

**HARNESSING AMERICAN
RESOURCES TO CREATE JOBS
AND ADDRESS RISING GASOLINE
PRICES: IMPACTS ON SENIORS,
WORKING FAMILIES AND
MEMORIAL DAY VACATIONS**

OVERSIGHT HEARING

BEFORE THE

COMMITTEE ON NATURAL RESOURCES
U.S. HOUSE OF REPRESENTATIVES

ONE HUNDRED TWELFTH CONGRESS

FIRST SESSION

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**OVERSIGHT HEARING ON “HARNESSING
AMERICAN RESOURCES TO CREATE JOBS
AND ADDRESS RISING GASOLINE PRICES:
IMPACTS ON SENIORS, WORKING FAMILIES
AND MEMORIAL DAY VACATIONS.”**

**Wednesday, May 25, 2011
U.S. House of Representatives
Committee on Natural Resources
Washington, D.C.**

The Committee met, pursuant to call, at 10:11 a.m. in Room 1324, Longworth House Office Building, Hon. Doug Lamborn [Acting Chairman of the Committee] presiding.

Present: Representatives Lamborn, Gohmert, Bishop, Wittman, Fleming, Coffman, McClintock, Rivera, Duncan, Tipton, Southerland, Flores, Harris, Landry, Runyan, Johnson, Markey, DeFazio, Bordallo, Luján, and Garamendi.

The CHAIRMAN. Now for purposes of an oversight hearing, the Committee will come to order. The Chairman notes the presence of a quorum, which under Rule 3[e] is two Members. The Committee on Natural Resources is meeting today to hear testimony on “Harnessing American Resources to Create Jobs and Address Rising Gasoline Prices: The Impacts on Seniors, Working Families and Memorial Day Vacations.” Under Committee Rule 4[f], opening statements are limited to the Chairman and Ranking Member. However, I ask unanimous consent to include any other Members’ opening statements in the hearing record if submitted to the Clerk by close of business today. Hearing no objection, so ordered. And now I recognize myself for five minutes.

**STATEMENT OF HON. DOUG LAMBORN, A REPRESENTATIVE IN
CONGRESS FROM THE STATE OF COLORADO**

The CHAIRMAN. The national average price of gasoline continues to hover near \$4 per gallon, causing even greater financial pain as the summer driving season begins. This weekend families across the country will be celebrating Memorial Day, a holiday that is frequently marked by loading up the car and taking an extended weekend trip to the beach, a national park, or perhaps a trip to the grandparents’ house for a barbecue.

This year, however, more Americans will be staying home due to rising and escalating gasoline prices. According to the AAA, 40 percent of Americans said that high gasoline prices will impact their Memorial Day vacation plans. This decline in travel has ripple effects throughout the entire economy. Hotels, restaurants, recreational facilities, marinas, and other service industries will all feel the impact of fewer vacationers.

Unfortunately, annual family vacations are not the only tradeoff having to be made due to rising gasoline prices. Seniors are often hit the hardest, since even a slight increase in prices can seriously

squeeze those who are living on an already tight fixed income. According to the Associated Press, over 76 percent of seniors are experiencing financial hardship over gasoline prices, up from 68 percent just in March.

The AP also reported how some seniors are cutting back on medicine in order to fill up their cars. For example, Nettie Cash from Georgia is forgoing her inhaler and ulcer medicine in order to pay for gasoline. These are simply choices that Americans shouldn't have to make, not in a nation holding the most resources of any in the world. This is the third hearing the Natural Resources Committee has held examining the impacts of high gasoline prices and how we can harness our own American energy resources to help ease the pain at the pump.

We have heard from expert witnesses about America's vast energy supplies, and it frankly makes no sense that there are policies in place enforced by the Obama Administration that keep them under lock and key. The International Energy Agency last week called for increased oil production to prevent further economic damage to importing countries, which includes the United States. There is no reason why we shouldn't already be increasing production. We need a long-term plan to significantly increase our domestic oil and natural gas supplies.

I am pleased that the House has already passed three bipartisan bills to do just that, to increase domestic production. It is time for the President and the Senate to step up to the plate and do likewise. In a recent weekly address, President Obama appeared to be finally supporting the need for increased oil production as part of a solution to high gasoline prices. Indeed, his speech was a far cry from 2008 when then-candidate Obama said "If I thought that by drilling offshore we could solve our problem, I would do it."

Now if President Obama has truly flipped positions, then I welcome his steps in the right direction, even if they are only small steps. However, I am not convinced that we have heard anything more from the President than just more rhetoric, although I hope I am wrong on that score. It is one thing to say we need increased oil production, and it is quite another to actually implement policies and issue the permits that allow for increased production.

It is my hope that both the Senate and the President will support our efforts in the House to allow for new drilling off the Atlantic and Pacific coasts where we have the most oil and natural gas resources. Doing so will dramatically increase U.S. production, reduce imports by one-third, and create up to 1.2 million American jobs long term. Regardless of the latest price of gasoline, we have a fundamental need to develop our own American energy resources. It has been put off for far too long, thus jeopardizing both our economy and our national security. I want to thank all our witnesses for being here today and I look forward to hearing your testimony.

[The prepared statement of Mr. Lamborn follows:]

**Statement of The Honorable Doug Lamborn, Chairman,
Subcommittee on Energy and Mineral Resources**

The national average price of gasoline continues to hover near \$4 per gallon, causing even greater financial pain as the summer driving season begins. This weekend, families across the country will be celebrating Memorial Day—a holiday that's frequently marked by loading up the car and taking an extended weekend trip to the

beach, a national park, or perhaps a trip to the grandparents' house for an outdoor barbeque. This year however, more Americans will be staying home due to escalating gasoline prices.

According to AAA, 40 percent of Americans said that high gasoline prices will impact their Memorial Day vacation plans. This decline in travel has ripple effects throughout the entire economy. Hotels, restaurants, recreational facilities, marinas, and other service industries will all feel the impact of fewer vacationers.

Unfortunately, annual family vacations are not the only trade-off having to be made due to rising gasoline prices. Seniors are often hit the hardest since as even a slight increase in prices can seriously squeeze those living on an already tight, fixed income.

According to the Associated Press, over 76 percent of seniors are experiencing financial hardship over gasoline prices —up from 68 percent in March.

The AP also reported how some seniors are cutting back on medicine in order to fill up their cars. For example, Netti Cash from Georgia is forgoing her inhaler and ulcer medicine in order to pay for gasoline.

These are simply choices that Americans shouldn't have to make, not in a nation holding the most resources of any in the world.

This is the third hearing the Natural Resources Committee has held examining the impacts of high gasoline prices and how we can harness our own American energy resources to help ease the pain at the pump.

We've heard from expert witnesses about America's vast energy supplies and it frankly makes no sense that there are policies in place, enforced by the Obama Administration, that keep them under lock-and-key.

The International Energy Agency last week called for increased oil production to prevent further economic damage to importing countries—which includes the United States. There's no reason why we shouldn't already be increasing production. We need a long-term plan to significantly increase our domestic oil and natural gas supplies.

I'm pleased that the House has already passed three bipartisan bills to do just that. It's time for the President and the Senate to step up to the plate and do likewise.

In a recent weekly address, President Obama appeared to be finally supporting the need for increased oil production as part of a solution to high gasoline prices. Indeed, his speech was a far cry from 2008 when then-candidate Obama said, "If I thought that by drilling offshore, we could solve our problem, I'd do it."

If President Obama has truly flipped positions, than I welcome his small steps in the right direction. However, I'm not convinced we've heard anything more from the President than just more rhetoric. It's one thing to say we need increased oil production and it's quite another to actually implement policies and issue the permits that allow for increased production.

It's my hope that both the Senate and the President will support our efforts in the House to allow for new drilling off the Atlantic and Pacific coasts where we have the most oil and natural gas resources. Doing so will dramatically increase U.S. production, reduce imports by one-third and create up to 1.2 million American jobs long-term.

Regardless of whether gasoline prices are up or down, it does not change the fundamental need to develop our own American energy resources. It's been put off for far too long—jeopardizing both our economic and national security.

I want to thank all the witnesses for being here today and look forward to hearing your testimony.

The CHAIRMAN. Now I recognize the Ranking Member for five minutes for his opening statement.

STATEMENT OF HON. EDWARD J. MARKEY, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MASSACHUSETTS

Mr. MARKEY. Thank you, Mr. Chairman, very much. Our economy is finally starting to pick up speed, but high gas prices have the potential to hit the brakes on our recovery. Economists have a general rule of thumb that each \$10 increase in the price of a barrel of oil reduces the growth rate of the economy by two-tenths to three-tenths of a percentage point. A recent University of California San Diego analysis concluded that all but one of the

eleven post-World War II recessions were associated with an increase in oil.

If American consumers have to dig deeper into their wallets to pay for gas, we could be in for a double-dip recession. American families and businesses want real solutions, not bumper sticker slogans. They want lower prices, more choices, and a reduced dependence on foreign oil. The Republican claim that more drilling will lower prices has proven to be a myth. In fact, U.S. oil production is currently at its highest level since 2003.

The average national price for a gallon of regular gasoline the week before Memorial Day in 2003 was \$1.44. It is now \$3.85. But the Republican plan is to drill off our beaches and in our most pristine wildlife refuges. According to the Energy Information Administration, Republicans plan to put rigs off of Cape Cod in Massachusetts, off of the Outer Banks in North Carolina, and off of California; and that would reduce gas prices by only 3 cents per gallon in the year 2030.

And drilling in the Arctic National Wildlife Refuge, the crown jewel of our refuge system, will reduce gas prices by about 2 cents over that same time period. That means that the totality of the Republican "Drill, Baby, Drill" plan could save consumers a total of \$14 per year at the pump when it is fully implemented, all while risking our tourism, fishing, and other industries that are vital to the economies of our coastal states. And even while getting that 5 cents a gallon savings, that \$14 a year is completely reliant upon the naïve hope that somehow Saudi Arabia, Kuwait, and the rest of OPEC will refrain from curtailing their production in order to keep prices high.

The Republican plan is a one-note song and it isn't even a one-hit wonder. Let us look at the Democratic proposals in 2007. The Democratic Congress passed the first fuel economy increases in 32 years, and President Obama has now accelerated those standards. With just this one improvement, the average driver is going to save nearly \$400 a year, that is \$400 less to the oil companies, \$400 more toward books for their kids, medicine for their health, and savings for retirement. The Obama Administration is also pushing to go farther with new fuel efficiency standards so Americans can go farther on each tank of gas.

The Administration has announced the plan to continue raising efficiency standards, which could save consumers an additional \$450 every year at the pump. And those savings for consumers don't even include the impact of electric vehicles and other alternative fuel vehicles that will offer consumers choice and break oil companies' monopolies on our economy. If you can go the same distance on \$4 of gasoline or 75 cents of electricity, what do you think consumers will opt for? And in legislation which the Republicans have already passed this year, they want to tie the hands of the EPA and their ability to be able to improve those fuel efficiency standards.

So even though we know this is a central area where we can make tremendous progress, the Republicans have already passed legislation that will tie the hands of EPA to increase those fuel economy standards. They are doing the same thing with the Commodities Futures Trading Commission, trying to cut their

budget, even as we know according to Goldman Sachs that upwards of \$20 of the increase in the price of a barrel of oil is related to speculation.

