STREET, N.W.
WASHINGTON, D.C. 20062-2000
202/463-5310

June 26, 2013

TO THE MEMBERS OF THE U.S. HOUSE OF REPRESENTATIVES:

The U.S. Chamber of Commerce, the world's largest business federation representing the interests of more than three million businesses of all sizes, sectors, and regions, as well as state and local chambers and industry associations, and dedicated to promoting, protecting, and defending America's free enterprise system, supports H.R. 1613, the "Outer Continental Shelf Transboundary Hydrocarbon Agreements Authorization Act" and H.R. 2231, the "Offshore Energy and Jobs Act."

America's unconventional oil and natural gas boom has profoundly improved America's energy security, while also creating millions of jobs and generating hundreds of billions of dollars in economic activity. Since 2008, domestic oil production has increased by nearly 50 percent and domestic natural gas production has increased by 25 percent – almost exclusively due to shale production. Last month, the Energy Information Administration announced another production milestone had been reached with domestic crude oil production outstripping imports for the first time since 1997.

While these statistics all demonstrate the U.S. is truly an energy superpower, there is much more Congress can do to mitigate energy security risks. Although the U.S. is producing more oil than any time in the past 21 years, it still imports half of the crude oil Americans consume. Shale production, predominantly on private and state lands, is expected to continue to increase domestic oil and natural gas production for years to come, but the barriers that prevent production on federal lands from increasing need to be removed. H.R. 1613 and H.R. 2231 would make important changes that would increase production in federal waters, which would further reduce imports while also creating jobs and economic activity at home.

H.R. 1613 would allow for implementation of the U.S.-Mexico Transboundary Hydrocarbon Reservoirs Agreement that Secretary of State Clinton signed last year. This agreement provides the framework governing the safe development of energy resources which will benefit both nations through greater energy security, job creation, and economic growth. Enactment of this bill will provide the necessary certainty for U.S. companies to invest in the development of energy resources that extend across the maritime border with Mexico, and foster collaborative development with the Mexican national oil company, PEMEX.

H.R. 1613 also exempts energy development under this agreement from reporting requirements mandated by §13(q) of the *Exchange Act*. In promulgating this requirement, the Securities and Exchange Commission (SEC) refused to provide any common sense exemptions or take conflicting laws of other nations into account. As a result, this rule is the most costly in the SEC's history and is currently the subject of a federal lawsuit.

The U.S. Outer Continental Shelf (OCS) represents one of America's single largest energy resources. However, a combination of actions by Congress and multiple administrations of both parties have kept these resources in the ground in favor of imported energy. Under DOI's current 2012-2017 OCS Oil and Gas Leasing Program, more than 86 percent of America's OCS is off limits.

H.R. 2231 would expand access to areas that have been off limits for decades, including the explicit inclusion of Lease Sale 220 adjacent to Virginia, and establish oil and natural gas production targets for DOI to follow when formulating leasing programs. This bill would also require DOI to issue a new Leasing Program consistent with this direction. Additionally, the *Offshore Energy and Jobs Act* would provide a share of the revenue the Federal government generates from offshore development with the adjacent coastal states. While interior states that host energy development on federal lands share 50 percent of the royalties collected, coastal states receive virtually nothing despite supporting the production of a large share of America's energy.

The U.S. is blessed with a bounty of energy resources, but current policies presume the opposite and act as barriers to securing America's energy future as well as to realizing the tremendous economic benefits energy production brings.

The U.S. Chamber of Commerce strongly supports H.R. 1613 and H.R. 2231. **The Chamber will consider including votes on, or in relation to these bills in our annual *How They Voted* scorecard.**

Sincerely,

A handwritten signature in black ink, appearing to read "R. Bruce Josten", written in a cursive style.

R. Bruce Josten