The Republicans are trying to cut the cops on the beat that will be policing this commodities marketplace where the New York Mercantile Exchange has turned into a crude oil casino. We can't take the cops off the beat. We have to have those speculation cops on the beat. The Republicans cut that budget, and they cut the budget to increase the fuel economy standards for the vehicles we drive. It is just the wrong policy for our country. I yield back the balance of my time.

The CHAIRMAN. OK, thank you. We will now hear from our witnesses. And I would like to invite Deneen Borelli from the National Center for Public Policy Research, Project 21, to the table, Jim Martin of 60 Plus Association, Pam Anderson, the Operations Manager of Captain Anderson's Marina, and Drew Sloan, a Fellow at the Truman National Security Project.

Now like all witnesses your written testimony will appear in full in the hearing testimony record, so I ask that you keep your oral statements to five minutes as outlined in the invitation letter you received. Our microphones are not automatic, you will have to push the button to activate them. And the timing lights work such that in the last minute the light goes yellow and turns red when your testimony needs to be completed. At this point, Ms. Borelli, I would ask that you begin. Thank you for being here.

[The prepared statement of Mr. Markey follows:]

**Statement of The Honorable Edward J. Markey, Ranking Member,
Committee on Natural Resources**

Our economy is finally starting to pick up speed, but high gas prices have the potential to hit the brakes on our recovery.

Economists have a general rule of thumb that each \$10 increase in the price of a barrel of oil reduces the growth rate of the economy by 0.2 to 0.3 percentage points. A recent UC San Diego analysis concluded that "all but one of the 11 post-war recessions were associated with an increase in the price of oil."

If American consumers have to dip deeper into their wallets to pay for gas, we could be in for a double-dip recession.

American families and businesses want real solutions not bumper sticker slogans. They want lower prices, more choices, and a reduced dependence on foreign oil.

The Republican claim that more drilling will lower prices has proven to be a myth. In fact, U.S. oil production is currently at its highest levels since 2003. The average national price for a gallon of regular gasoline the week before Memorial Day in 2003 was \$1.44. It is now \$3.85.

But the Republican plan is still to drill more. It is to drill off our beaches and in our most pristine wildlife refuges.

According to the Energy Information Administration, the Republican plan to put drill rigs off of Cape Cod in Massachusetts, off of the Outer Banks in North Carolina and off of California would reduce gas prices by ONLY 3 cents per gallon in the year 2030.

And drilling in the Arctic National Wildlife Refuge—the crown jewel of our refuge system—will reduce gas prices by about 2 cents over the same time period.

That means that the totality of the Republican drill, baby, drill plan could save consumers a total of \$14 per year at the pump when it is fully implemented. All while risking our tourism, fishing and other industries that are vital to the economies of our coastal states. And even getting that 5 cents a gallon savings—that \$14 bucks a year, is completely reliant on the naïve hope that somehow Saudi Arabia, Kuwait, and the rest of OPEC will refrain from curtailing their production in order to keep prices high.

The Republican plan is a one-note song, and it isn't even a one-hit wonder.

Now let's look at the Democratic proposals. In 2007, the Democratic Congress passed the first fuel economy increases in 32 years and President Obama has now accelerated those standards.

With just this one improvement, the average driver is going to save nearly \$400 a year. That's \$400 less to the oil companies, and \$400 more towards books for their kids, medicine for their health, and savings for retirement.

The Obama administration is also pushing to go farther with new fuel efficiency standards so Americans can go farther on each tank of gas. The administration has announced a plan to continue raising efficiency standards, which could save consumers an additional \$450 every year at the pump.

And those savings for consumers don't even include the impact of electric vehicles and other alternative-fueled vehicles that will offer consumers choice and break oil's monopoly on our economy. If you can go the same distance on \$4 of gasoline or 75 cents of electricity, what do you think consumers will opt for?

Democrats have also passed financial reform legislation that would finally crack down on the speculators who are driving the price of oil up.

Speculators have turned Wall Street into a crude oil casino. Goldman Sachs has said that speculation in the marketplace has contributed to \$20 or more per barrel of oil. That means there is a roughly 33 cent speculation tax added onto every gallon of gas.

Getting rid of this speculation tax could save consumers another \$145 dollars this year.

But what has been the Majority's response? The Majority has authored legislation that would jeopardize new fuel efficiency improvements by unilaterally disarming the EPA. The Republican majority has voted to cut the budget to the Commodities Future Trading Commission and take the speculation cops off the beat. And the Majority has cut the budget for alternatives to oil by 70 percent while leaving in place billions of dollars in tax breaks for oil companies.

So in total, the Democratic plan could save consumers about \$1,000 a year at the pump, compared with the Republican plan, which could save consumers \$14 dollars.

As we head into the summer driving season with prices once again rising, it is time we start talking about solutions that will really save consumers money—increasing fuel economy and ending speculation—and stop talking about giveaways to oil companies.

I look forward to hearing the testimony of the witnesses today on these important pocketbook issues to all Americans.

**STATEMENT OF DENEEN BORELLI, PROJECT 21 FELLOW,
NATIONAL CENTER FOR PUBLIC POLICY RESEARCH**

Ms. BORELLI. Thank you very much for this opportunity to testify today. My name is Deneen Borelli, I am a full-time Fellow with Project 21, Freedom Works Fellow, and a Daily Caller columnist. Sadly, our country's natural resources are under assault by environmentalists, business interests, and progressive politicians. Their plan is to raise the price of fossil fuels to make renewable energy economically competitive. This is a bad plan for our economy, jobs, and hardworking Americans.

Affordable energy is the lifeblood of our economy and a primary driver of the quality of life for all Americans. Many Americans are facing significant financial difficulties due to soaring energy costs and rising food prices. A USA Today Gallup poll found that 7 in 10 Americans said high gasoline prices are bringing about financial hardships. Lower income families are hardest hit by soaring energy prices. A recent study concluded that lower income households are paying nearly a quarter of their income for energy costs.

High energy prices are now reverberating throughout our economy. WalMart, the nation's largest retailer, and Lowes, a home improvement chain, cited higher gasoline prices as a cause of disappointing sales. Tragically, President Obama's energy policy is contributing to the economic pain. Instead of having a policy that takes advantage of our abundant supply of domestic natural re-

sources, oil, coal, and natural, gas, which currently provide about 85 percent of our energy needs, the President is waging a war on fossil fuels.

The President's energy policy is to discourage the use of fossil fuels through regulations that raise the cost of their use and to reduce supply by blocking development of our natural resources. President Obama needs soaring fossil fuel prices to make renewable energy costs competitive. This would be to meet his goal of generating 80 percent of electricity from clean energy by 2035. It is a command and control energy policy where the Federal Government takes an active role in picking winners and losers in the energy sector.

Disturbingly, this dual strategy will indeed make energy prices skyrocket while stifling economic growth and driving jobs overseas. The winners in President Obama's energy policy are the well connected corporate and social elite, while the losers are the hardworking Americans. It is a wealth transfer mechanism from hardworking Americans to the pockets of corporate heads and billionaire investors who want to profit from renewable energy. The President's hostility toward fossil fuels is well documented.

While running for President, then Senator Obama said his cap and trade energy policy would make electricity rates skyrocket. After cap and trade failed in the Senate, President Obama merely shifted gears to assert his anti-fossil fuel agenda by allowing the EPA to regulate greenhouse gas emissions under the Clean Air Act. Following the deep water drilling moratorium in the Gulf of Mexico, the approval process for drilling permits has been extremely slow.

According to the Energy Information Administration the decrease in domestic production this year was estimated at 200,000 barrels per day. And as a result of the uncertainty surrounding the drilling approvals, seven deep water rigs have left the Gulf of Mexico and with them a number of high paying jobs. To lower energy costs, grow our economy, and become energy independent, we need new policies that will encourage the development of our own natural resources. According to the Congressional Research Service, the U.S. has more than an abundant supply of fossil fuels than any other country. For example, the U.S. has an estimated 163 billion barrels of recoverable oil.

Importantly, the American people support development of our natural resources. According to Rasmussen Reports, 67 percent now support offshore drilling. There is something terribly wrong when the corporate and social elite can use the power of government to advance their narrow interests while harming the standard of living of hardworking Americans, denying us our right to life, liberty, and the pursuit of happiness. The powerful few should not block the will of the people. Thank you.

[The prepared statement of Ms. Borelli follows:]

**Statement of Deneen Borelli, Project 21 Fellow,
National Center for Public Policy Research**

Thank you for the opportunity to testify today.
My name is Deneen Borelli. I'm a full-time Fellow with Project 21, a black conservative public policy group; a Fellow with FreedomWorks and a Daily Caller col-

umnist. In my work I promote the importance of limited government and personal responsibility as the key to personal success and social advancement.

Sadly, our country's natural resources are under assault by environmentalists, business interests and progressive politicians. Their plan is to raise the price of fossil fuels to make renewable energy sources more economically competitive.

This is a bad plan for our economy, jobs and hardworking Americans.

Affordable energy is the life blood of our economy and, consequently, a primary driver of the quality of life for all Americans.

Today many Americans are facing significant financial difficulties due to soaring energy costs. Skyrocketing gasoline prices are especially burdensome for hardworking American families whose budgets are also being squeezed from rising food prices.

According to AAA's Fuel Gauge Survey, the national average of self-serve regular gasoline is about \$3.886—that is about double the price per gallon at \$1.838 when President Obama was sworn into office.

Recent public opinion polls and news stories have documented the impact of rising energy prices on Americans. A recent *USA Today*/Gallup Poll found 7 in 10 Americans said high gasoline prices are bringing about financial hardships for them and just over 20 percent said their standard of living is in danger because of the higher prices at the pump.

A *Washington Post*/ABC poll in April also found that 7 in 10 said their families were suffering financial hardships because of high gasoline prices.

Naturally, middle- and lower-income families are hardest hit by soaring energy prices. A study prepared by Eugene M. Trisko, Esquire, on behalf of the American Coalition of Clean Coal Electricity concluded that:

- Lower-income households are paying nearly a quarter of their income for energy costs. The 27 million lower-income households earning between \$10,000 and \$30,000, representing 23% of U.S. households, will allocate 23% of their 2011 after-tax income to energy, more than twice the national average of 11%.
- Household gasoline costs have more than doubled in the past ten years, from an average of \$1,680 in 2001 to a projected \$3,601 in 2011. Increased gasoline costs account for 75% of the \$2,562 average household energy cost increase since 2001.
- Minority households are disproportionately impacted by higher energy costs. In 2009, 62% of Hispanic households and 67% of black households had average annual incomes below \$50,000, compared with 46% of white households and 39% of Asian households. Energy costs represent a much larger fraction of disposable income for households earning less than \$50,000 than for wealthier families. Due to these income inequalities, the burdens of energy price increases are imposed disproportionately on black and Hispanic households.

CNNMoney recently reported that the average American household spent about \$368 on fuel in April. That amount is more than twice than what U.S. households spent two years ago and it represents about 9 percent of their total monthly income.

The sobering poll and economic data predicted from high energy prices referenced above is now reverberating through our economy. Wal-Mart, the nation's largest retailer, and Lowe's, a home improvement chain, cited higher gasoline prices as the cause of disappointing sales. Both companies said consumer traffic was down in their stores.

Big retailers are not the only causality of high gas prices. According to a poll by DollarDays.com, a wholesale distributor, more than 64 percent of small business owners attribute high gas prices to a drop in revenue and more than 25 percent are concerned they will have to lay off workers if prices stay high.

The impact of high gas prices on disposable income was summarized by an economist for the National Federation of Independent Businesses, "If all your customers are paying \$50 for a tank of gas that they used to pay \$25 for, somebody is not getting that \$25."

With unemployment hovering at 9 percent and economic growth sluggish, our country can't afford to have the high costs of energy put our economy in reverse.

Tragically, President Obama's energy policy is contributing to the economic pain being experienced by hardworking American families. Instead of having a policy that would take advantage of our abundant supply of domestic natural resources—coal, oil and natural gas, which currently provide about eighty-five percent of our energy needs—the President is waging a war on fossil fuels.

The President's energy policy is to discourage the use of fossil fuels through regulations that raise the cost of their use and to reduce supply by blocking natural resource exploration and extraction.

Disturbingly, this duel strategy will indeed make energy prices “skyrocket” while stifling economic growth, driving jobs overseas.

By forcing the cost of traditional forms of energy higher, President Obama wants to make renewable energy sources cost competitive. It’s a command-and-control energy policy where the federal government takes an active role in picking energy winners and losers.

Instead of adopting an energy policy that takes advantage of the reliability, affordability and availability of fossil fuel based energy, the President is advancing a renewable energy strategy that includes generating 80 percent of electricity from clean energy sources by 2035.

The winners in President Obama’s energy policy are the well-connected corporate and social elite while the losers are the hardworking Americans who will have to suffer the economic consequences of higher energy prices, slower economic growth and jobs moving overseas.

It’s fundamentally a wealth transfer mechanism from the middle- and lower-income households to the pockets of corporate heads and billionaire investors who want to profit from renewable energy.

The President’s hostility toward fossil fuels is well documented.

While running for President, then-Senator Obama said his cap-and-trade energy policy would make electricity prices “necessarily skyrocket” and it would “bankrupt” power plants that use coal as an energy source.

The goal of higher energy prices is also shared by Energy Secretary Steven Chu. In 2008, Secretary Chu said, “Somehow we have to figure out how to boost the price of gasoline to the levels in Europe.”

After cap-and-trade failed to pass in the Senate, President Obama merely shifted gears to reassert his anti-fossil fuel agenda through the executive branch. In an interview with *Rolling Stone Magazine* last September, President Obama said, “One of my top priorities next year is to have an energy policy that begins to address all facets of our overreliance on fossil fuels. We may end up having to do it in chunks, as opposed to some sort of comprehensive omnibus legislation.”

Delivering on his promise to execute his agenda in “chunks,” President Obama is wielding his executive powers to discourage the use of fossil fuels by allowing the EPA to regulate greenhouse gas emissions under the Clean Air Act.

By cracking down on emissions such as carbon dioxide, which is released when fossil fuels are burned, EPA regulations would raise the price of energy with a particularly devastating effect on coal-fired electricity generation. Coal is a cheap and abundant natural resource that currently provides about half of our country’s electricity.

The Obama Administration is also impeding the ability of energy companies to develop our country’s natural resources.

Following the deepwater drilling moratorium in the Gulf of Mexico, the approval process for drilling permits has been extremely slow. It took four months for the first drilling permit to be approved following the end of the moratorium and the rate of approvals remains unacceptably slow.

The reduction in oil production as a result of the Obama Administration cracking down on drilling permits is significant. According to the Energy Information Administration, the decrease in domestic production this year was estimated to be about 200,000 barrels per day and that production falloff is expected to continue through 2012.

As a result of the uncertainty surrounding the drilling approvals, seven deepwater rigs have left the Gulf of Mexico and with them a number of high paying jobs.

The Obama Administration’s assault on oil drilling is not restricted to the Gulf of Mexico. The EPA recently refused to issue air permits to allow Shell Oil Company to continue with an exploration project off the northern coast of Alaska. The company has spent about \$4 billion in leases and exploration costs in an effort to produce an estimated 27 billion barrels of oil.

The EPA’s hostility towards fossil fuel development is not restricted to oil production. The agency’s approval of coal mining permits is extremely slow, and, in unprecedented action, the EPA revoked a mining permit for Arch Coal after it had been issued. The company said the EPA’s action would block an estimated \$250 million investment in the project that would have created 250 jobs.

Unfortunately, President Obama’s dislike of fossil fuels is restricted only to our country. While in Brazil in March, Obama promoted an offshore drilling project in Brazil for which, he said, the U.S. would “. . . be one of your best customers” and “. . . the United States could not be happier with the potential for a new, stable source of energy.”

Clearly, “We the People” would be much happier if our President would allow us to have the same opportunity to develop the natural resources in the U.S. and not in Brazil.

To lower energy costs for all Americans, grow our economy and become energy independent, we need a new energy policy that will encourage the development of our own natural resources.

According to the Congressional Research Service (CRS), the U.S. has more abundant sources of fossil fuels than any other country. The CRS reported:

- The U.S. has an estimated 163 billion barrels of recoverable oil.
- The U.S. has an estimated 2,047 trillion cubic feet of natural gas.
- The U.S. has an estimated 262 billion short tons of coal.

A study by Wood Mackenzie estimated the economic impact of giving the energy industry access to U.S. oil and natural gas resources that are currently unavailable. The study estimated that the industry would create 530,000 jobs and provide \$150 billion in revenue (tax, royalty and other sources) to the government by 2025.

Just imagine the amount of economic growth that could be generated if the federal government had an energy policy that allowed industry to develop the stunning amount of natural resources cited in the CRS study.

Importantly, the American people support development of our natural resources.

According to Rasmussen Reports:

- 50 percent of adults believe the United States should produce more domestic oil by allowing drilling in the Arctic National Wildlife Refuge (ANWR);
- 67 percent now support offshore oil drilling, the highest level of support since the BP leak erupted in the Gulf of Mexico and;
- 76 percent of voters say the United States doesn’t do enough to develop its own gas and oil resources.

Clearly, President Obama’s anti-fossil fuel energy policy is on a collision course with the attitudes of the majority of Americans.

The President needs to shake loose from the corporate and environmental activist special interest groups that have influenced his policy and reverse course and adopt a pro-growth energy strategy.

There is something terribly wrong when the corporate and social elite can use the power of government to advance their narrow interests while harming the standard of living of hardworking Americans, denying us our right to “life, liberty and the pursuit of happiness.”

Seventy-six percent of voters believe the U.S. is not doing enough to develop our own natural resources. The powerful few should not block the will of the people.

The CHAIRMAN. OK, and thank you. Mr. Martin, thanks for being here and you may give your testimony.

**STATEMENT OF JAMES MARTIN, CHAIRMAN,
THE 60 PLUS ASSOCIATION**

Mr. MARTIN. Thank you, Mr. Chairman. I have submitted a statement for the record, so I would like to make a few observations. 60 Plus is a nonprofit organization. We present awards to Democrats and Republicans alike, and we call on about 7 million seniors for support. You know, it seems like yesterday I came here, actually 49 years ago in 1962, as a reporter covering Congress, so long ago that Neil Armstrong had not yet walked on the moon, Jack Kennedy was in the White House, Strom Thurmond was still a Democrat, Thurmond was even the junior Senator from South Carolina.

Yes, I covered that tragic moment in our nation’s history, the assassination of John Fitzgerald Kennedy, such a youthful and inspiring figure. In even earlier days, I pumped gas at our family station. Price wars fluctuated between 13.9 and 19.9 cents, those numbers never going above the 20 cents per gallon barrier it seems. Fast forward to the 21st Century and our energy crisis. Our country has moved from the Carter years of 35 percent dependency on foreign imports to more like 65 percent.

I have testified before Congress on two other occasions, stressing the harsh economic impact of high energy costs on senior citizens, many of whom are hard pressed to make ends meet. And I have called for LIHEAP funding for these seniors. But because of our dangerous dependence now on these foreign imports this adds another element, a clear and present danger to our national security.

When will it stop? We must find a way to reconcile environmental concerns with the need to develop domestic resources. I believe that while all forms of energy must be developed, first and foremost we must allow domestic exploration onshore and offshore. While renewables wind and solar have been subsidized for years, they only produce less than 3 percent of our energy. They are years and years away from replacing or catching up to the 60 percent or more provided by oil, gas, and coal.

Senior citizens can't wait, quite frankly, too many more years. 60 Plus seniors have testified at hearings in Atlantic City twice, Virginia Beach, Tallahassee, Florida, pleading for development of domestic resources to ease their burden. And many seniors note that opponents to domestic drilling usually state it takes "ten years" to bring product to market. Well it has been about 15 or 16 years since that argument was made in the mid 1990s, so we would now have about 5 or 6 years of usable product.

I will close on a personal note. I was born in Kentucky and my dad was in the coal business. Yes, he dug coal for a living. I vividly recollect the sight and smell of his carbide lantern many mornings as he left before dawn for the coal mine. As a little boy, I was fascinated by the black patch my father wore over his right eye, a dashing, figure, it brought to mind the Terry and the Pirates comic strip, until I learned that he lost his eye in a dynamite blast deep in a mine shaft.

My father's industry way back then, it is nearly unrecognizable today. Now we have sounder technologies that help diminish environmental risk. 60 Plus is a member of the Affordable Power Lights, consisting of the Congress of Racial Equality, the National Black Chamber of Commerce, and two minority-run religious groups. This coalition works to ensure access to affordable energy for the working poor, minorities, and the elderly, all of whom are hit especially hard by high gas prices. 60 Plus is also a member of the Consumer Energy Alliance.

In summary we need more sources of domestic energy. Senior citizens and all Americans will benefit. I also bring greetings from our Honorary Chairman, Congressman Roger Zion, now 89 years young living in Evansville, Indiana, with his wife of 65 years Marjorie, and also our National Spokesman, legendary artist Pat Boone. And I would also point out that somebody has commented the bottom line is not "Drill, Baby, Drill," I hear that often, but someone else has said, let us stop dreaming, start drilling, the time is short, we need to move on with it. Thank you for your time.

[The prepared statement of Mr. Martin follows:]

**Statement of James L. Martin, Chairman,
The 60 Plus Association,¹ Alexandria Virginia**

Dear Chairman Hastings and Ranking Minority Leader Markey:

The 60 Plus Association, which represents over seven million senior activists, commends you for your commitment to America and her seniors, and for convening this important hearing focusing on the high prices of gas and its impact on seniors, minorities, and the tourism industry.

The 60 Plus Association stands for free enterprise, less government and fewer taxes for seniors, and neither takes nor seeks federal grant money. As senior activists, we at 60 Plus are pleased to weigh-in on whatever our supporters tell us is on their minds. They care deeply about Medicare and Social Security reform, repealing the death tax, out-of-control government spending, rising taxes, and jobs. . .but I must say that lately, I'm hearing more and more about their concerns over the adverse impact rising costs of energy has made on their lives. And so, 60 Plus is involved.

60 Plus is also, proudly, a Member of the Affordable Power Alliance, consisting of the Congress of Racial Equality (with National Spokesperson Niger Innis), the Black Chamber of Commerce (along with its President, Harry C. Alford), and two minority-run religious groups—the High Impact Leadership Coalition (led by Bishop Harry R. Jackson Jr.) and the National Hispanic Christian Leadership Conference (with its President, Reverend Samuel Rodriguez). This coalition works to ensure access to affordable energy for the working poor, minorities and the elderly; all of whom are hit especially hard by high gas prices.

60 Plus is equally proud to be a member of the Consumer Energy Alliance led by President David Holt, which was formed to help support the thoughtful utilization of all domestic energy resources to improve domestic energy security and reduce consumer prices. The also seek to improve consumer understanding of our nation's energy security, including the need to reduce reliance on imported oil and natural gas in order to maintain reasonable energy prices for consumers, and continue efforts to diversify our energy resources.

Groups like these are trying to make a difference because the country is in crisis.

My message is simple: seniors (and for that matter, every segment of American society) have for decades painfully witnessed first-hand the negligence, and quite frankly, the disregard over this nation's mandate for serious energy exploration. Now, our country is in an economic crisis and our national security is threatened due to this neglect. This nation has the wherewithal to fulfill energy supply domestically, but we seem only willing to remain dependent on other, unstable and often hostile nations to fulfill our energy needs.

Time and time again we have heard the rhetoric of Presidents and some in Congress regarding alternative energy, but until such options become a legitimately viable outlet, we need to focus on tapping America's vast natural resources, including drilling both onshore and offshore. When then-President Clinton vetoed ANWR in 1995, some environmental groups argued that opening ANWR wouldn't do anything to lower currently high gas prices (which were then high enough to be a drag on the economy and to cause significant public disgruntlement) because it would take (quote)10 years (unquote) for the oil to start flowing. If President Clinton hadn't vetoed the bill in 1995, there would almost certainly be at least an additional one million barrels a day starting to flow through the Trans-Alaska pipeline, right now, today, for over six years. . .for a total of over 2 BILLION 190 MILLION BARRELS of oil that could have gone towards easing our current energy crisis. If we want more domestic oil production in the future, we need to take action now and not keep falling for the (quote) 10 year (unquote) bogus arguments of the past.

I hope so. Seniors hope so. We need affordable oil production, and we need it now!

With gas prices being at an all-time high, it is hurting those who can least afford it. Seniors on fixed incomes are, in many cases, unable to keep up with the runaway cost increases that are making a devastating impact on their standard of living. According to a USA Today/Gallup Poll taken May 12–15, 2011, 7 in 10 Americans say the high cost of fuel is causing financial hardship for their families. Gasoline to drive our cars, heating oil to keep our homes warm, electricity to power the stores

¹The 60 Plus Association is a 19-year-old nonpartisan organization working for death tax repeal, saving Social Security, affordable prescription drugs, lowering energy costs and other issues featuring a less government, less taxes approach as well as a strict adherence to the Constitution. 60 Plus calls on support from over 7 million activists. 60 Plus publishes a newsletter, SENIOR VOICE, and a Scorecard, bestowing awards on lawmakers of both parties who vote "pro-senior." 60 Plus has been called, "an increasingly influential senior citizen's group" and since 1992 "the conservative alternative to the AARP."

we shop in. . . everything is on the increase, cost-wise. Transportation costs have driven food prices through the roof.

I speak from experience, having testified before a 2007 hearing of the House Resources Committee chaired by Congressman Nick Rahall and before a similar House Energy and Commerce Committee's Sub-Committee on Energy and the Environment hearing chaired by Representative Eliot Engel. My testimonies then focused upon the lack of adequate energy exploration and the resulting high energy costs. 60 Plus has also testified at Department of Energy hearings in Atlantic City (twice), Virginia Beach, and Tallahassee, Florida.

For 19 years, 60 Plus has worked diligently for a self-sufficient energy policy as the best means for affordable energy supplies. Indeed, 60 Plus' Honorary Chairman Roger Zion (U.S. Congressman from Indiana, 1967–1975) who served on President George W. Bush's Task Force on Energy) authored an opinion piece that appeared in *The Washington Times* (November 9, 2001) urging development of the resources of ANWR and criticizing those in Congress blocking such exploration. Then as now, in today's terribly troubled world, Congressman Zion's warning that reliance for energy sources at such levels from outside our borders is not just irresponsible, it is dangerous.

We believed it was wrong then, and we believe it is still wrong, that while this nation has the wherewithal to fulfill energy supply needs right here where we live, we only seem willing to let foreign oil imports provide the bulk of America's energy, costing jobs and risking our nation's economic security.

Unfortunately, however, if the past is prologue, your hearing, which I strongly applaud, will for a short time put a spotlight on the legitimate concerns seniors and others have over the rising costs of energy and the impact it has on every facet of their lives. Then, powerful Big-Green organizations will continue to strong-arm Congress to prevent domestic energy production. I believe the environmental movement, while important, simply cannot continue to block vital energy exploration and production. Domestic energy can be produced responsibly, and I believe it is imperative that we bridge this divide between those who claim the environmental mantle and those who are responsible for providing our energy needs.

We need more domestic energy, and we need it sooner, not later.

The crippling burden of these high prices can mean not being able to buy medications, get around, or stay warm in winter or cool in summer. For seniors this is about more than economic security, it's about survival.

Let me conclude with a few general remarks.

I believe we need all forms of domestic energy that we can produce and this includes oil, coal, natural gas, nuclear and renewables such as wind and solar. Speaking of coal, I, for one, am proud to be the son of a Kentucky coal miner and vividly recollect the sight and smell of my dad's carbide light many mornings as he left before dawn for the coal mine. As a little boy, I was fascinated by the black patch my father wore over his right eye. He was a dashing figure, and brought to my mind Terry and the Pirates comic strip—until I learned that he lost his eye in a dynamite blast deep in a mine shaft. My father's industry way back then is nearly unrecognizable today. Now we have sounder technologies that ensure energy exploration and production with diminished environmental risk. But, do we have the will to roll up our sleeves and do it?

Any limits to domestic exploration, whether offshore or drilling in the National Wildlife Refuge, etc., at a time when international supplies are so uncertain is not good for our nation. We must wean ourselves from our dangerous dependence on foreign oil supplies. In my previous Congressional testimony I stressed not only the economic impact on seniors, but that over-dependence on foreign sources is now a clear and present danger to national security. It is a travesty that, from the time President Carter said his goal was to see that foreign imports, then at about 37%, did not rise "another percentile". It is, sorry to say (that from the following 5 Presidents, Republicans and Democrats alike) that percentile is now in the neighborhood of 65%.

In re-assessing this country's energy policies, 60 Plus, with well over 80% of our supporters being veterans of military service, considers this a vital national security issue. In April of this year, Cuba announced that they are sinking 16 oil and gas wells just 50 miles off Key West, and estimate that 20 billion barrels of crude will be harvested. Additionally, 5 Cuban wells are being constructed in the Gulf of Mexico. How much of that will be syphoned off our oil deposits within American waters? Seniors have long memories. We fondly recall cheap gas and boundless energy supplies. Many seniors are old enough to remember the gas-ration coupons of the World War II years. Seniors of the Boomer Generation remember the 1973 (Nixon Administration) Oil Embargo by the Arab Members of OPEC plus Egypt, Syria and Tunisia. They remember the Carter Administration's gas lines which occurred during the

energy crisis of 1979, when oil imports were severely disrupted in the wake of the Iranian revolution. Today, the U.S. economy is even more vulnerable to hostile nation manipulation of oil imports.

In summary, we need more domestic energy, and more sources of domestic energy. Senior citizens . . . and all Americans . . . will benefit. On behalf of the 60 Plus Association, I strongly support efforts to ensure reasonable energy prices through access to our nation's abundant offshore oil and natural gas resources in all areas of the U.S. Outer Continental Shelf, and the opening of ANWR to drilling. And we need these measures now.

Bottom line. Stop dreaming! Start drilling!

The CHAIRMAN. Thank you for your testimony. Ms. Anderson?

**STATEMENT OF PAMELA ANDERSON, OPERATIONS MANAGER,
CAPTAIN ANDERSON'S MARINA**

Ms. ANDERSON. Mr. Chairman, Committee members, thank you for the opportunity to testify today on the impacts of gas and fuel prices on our industry. I am with Captain Anderson's Marina. We have 40 small businesses at our marina. They are charter boats, dive boats, head boats, dinner cruise and sightseeing boats, as well as restaurants and gift shops. Tourism covers a lot of territory. We see the same negative effects when fuel and gas prices are high in a downed economy and when we are working through a time of excessively strict fishing regulations.

Generally speaking, any one of these three issues can make a difference. When families cannot vacation, it affects everything from gas stations and restaurants along the way to the beach as well as the venues at their would-be destinations. When a family decides to come to the beach, a budget is usually involved. Higher gas prices restrict budgets. Higher gas prices can reduce the number of days they stay. Reducing the number of days reduces nights in a hotel or condo, meals and restaurants, and the day and evening attractions they may visit. It even reduces the number of souvenirs they may buy in gift shops.

For our dinner cruise boat the fuel price adds to the cost of operations. Higher gas and fuel prices affect our costs of purveyors' goods and services. Depending on how high the prices go, many of them will tack on a surcharge for the delivery of food and supplies and for service calls by a repairman, even on utility bills. And because it is an upscale outing, many will choose lesser expensive venues when they are on a tight budget. For our large fishing boats or head boats, the minimum number of passengers it takes to operate increases when the fuel prices are higher. It takes more passengers to pay for the trip.

In off season when many days are run with just a bare minimum of 20 or 22, the trip cannot run due to the increased passenger requirements. We have to stick with the 20 or 22 minimums, otherwise we would go with fewer. In season when all is well, these trips are normally full or close to it. In a downed economy or high gas prices or restrictive fishing regulations, folks will limit the number of days they fish, limit the length of the trip they take, many will take a shorter, lesser expensive trip to save money.

Tourism was down about 15 percent in our area due to fuel prices in 2008. Our charter boats have it a little tougher than the head boats because they are a higher end product with a captain and crew catering to the desires of the four to six passenger. Their

trips cost about \$500 for a four-hour trip for up to six passengers. They use about 50 gallons of fuel per trip. When the fuel is \$2 a gallon, that expense is \$100; but when it is \$4, it is \$200—which is quite a bit of what they collected—and that, of course, does not include the captain, crew, and supplies and all the overhead. If they increased the cost of the trip to compensate, they lose customers—as do the head boats if they add a fuel surcharge.

Last month I was attempting to show the impact of fishing regulations on fuel sales and in turn how fishing effort can be substantiated by requesting fuel data from marinas that service boats that fish in our area. I can show by the number of gallons of fuel sold at the marina the difference in revenue collected in a time of high fuel prices or in a downed economy or in a time of restrictive fishing regulations. If one of these issues is in play, marina fuel sales are down.

Right now the economy is recovering but the other two issues are in play. I was attempting to provide another way of showing fishing effort since NMFS's researchers are having such a hard time getting the data to look what reality looks like that we see on the water. My premise was, if fishing boats are not buying fuel they are not fishing, thus fishing effort is reduced. It was dismissed as irrelevant, but I am happy to say the FWC in Florida is interested in this new data.

We believe answers to the fuel prices being out of sight and the dependency on fuel from other countries is to allow drilling to continue in the Gulf to allow refineries to be built and to allow both in other areas of the country where the people in those states agree that it is a good thing for their state. Louisiana and Texas want it, North Dakota and Alaska want it. It means jobs, good paying jobs, it means less dependency on foreign oil. That to me is a no-brainer. Why are we giving all this money to people who do not even like us when we can get the job done right here and for less and put Americans to work in the process?

You will not find too many if any fishermen that did not like the oil rigs due to the good fishing habitat they provide. It takes less than a year for an artificial reef to become home to some of our reef fishes, and it grows from there. We advocate the rigs to reefs program instead of destroying the old rigs. In northwest Florida our chambers of commerce and many others of us have said that our area is not good for drilling. We have military bases that need the areas offshore to work, and we have pristine white beaches and beautiful, clear emerald water to swim in. We need to protect those, but there are other areas even in Florida that have said that they prefer having drilling there, and they should have it if that is what they want.

We will always have a potential threat of something like we saw last summer with BP as long as there is drilling or oil tankers traveling the Gulf. But we believe the cause of that accident was due to human error, people not keeping watch making sure the safety protocols were in place. That definitely needs your attention, but to put all those people out of work because a few people were greedy in not keeping their equipment safe and those responsible for inspections not keeping watch, no, we should punish those who have done wrong and let us get the folks back to work.

[The prepared statement of Ms. Anderson follows:]

**Statement of Pamela Anderson, Operations Manager,
Capt. Anderson's Marina, Panama City Beach, Florida**

Chairman Hastings, Committee Members, thank you for the opportunity to testify today on the impacts of gas and fuel prices on our industry.

Tourism covers a lot of territory. We see the same negative effects when fuel and gas prices are high, in a downed economy and when we are working through a time of excessively strict fishing regulations. Generally speaking any one of the three issues can make a difference.

When families cannot vacation, it affects everything from gas stations and restaurants along the way to the beach, as well as the venues at their would-be destination.

When a family decides to come to the beach, a budget is usually involved. Higher gas prices restrict budgets.

Higher gas prices can reduce the number of days they stay. Reducing the number of days reduces nights in a hotel or condo, meals in restaurants and the day and evening attractions they may visit.

It even reduces the number of souvenirs they buy in gift shops.

For our dinner cruise boat, the fuel price adds to the cost of operations. Higher gas and fuel prices affect our costs of purveyors' goods and services. Depending on how high the prices go, many of them will tack on a surcharge for the delivery of food and supplies and for service calls by repairmen, even on utility bills.

For our large fishing boats, or head boats, the minimum number of passengers it takes to operate increases when the fuel prices are higher. It takes more passengers to pay for the trip. In off-season, when many days are run with a bare minimum of 20 or 22, the trip cannot run due to the increased passenger requirements. In-season, when all is well, these trips are normally full or close to it. In a downed economy or higher gas prices or restrictive fishing regulations, folks will limit the number of days they fish, limit the length of the trip they take. Many will take a shorter, lesser expensive trip to save money.

Our charter boats have it a little tougher than the head boats because they are a higher end product, with the captain and crew catering the trip to the desires of the 4-6 passengers. Their trips cost about \$500.00 for a 4 hour trip with up to 6 passengers. They use about 50 gallons of fuel per trip. When fuel is \$2/gal., that expense is \$100.00, but when it is \$4/gal., it runs \$200.00, which is quite a bit of what they collected and that, of course, does not include the captain, crew and supplies and all the overhead. If they increase the cost of the trip to compensate, they lose customers, as do the headboats if they add a fuel surcharge.

Last month I was attempting to show the impact of fishing regulations on fuel sales and, in turn, how fishing effort can be substantiated by requesting fuel data from marinas that service boats that fish. I can show, by the number of gallons of fuel sold at the marina, the difference in revenue collected in a time of high fuel prices, or in a downed economy, or in a time of restrictive fishing regulations. If one of these issues is in play, marina fuel sales are down. Right now, the economy is recovering, but the other two issues are in play. I was attempting to provide another way of showing fishing effort since NMFS researchers are having such a hard time getting the data to look like the reality we see on the water. My premise was, if fishing boats are not buying fuel, they are not fishing, thus fishing effort is reduced. It was dismissed as irrelevant.

We believe answers to the fuel prices being out of sight, and the dependency on fuel from other countries is to allow drilling to continue in the Gulf, to allow refineries to be built, and to allow both in other areas of the country where the people in those states agree that it is a good thing for their state. LA and TX want it. ND and AK want it. It means jobs, good paying jobs. It means less dependency on foreign oil. That to me is a no-brainer. Why are we giving all this money to people who do not even like us, when we can get the job done here? And for less?! And put Americans to work?

You will not find too many, if any, fishermen that do not like the oil rigs due to the good fishing habitat they provide. It takes less than a year for an artificial reef to become 'home' to some of our reef fishes, and it grows from there.

In NW FL, our Chambers of Commerce, and many others of us have said that our area is not good for drilling. We have military bases that need areas offshore to work and we have pristine white beaches and beautiful clear emerald water to swim in. We need to protect that Natural Resource the Lord has provided.

We will always have the potential threat of something like we saw last summer with BP as long as there is drilling, or oil tankers traveling the Gulf. But we believe

the cause of that accident was due to human error, people not keeping watch, making sure the safety protocols were in place. That definitely needs your attention, but to put all those people out of work because a few people were greedy and not keeping their equipment safe, and those responsible for inspections not keeping watch? No. Punish those who have done wrong, and let's get folks back to work.

We don't stop building condos if the building inspector overlooked fire hazards or improper building materials and a condo has a fire or, worse collapses because the contractor cut corners. We require they resolve the problem, make things right with those affected, and let the responsible builders continue to build.

I think drilling can be looked at in the same manner.

Thank you.

The CHAIRMAN. OK, thank you for your testimony and for being here. Mr. Sloan?

**STATEMENT OF ANDREW SLOAN, FELLOW,
TRUMAN NATIONAL SECURITY PROJECT**

Mr. SLOAN. Mr. Chairman, Ranking Member Markey, members of the Committee, I am honored to be with you here today. It is true that Americans of all ages and employments are suffering due to gas prices. However, it is not only Americans that suffer, but America herself who pays a correspondingly high price. Whereas Americans pay for it out of their wallets, America pays for it out of the coffers of her national dignity. The shame of our continued dependence on oil is exposed for all to see.

Equally embarrassing is a return to "Drill, Baby, Drill." "Drill, Baby, Drill" is not an answer; it is an excuse. It is an excuse to avoid telling the American people the truth: the truth that the majority of the tens of millions of offshore acreage currently under lease are inactive; the truth that America produced more oil last year than any year since 2003, and that increase in supply has done nothing to limit gas prices; the truth that instability in small oil producing countries that America does not import from directly still has the ability to wreak havoc at your local gas pump; the truth that even if we exploited everything, cast off environmental protection and shred of national honor to produce additional oil, we will still always rely on other countries for oil and that will always constitute a threat to our national security, always.

Oil robs Americans of their independence. It stifles America's ability to control its own destiny and its own security. Our over-reliance on oil puts our way of life, our ability to drive to work, to start companies, to even buy groceries into the hands of others. Again many would argue that our problem is not oil but foreign oil and that we have enough resources in America if we only had the courage to explore and exploit them.

There is nothing courageous about that, there is nothing patriotic about it either. It is the talk of people who would see us double down on our relationship with oil that has turned from symbiotic to parasitic. Those who advocate more of the same, more oil, more dependence, more debasement of our values endanger this country by embracing a strategy that has been failing us for several decades now. This coming weekend is Memorial Day. It is a weekend where people travel, go to the movies, or have a family barbecue.

Memorial Day is more than just hotdogs and hamburgers. Memorial Day is a day to remember those men and women who had the courage to do right by America even when those actions would cost

them everything. It is a day to remember that nothing worth anything comes easy or without sacrifice. When I think back to the sacrifices made by the brave men and women that I served with in combat, I remember how great a responsibility it is to ask people to sacrifice for something. When I sent soldiers into harm's way, I held on to the belief that their sacrifices would not be in vain.

The sacrifice that people make this Memorial Day must be for a purpose as well. Soldiers do not sacrifice for the status quo, they sacrifice in the hopes that they will bring about a change. "Drill, Baby, Drill" is not a change, it is more of the same. If it becomes our strategy for the future, then not only will the hardships Americans are suffering at the pump this weekend be for naught, it is almost guaranteed that they will be asked to sacrifice again and again and again in the years to come.

There are other solutions, however. Right now the military is investing in private sector companies that are working to develop advanced generation drop-in biofuels that can be grown, not mined, right here in America. Advanced research into battery technology has the potential to usher in a new wave of electric vehicles. And finally, simple regulatory guidance that increases fuel efficiency standards can eliminate the need for billions of gallons of oil.

These are not slogan solutions that roll easily off the tongue. These are real solutions that embrace the innovative and entrepreneurial spirit of the American people. These are solutions that do justice to the sacrifices people are making right now and will continue to make this weekend. This is not a Memorial Day problem. This is a problem of the decade or the next 50 years of the future. It is a threat to our economic and national security.

It cannot be fixed in time for this Memorial Day weekend, but it can be fixed in time for Memorial Day weekends to come. It simply requires leaders who are brave enough to put forth solutions instead of hide behind excuses. It requires leaders who would wrest control of America's future away from the suffocating grip of oil markets and place it instead into the hands of her people and their innovative spirit. Thank you very much.

[The prepared statement of Mr. Sloan follows:]

**Statement of Andrew Sloan, Retired US Army Captain,
Fellow, Truman National Security Project**

Chairman Hastings, Ranking Member Markey, Members of the Committee, Ladies and Gentlemen, I am honored to be here to discuss how rising gas prices impact America's way of life.

It is true that Americans, of all ages and employments, are suffering as a result of gas prices. However, it is not only Americans that suffer, but America herself that pays a correspondingly high price as well. Whereas Americans pay for those high prices out of their wallets, America pays for it out of the coffers of her national dignity. The shame of our continued addition to oil is exposed for all to see.

Just as embarrassing is the return to the chants of "Drill, Baby, Drill." "Drill, Baby, Drill" is not an answer, it's an excuse. It's an excuse to avoid telling the American people the truth. The truth that 70% of the tens of millions of offshore acreage under lease are currently inactive. The truth that America produced more oil last year than any year since 2003 and yet that increase in supply has done nothing to keep down gas prices. The truth that instability in small, oil-producing countries that the U.S. does not import from can still wreak havoc on prices at your local pump. The truth that even if we exploited everything, cast off every environmental protection and shred of national honor in the pursuit of additional oil, we will always rely on oil from other countries and this will always represent a threat to our national security. Always.

Oil robs Americans of their independence. It stifles America's ability to control its own destiny and its own security. Our over-reliance on oil puts our way of life, our ability to drive to work, to start companies, and to even buy groceries into the hands of others.

It also robs us of our values and our ability to stand up in the world for what know is right. Americans could not properly cheer the potential overthrow of Muammar al-Gaddafi because of the resultant spike in the price of gas. The ability of the American people to stand up for freedom, for liberty is compromised, on a daily basis, by our dependence on oil.

Again, many would argue that our problem is not oil, but foreign oil and that we have enough resources in America if only we had the courage to explore and exploit them. There's nothing courageous about that kind of talk. There's nothing patriotic about it, either. It is the talk of people who would see us double-down on a relationship with oil that has turned from symbiotic to parasitic. Those who advocate more of the same, more oil, more dependence, more debasement of our values endanger this country by embracing a strategy that has been failing Americans for several decades.

This coming weekend is Memorial Day- a weekend where people travel, go to the movies, or enjoy a family barbeque. But Memorial Day is more than just hot dogs and hamburgers. Memorial Day is a day to remember those men and women who had the courage to do what was right by America even when those actions would cost them everything. It is a day to remember that nothing worth anything comes easy or without sacrifice.

When I think back to the sacrifices made by the brave men and women that I served with during my time in combat, I'm reminded of how great a responsibility it is to ask people to sacrifice for something. When I sent soldiers into danger, I held on to the idea that their sacrifices would not be in vain.

The sacrifices that people are making this Memorial Day must be for a purpose as well. Soldiers do not sacrifice for the status quo, they sacrifice in the hopes that their efforts can bring about a change. For high gas prices, "Drill, Baby, Drill" is not a change, it's more of the same. If it becomes our strategy for the future, then not only will the hardships Americans suffer at the pump this weekend be for nothing, it's almost guaranteed that they'll be forced to sacrifice again. And again. And again.

There are other solutions, however. Right now, the military is investing in private sector companies to develop advanced generation, drop-in biofuels that can be grown, not mined, right here in America. Advanced research in battery technology has the potential to usher in a new wave of electric vehicles. Finally, simple, regulatory guidance that increases fuel efficiency standards can eliminate the need for billions of gallons of oil.

These are not slogan solutions that roll easily off the tongue. These are real solutions that embrace the innovative, entrepreneurial spirit of the American people. These are solutions that do justice to the sacrifices people are making and will continue to make this coming weekend.

This is not a Memorial Day problem. This is the problem of the decade, of the next fifty years, of the future. It is a threat to both our economic and national security. It cannot be fixed in time for this Memorial Day, but it can be fixed in time for Memorial Days to come. It simply requires leaders who are brave enough to put forth solutions instead of hiding behind excuses. It requires leaders who would wrest control of America's future away from the suffocating grip of oil markets and place it instead into the hands of her people and their innovative spirit. Thank you.

The CHAIRMAN. All right, thank you, and for each of you for being here today and for your remarks. We will now begin our questioning. Members are limited to five minutes. And I will start with the first round of questions. Mr. Martin, higher energy costs are forcing our nation's seniors to make tough decisions. Older Americans are disproportionately affected by higher costs because many live on fixed incomes. As a share of income, people 65 and older spent more on energy related expenditures than their younger counterparts.

Some senior citizens have been forced to limit their food purchases and many have gone even with less medical services or have cut back on prescription drugs because of the higher energy costs. As

for the cost of energy itself, renewable sources such as solar and wind used for electric generation are more expensive because, more expensive compared to conventional sources of electric generation, until perhaps we have a technological breakthrough in the future. How would you respond, Mr. Martin, to those who believe it is worth the higher cost to consumers to shift to renewable energies that are more expensive? How would this affect your members?

Mr. MARTIN. Well first of all, Mr. Chairman, senior citizens as you just pointed out in the case of Nettie Cash I believe it was, going with less of her medicines and even without her inhaler, thank goodness I still am able to afford my inhaler, which I use on a daily basis. But the fact of the matter is these renewables they are many, many, many years away and extremely expensive, and like I said in my testimony we seniors don't have that many years to wait for those renewables to come aboard.

I believe the New York Times even said that they are 50 percent more expensive and that, you know, I remember too years ago the renewables and the environmentalists said we may be near the competitive tipping point. Well that was some 25 or 30 years ago, and I don't believe we, you know, 30 years later we are certainly not near according to the New York Times we are certainly not near a competitive tipping point. We need those, yes, but right now we need to get on quite frankly with developing our resources onshore and offshore, and that means drilling for oil and that means, being an old Kentucky boy, coal is, was king then, it is still king, king coal in Kentucky.

The CHAIRMAN. OK, thank you, Mr. Martin. Ms. Anderson, you have eloquently described the negative impact that higher fuel costs have on the tourism business one such as yours. What do you foresee is the future of the tourism industry if fuel costs remain at today's level?

Ms. ANDERSON. I see that it is going to continue to negatively impact our economy and our area. We have seen what it did in 2008, we know what it is doing right now, and if it continues in this direction it is just going to continue to negatively impact our industry there.

The CHAIRMAN. All right, thank you. And, Ms. Borelli, gasoline makes up a relatively large portion of the average family's budget, well over 15 percent on average. Private vehicles are the dominant mode of travel even among households with an average annual income below \$20,000. The amount that the price of gasoline takes out of the family's budget can even be higher as a proportion when you have a smaller budget to start with. And if you live in the West or Midwest, public transit is not a viable option. Affordable transportation for struggling families in the working class can be the difference between self sufficiency or a substandard of living. Who are the winners and losers in this Administration's current energy policy?

Ms. BORELLI. Well I see the winners as the individuals who are from the land of the elites. Those are the corporate CEOs for example who are really basing their product sales on the boot of government to mandate their products. GE CEO Jeff Immelt, he sells windmills and turbines, he is hoping that there is some sort of legislation that will allow him to sell their renewable energy products.

The fact of the matter is if these products could survive on their own they wouldn't need the government to back up and prop them up for sale purposes. So in that instance he is someone for example who is pressing an elite agenda who can afford higher energy costs where you have people who are hardworking Americans who cannot afford these higher energy prices.

The CHAIRMAN. OK, thank you very much. I now recognize the Ranking Member.

Mr. MARKEY. Thank you. Ms. Borelli, do you feel the same way about tax breaks for the oil industry?

Ms. BORELLI. I see the tax breaks for all manufacturing, and so when you have—

Mr. MARKEY. Well would you support taking away, in other words, the \$4 billion a year that we give to the elite who are the CEOs of the oil companies as well? You spoke negatively about Jeff Immelt. Do you feel the same way about the oil industry executives asking us to give them \$4 billion a year in tax breaks?

Ms. BORELLI. When I see the concern about tax breaks, it is for manufacturing and it is for incentives for a company to remain—

Mr. MARKEY. The same thing is true for wind, they want the same kind of tax breaks for wind. Would you take away both or would you keep both on the books?

Ms. BORELLI. If I can finish the sentence, I see tax breaks as an incentive for businesses to remain in our country to provide jobs and to provide—

Mr. MARKEY. So would you object to that for General Electric with wind?

Ms. BORELLI. I object to subsidies across the board, why don't we do that, because—

Mr. MARKEY. So what I am saying is would you take away the tax breaks for the oil industry? That is my question to you.

Ms. BORELLI. Why don't we remove all of the tax breaks and see what products would stand on their—

Mr. MARKEY. So would you take away wind and oil tax breaks?

Ms. BORELLI. You are not allowing me to finish the sentence, sir.

Mr. MARKEY. It is just yes or no, would you take away the tax breaks for the wind industry and for the oil industry?

Ms. BORELLI. I say remove all of the tax breaks and see how these companies will stay in business and provide jobs.

Mr. MARKEY. Good, then I am going to take, all right, I will take it as a yes.

Ms. BORELLI. When you have incentives, a subsidy for renewable wind and solar, it is \$23 that the taxpayers are paying.

Mr. MARKEY. Ms. Borelli, there are eight different subsidies for the oil industry.

Ms. BORELLI. Nuclear is \$1.59.

Mr. MARKEY. Now let me just tell you that yesterday, here is what the Republicans did yesterday. While they continue to support, Ms. Borelli, the \$4 billion a year for the oil industry even as they are reaping the largest profits that any industry has ever been able to enjoy, that they yesterday in the Appropriations Committee cut out \$1.5 billion for the new more fuel efficient vehicles, many of them made in Kentucky and other states across the country,

these new much more fuel efficient vehicles, they cut out \$1.5 billion for that program.

In the budget which they passed already, they cut 70 percent in the budget for wind and for solar, but they continue to maintain the tax breaks for the oil industry. So I agree with you, that it should all be one way or the other, and I think you put your finger right on it, OK, and I thank you for doing so. Because they can't have it both ways. God is not so good that he lets you have it both ways. You can't say all of the above when you really mean oil above all.

So the tax breaks for oil continue even as they reap windfall profits, and they want to turn the CFTC and the New York Mercantile Exchange into a crude oil casino where the price continues to rise while at the same time cutting wind, cutting solar, cutting the fuel efficient vehicles. So let us go to the national security aspect of this, Mr. Sloan, can you talk about what the implications are of creating such an imbalanced policy for our country?

Mr. SLOAN. Well absolutely. I would first like to point out that I am a little bit shocked that we are talking so much about wind and solar when we are really here to discuss gas prices. And unless you have a major shift in how we electrify vehicles and move to electrification for all vehicles, wind and solar and renewable energy are generation, they power your house, so does coal, it powers your house. It does not power your car, that is oil.

In terms of efficiency and cutting out efficiency standards, I work for a company called Opower. It is a private sector energy efficiency and smart grid software company right here in Arlington, Virginia, with 200 employees. It works to help utilities help their customers save money on their energy bill. Efficiency may not be as well known or as sexy as renewable energy or as pliant as coal, but it is often the most lowest cost option to save consumers money. And so by taking away this lowest cost option you are removing one of the ways that can make us more secure at a lower cost price and can have a more immediate benefit to seniors, to working families, to everyone across the board.

Mr. MARKEY. All right, so yesterday they cut by \$1.5 billion the green car factory funds. So this is the innovation oriented reorientation of Ford and General Motors and Chrysler that is now beginning to show the real profits that we are going to need in the future, and instead of cutting the subsidies for the oil industry they are cutting the programs that make it possible for us to deal with where we put 70 percent of the oil that is into gasoline tanks.

So if we don't increase the efficiency of those vehicles by moving to plug-in hybrids, by moving to all electric vehicles, then what they are saying is to OPEC, have a good night's rest, don't worry about the United States, they are going to continue to import this oil from overseas, don't worry about it. So they are subsidizing the oil industry even as they are undermining how we increase the efficiency and where we put the oil in our country, and those factories are in Kentucky, those auto factories are in Alabama, they are in Tennessee, they are all across this country and they are saying to them, tough luck, import that oil and we are going to reward the executives of those companies.

The CHAIRMAN. OK. Mr. Wittman of Virginia.

Mr. WITTMAN. Thank you, Mr. Chairman. I want to thank the witnesses for joining us today. And certainly what we have before us is a significant challenge, to make sure that we are meeting this nation's future energy needs and again with an all of the above policy. I wanted to ask Mr. Martin for his perspective. I think we have heard a lot in the past weeks about the effect of costs on seniors, and I wanted to get a little more expansive view from you about how you believe the current energy policy as it relates to energy prices including gasoline for vehicles affects our seniors and how that impacts their daily living issues that they have to deal with in maintaining a budget and the choices that they have to make.

Mr. MARTIN. Sure, well thank you very much. Well I would refer back to what the Chairman said earlier in I think it was an AP poll that maybe like 40 percent of people are impacted their travel plans and the cost of gasoline. Well it is more like 75 or 80 percent for seniors, and it was 68 percent a few months ago. Senior citizens are up against it. They are hurting because nobody, that segment of society living on fixed incomes as they are, and by the way I hark back to the past, if it is prologue let us point out that while, and I mentioned in my testimony, while people say it will take "ten years" to get product to market, well that was 1995 and here we are 16 years later, so I believe if my math is right we would have 5 or 6 years of usable product on the market.

And going further, I noticed that the Marcellus Shale up in Pennsylvania, now in its seventh year of production, the economy is booming. And that is great, but the fact is I refer again to the New York Times talking about wind and solar. The New York Times says it is still 50 percent more expensive. And again I would reiterate when the environmentalists and others said almost 30 years ago, it seems like yesterday, we are near that competitive tipping point when we will be competitive, well we are nowhere near competitive if you read and believe what the New York Times says about it.

Yes there is a place for all. In my state of Kentucky I believe if you ask them what you want to see produced right now, yes those cars, those electric cars that go 45 or 50 miles before a recharge, but also they are interested in the coal business. And I say it again proudly, my father was in that coal business, he dug it all of his life for a living. Thank you.

Mr. WITTMAN. Thank you, Mr. Martin. Ms. Borelli, let me ask you this. If you look at household budgets and you look at low income families and you see that for those low income families their energy costs consume somewhere around 25 percent of their budget, can you comment on how energy prices affect low income families? And specifically looking at the makeup of that particular element of their budget and how that in the future may additionally affect their household budgets and also their earning capacity. I know there has been a lot of concerns about earning capacities related to the energy cost for people to seek employment to be able to move around in today's mobile society.

Ms. BORELLI. All right, well energy costs will affect poor and low income households because they have to take that money from someplace else within their budget, so that would be taking money from education, from clothing, from food, from medicine. But there

is a concern also about individuals who are trying to find employment. If they happen to not be employed and gas prices are high, they can't seek employment that is more than 20 miles or so from their home because of the concern about high gas prices.

In some cases in Chicago, for example, a company won't even hire an individual if they live more than 25 miles from where the place of employment was being offered. So you have people who are relying on churches for example for gas cards, they are relying on family and friends just to fill up their tanks, or they are not doing anything with their family like they are accustomed to doing, which means they are suffering from a reduced standard of living because of high gas prices, which is not what we should be experiencing right now because we have a wealth of supply right here in our country.

Mr. WITTMAN. Do you believe that under that scenario are minorities disproportionately affected by high energy prices?

Ms. BORELLI. It is a regressive tax. Yes, minorities are disproportionately affected because blacks and Hispanics are polled as making less money than say white individuals and Asian individuals. So it is a regressive tax and it is harming Americans, minority Americans.

Mr. WITTMAN. OK.

The CHAIRMAN. OK, thank you. Mr. DeFazio of Oregon.

Mr. DEFAZIO. Thank you, Mr. Chairman. I hope to get to some consensus here. We all agree that Americans are suffering from high prices at the pump, it is threatening our economy, and it disproportionately affects people of lower incomes, that is all agreed. The question is what do we do about it? We are arguing about something fairly distantly in the future it seems, and there is something we could do today. So I will put forward two ideas, and since we have at least three advocates there very strongly for free markets.

The OPEC cartel manipulates the market. They set targets for production, supply, and prices. We had testimony here about a month ago that even if the U.S. could miraculously tomorrow increase its production by 20 percent, million barrels a day, you were talking about a million barrels a day, it would have no impact because OPEC would drop production by a million barrels a day just like they picked it up when Lybia came off the market. They have that flexibility, they would do that.

I urged the Bush Administration, Clinton first, Bush, and now Obama, to file a complaint in OPEC because they are violating the WTO. Four countries are members who are in OPEC, the WTO says you cannot manipulate supply unless it is for conservation purposes, and clearly these Saudi Arabia and other countries are not conserving the oil, they are manipulating the market. Would any or all of you support such a complaint? Do you think that is a good idea? I see one head nodding, how about the other?

Mr. MARTIN. Yes.

Mr. DEFAZIO. Yes? OK, great.

Mr. MARTIN. I will sign a letter to that effect.

Mr. DEFAZIO. All right, good, all right. How about you, Ms. Borelli?

Ms. BORELLI. Well we shouldn't be relying on foreign sources—

Mr. DEFAZIO. No, but I mean just let us, you know, I asked the U.S. Chamber of Commerce about this and they wouldn't go there. I mean can't we say that the United States of America should file a complaint on behalf of our consumers and our businesses against market manipulation by Saudi Arabia, Venezuela, and other friends of ours?

Ms. BORELLI. Absolutely.

Mr. DEFAZIO. Good, thank you. All right, now we have agreement on one thing. That could have a pretty good and shorter term impact. Now second, and if we did produce more domestic oil then they couldn't, you know, manipulate the price and offset our production. OK, here is the other one, much more immediate than that. Yesterday the Commodities Future Trading Commission filed a complaint from way back in 2008 against market manipulation against a couple of energy companies.

And in the modern day world Goldman Sachs says that there is a premium of between \$21 and \$26 per barrel because of energy speculators. That is 60 to 80 cents a gallon. Would you, any of you, Ms. Borelli, I would start with you, would you support restrictions on this sort of speculative trading, the sort of restrictions we had in place before the Enron Amendment was adopted?

Ms. BORELLI. To place, I am sorry, say the question again?

Mr. DEFAZIO. We have something called the Enron Amendment that has been partially modified but not implemented in the financial reform of last year regarding speculators in the market versus hedgers. The world is divided between, and it used to be 30 percent speculators 70 percent hedgers. Due to the Enron Amendment and other changes of law it is 70 percent speculators, and Goldman Sachs says we are paying about 60 to 80 cents more per gallon because of pure speculative activity. Would those be elites, those speculators? Would those be people who are robbing, you know, the poor, who are distorting our economy? They are speculating.

Ms. BORELLI. Well I see anyone who is speculating, basically President Obama has sounded the alarm that energy costs will skyrocket, so clearly what side of the market would a person in the market be on if they know that energy costs are going to go up.

Mr. DEFAZIO. Well in this case, in the Paron case, what they did is they cornered the market, they made it look tight, then they bet short and they dumped their oil at the end of the month. So there are a lot of ways to manipulate the market. What I am saying is if we could save 60 to 80 cents per gallon by regulating the market and restricting it to people who have a legitimate end use for the product like we used to do, would you support that or do you think we should just continue to pay 60 to 80 cents more so people can speculate?

Ms. BORELLI. I think speculating is part of what happens with the market in general.

Mr. DEFAZIO. Sure, OK, you are right. Anybody else want to get 60 to 80 cents tomorrow, a week from today, helping the American people, helping the boaters and others, by regulating the billionaire speculators on Wall Street?

Mr. MARTIN. Is that, yes, 60 to, is that how much you guys tax each gallon of gas?

Mr. DEFAZIO. The United States government taxes at 18.4 cents per gallon, so the speculators are adding four times that.

Mr. MARTIN. OK.

Mr. DEFAZIO. And I would say that the money we invest in the nation's infrastructure is perhaps better used than the money that goes to some Wall Street hedge fund speculator who only pays 15 percent raised tax—

Mr. MARTIN. Absolutely, I am against those speculators just like I am against OPEC trying to fix the price.

Mr. DEFAZIO. Good, all right, I like it.

Mr. MARTIN. But also we should also, I will sign that letter but I would also have a provision in it that says we need to get on with production of our natural resources.

Mr. DEFAZIO. OK, thank you. Thank you, Mr. Chairman.

The CHAIRMAN. OK, thank you. Mr. Fleming of Louisiana.

Mr. FLEMING. Thank you, Mr. Chairman. You know, we are here today talking about the problem we have today of increasing gasoline prices. The reality is that with our President, with many Democrats in Congress today, and with certain environmentalists, they see that as a virtue. Mr. Issa, in fact, in his oversight is bringing these facts out, documenting over and over. And I will just give you some examples. Energy Secretary Chu in 2008 said, somehow we have to figure out how to boost the price of gasoline to the levels of Europe, which I understand today is in the \$8 to \$10 a gallon range.

Secretary Salazar when he was a Senator said that he was comfortable going up to \$10 a gallon. The President himself said that under his cap and trade that electricity prices would necessarily skyrocket. So the point I am making here is that there is in terms of the constraint of oil production and energy production from fossil fuels, I think in the eyes of many here in Washington on the other side of the aisle there is actually a virtue there.

Now you have heard the statement that energy production is highest since 2003. Overall, our oil barrels per day has dropped from 9 million barrels in 1972 per day down today about 6 million barrels. Offshore drilling in 2010 before the Deep Horizon was 1.7 million barrels a day. It has dropped down now to 1.59 and continuing down under this moratorium of permits that we have today. Now let me talk a minute about the so called alternative forms of energy, what are these.

Wind, we are not making any progress in technology. I don't see it happening in 50 years. T. Boone Pickens just threw in the towel and said, my \$1.5 billion is off the table, natural gas is the way to go. Solar, we don't have a way and we can't figure out a way to store it and capture it in a cost effective way. It is not competitive. Hydrogen, Wall Street Journal just on Monday came out with an article saying first of all it takes a lot of natural gas to make it, and number two, it just is not cutting it. Even the thousands of outlets around the country, no one is taking them up because again it is not cost effective.

Battery power, it doubles the price of automobiles, not cost effective. Ethanol, we know what a disaster that is, showing up in all kind of commodity prices. On the other hand the USGS says we have more oil and certainly more coal and much more natural gas

that we have found just in the last five years than we ever thought we would have. And the technology for finding them, for producing them, and for cleaning them is the best ever and it continues to improve. So I would submit to you today that we have everything we need to drive oil and gas prices down.

And with respect to the questions on speculation, speculation is just that, it is a prediction of the future. And if our President, and, Ms. Borelli, you are absolutely correct. If the President is sending signals that the prices are going up or he wants to constrict production, of course they are going to go up. If you want speculators to bring the prices down, send them a signal that we are going to put more supply on the market and they will come down naturally.

With respect to subsidies and taxes, oil and gas companies do not get subsidies. Let me repeat that. Oil and gas companies do not get subsidies. That is a lie. They get the normal tax deductions that any other company would get. On the other hand the so called alternative forms of energy get heavy tax subsidies to the tune of as much as 80 percent. And reason, because it is just not cost effective in the marketplace. Ms. Borelli, I am going to let you respond to this because you were so rudely interrupted. So you have the rest of my time, thank you.

Ms. BORELLI. Thank you, and this in terms of the tax credits you were referencing or, because that was a long list of information you gave there?

Mr. FLEMING. Well, let me say comment on anything you want to, it doesn't matter.

Ms. BORELLI. Well if I could finish my previous point and then I will go on for something else. Tax incentives are the means to keep manufacturing facilities here in our country, it will provide jobs and it will provide revenue. Now if you are going to demonize the fossil fuel industry for example, \$86 million goes to the government every day and that is in the form of rents, royalties, and fees. And the industry also supports 9.2 million jobs. So if you are going to demonize the industry, pick winners and losers, where is that money, \$86 million a day, going to come from and what are we going to do about a loss of additional jobs where unemployment is already 9 percent?

Mr. FLEMING. And just quick followup to that, these are excellent paying jobs, many of the jobs that are being lost out of Louisiana. On the other hand I have heard for the two-and-a-half years I have been on the Hill about all these green jobs. I have yet to meet one person who has a green job. I do not know what a green job. Call me up if you have a green job, I would love to hear from you. I yield back.

The CHAIRMAN. OK, I thank you and—

Mr. SLOAN. Congressman, I work for Opower, it is an energy efficiency software company, I have a green job.

The CHAIRMAN. Sir, the time is up, our time is up. Mrs. Bordallo?

Ms. BORDALLO. Thank you very much, Mr. Chairman. I have a question for Mr. Martin and a couple for Mr. Sloan. Very curious about your 60 Plus Association, I guess I could belong. Is everybody over 60?

Mr. MARTIN. No, ma'am, but we can wait for you to turn 60.

Ms. BORDALLO. Thank you. Well, Mr. Martin, as seniors are facing higher energy costs the Republican budget would also end Medicare as we know it while keeping in place the tax subsidies for oil companies. So do you support the cuts to Medicare in the Republican budget while keeping in place oil company tax subsidies? Just yes or no.

Mr. MARTIN. I believe you said Medicare, ending Medicare as we know it? I believe Medicare as we know it was ended about a year ago with a half a trillion dollar cuts to Medicare.

Ms. BORDALLO. That is your answer?

Mr. MARTIN. Yes, ma'am.

Ms. BORDALLO. Thank you, Mr. Martin. Mr. Sloan, I am a member of the Armed Services Committee and I understand that you have served two combat tours in Iraq and Afghanistan, is that correct?

Mr. SLOAN. That is correct.

Ms. BORDALLO. Yes, and you have also been awarded a bronze star and a purple heart?

Mr. SLOAN. Yes, ma'am.

Ms. BORDALLO. And I want to thank you for your service to our country.

Mr. SLOAN. Thank you very much.

Ms. BORDALLO. Now over the past four years we have sent nearly \$1.3 trillion overseas to import oil and oil imports that have grown to account for nearly half of the U.S. trade deficit. How does that massive wealth transfer overseas impact our national security?

Mr. SLOAN. It impacts us in a variety of ways. The most obvious one is that when we keep sending billions of dollars overseas to buy oil, in an oil market even if we were to ratchet up our supply to reasonable levels, reasonable projections, we would still be contributing to that same oil market that enriches Iran, enriches Saudi Arabia, enriches countries that do not have our best interests at heart.

And when we are tied to the Middle East or we are tied to countries that are destabilizing and unstable, which about nine of the ten largest oil exporters or those countries that have the largest oil reserves are destabilized, when we are tied to those areas we will continue to send young men and women overseas to sacrifice for those resources. It is the only way that we can actually, you can talk about coal and solar, you can talk about wind, you can talk about all these things that don't have anything to do with gas prices. Those are for electrification, that is how you turn your lights on in your house, it is not how you power your car.

In 2004 in Afghanistan I was severely wounded. I don't tell this story very often, but I woke up four days later in Walter Reed. Did not get out of the Army, went back overseas. I truly care about this country. And I would implore everyone on this Committee to have a real discussion about this. We had horrible gas prices in 2008 that most people seem to forget because of the even more horrible banking crisis.

This is not, you cannot obfuscate this with talks about solar or wind and whether they are cost competitive. That is a completely separate category. This is about oil and it is about where we get it from. This is about being tied to regions that have a lot more

oil than we do, that will always have a lot more oil than we do, that can produce it significantly cheaper than we can ever produce it, which means they can pull their oil off the market while allowing us to flood the market with our oil that costs us more to produce.

They will get almost the same amount of profits, they will let us deplete our resource, they will keep their resource intact, and 10, 15, we are not really sure how long, we will be totally dependent the same degree we are now on Saudi Arabia, on other OPEC countries, and they will be able to hammer us into the ground. This is a national security problem.

Ms. BORDALLO. Thank you, Mr. Sloan. I only have about a minute left and I do have another question, Mr. Chairman. In early April the House passed legislation to prevent EPA from moving forward with regulations to reduce global warming emissions. But no matter what you think about global warming, that legislation if enacted would have the consequences of increasing our oil use and costing consumers more money at the pump.

The bill would remove EPA's authority with any future regulations to reduce oil use from cars or trucks and in addition it would prevent EPA from doing anything to reduce oil use from planes, trains, or boats. Now do you think that we should be unilaterally disarming EPA of its ability to set standards that would reduce oil use at a time when gas prices are near record highs, Mr. Sloan?

Mr. SLOAN. I can't see how that would make any logical sense.

Ms. BORDALLO. All right, and one other part of that question real quick, don't you agree that taking steps to reduce our demand for foreign oil by millions of barrels per day enhances our national security?

Mr. SLOAN. Absolutely.

Ms. BORDALLO. Thank you. Thank you, Mr. Chairman, I yield back.

The CHAIRMAN. OK, thank you. Mr. Coffman of Colorado.

Mr. COFFMAN. Thank you, Mr. Chairman. And, Mr. Sloan, I want to thank you for your service to our country. I think we share the same view of the Middle East. I served in the United States Marine Corps in the first Gulf War and the Iraq War, and so I share your view that I don't want America to be dependent on foreign sources of oil, particularly that coming out of the Persian Gulf.

We probably differ in the sense that, I don't know if you read the Wall Street Journal yesterday, it talked about the increasing cost of getting oil out of Saudi Arabia, Kuwait, and Iraq, that they are running out of their lighter crude and now will have to go to their heavier crude, and that will increase their costs, and I think we have some great drilling technologies in the United States that are far more environmentally responsible than they have been in the past in terms of getting oil out of this country.

So I would differ with you and I think that we can become more independent here if we want to. But one question I have of you is that on the issue of transportation fuels that are the subject of today's hearing, what is your view of ethanol? And let me tell you my concerns, and I am certainly interested in alternative energy. I see, I hope we could use natural gas as a bridge transportation fuel to get to something beyond gasoline in the future.

But I think my question is, relative to ethanol, I mean here we are using basically a commodity, an agricultural commodity that is used for food, it has driven food prices up, it is, even other crops by displacing them because of the extraordinary subsidy to do more corn to produce more ethanol, and I don't see the environmental benefit of ethanol over oil. So I would like your comments on ethanol and if you think that is the right direction for America to go?

Mr. SLOAN. Absolutely. I would say that corn based ethanol has significant limitations, and everything you listed right there are all reasons why it should probably not be something that we advocate a tremendous amount of resources to. I think you should, like the best place to look is at the Navy right now, that is looking at a lot of other drop-in biofuel that have different feedstocks. Camelina, a mustard seed, and they are investing very heavily in a private company called Solazyme that they see as a way to displace a tremendous amount of their reliance on oil for jet fuel.

And it is companies like that that I see where you can actually drop in the biofuel. It has got a feedstock that is not used for food, it doesn't impact world food prices, but is one that can be grown right here in America and can be dropped in to the existing infrastructure, so that we don't have to change, you know, the way people get their gas so to speak, you can drop it right into a gas tank.

Mr. COFFMAN. And what is your view of natural gas as a transportation fuel? It is a mature technology, we lack the distribution for it with the exception of fleet vehicles today in the United States. But there is a much cleaner burning fuel than gasoline. It is plentiful in the United States; in fact, there has been reports that we have a hundred-year supply of natural gas in the United States. I mean what is your view of natural gas as a transportation fuel as a way to reduce foreign dependence on oil?

Mr. SLOAN. Sure. Congressman, I think you hit the nail on the head. It is mostly reserved for fleet vehicles at the moment. I think with the Marcellus Shale and the Barnett shale and if we can make sure that we do not, with gas fracking if it does not result in increased environmental deterioration of the surrounding country, I think it is an excellent bridge fuel. I think it is more located in easier places to get to.

And if it turns out, there is some worry that shale gas peaks quite quickly and then depletes very fast, and that is a worry. But absolutely, if you can, the problem with it though is you do have to change the existing infrastructure. Whereas if you can develop drop-in biofuels you can kind of keep the same existing gas station model without having to alternate, and the interior engine, the car engine, the same way. But I think it is definitely something that should be put on the table and should be looked at.

Mr. COFFMAN. Right. Ms. Borelli, a final question and not much time, but it seems sometimes I think you mentioned, you used the term elite. And I come from grew up in a working class neighborhood and it seems sometimes that rich people hug trees a little bit tighter than poor people. And on this ethanol issue and using food as a transportation fuel, I wonder if you might comment on that.

Ms. BORELLI. Well I know ethanol, to use corn for example, corn prices have gone up. Forty percent of our corn that is grown in our country is used for ethanol. That is corn that we could be putting

on our tables for our families, and that is part of the reason why it costs so much. But, you know, I say we should explore all efforts that are going to keep gas prices down, and I don't see how forcing refineries to use ethanol, it is a mandate so you have to make special blends with ethanol products in order to do what the government wants them to do as far as gasoline.

Mr. COFFMAN. Thank you. And certainly we want to strike an environmental balance. Thank you so much for your testimony.

The CHAIRMAN. OK, thank you. Mr. Luján of New Mexico?

Mr. LUJÁN. Mr. Chairman, thank you very much. And, Mr. Martin, thank you for your service as well, sir. I don't know that we have acknowledged that today, and if we have I apologize for repeating it but it is worth repeating sometimes, sir. Mr. Martin, I appreciate your how candid you have been this morning. I think that you have been giving us some straight talk and I appreciate that, sir, very much. You support increasing domestic production of oil and gas in America, is that correct, sir?

Mr. MARTIN. Oh yes, sir.

Mr. LUJÁN. And does it make sense to you, Mr. Martin, that if we would increase domestic production of gas and oil in America we should keep it in America?

Mr. MARTIN. The product?

Mr. LUJÁN. Sure, so if we are going to produce more we should keep it in America to help American families and American businesses?

Mr. MARTIN. Yes, sir, and the OCS also, Outer Continental Shelf.

Mr. LUJÁN. Ms. Borelli, does that make sense to you that if we produce, I believe you support increasing production in America?

Ms. BORELLI. I support increasing production, but I also think that if we could also supply it as a world product, so that way we can bring in money and revenue here to you United States, and developing it here in this country will help keep prices low for Americans.

Mr. LUJÁN. So, Ms. Borelli, you believe that if America produces more oil and exports it that is going to keep prices lower at the pump?

Ms. BORELLI. Yes I do.

Mr. LUJÁN. So if we produce more oil we shouldn't keep it here to lower the price at the pump, provide that guarantee?

Ms. BORELLI. There is a high demand for oil products around the world globally, so why should we be the only ones importing? We should be exporting as well to meet the world demand for oil products.

Mr. LUJÁN. I would suggest so that we help Americans at the pump. I thought that is why we were here today is that we are going to talk about how American families are being hurt with high energy prices, right?

Ms. BORELLI. That is what we are talking about, yes.

Mr. LUJÁN. I appreciate Mr. Martin's position there because if we are going to produce more oil we should keep it here at the very least and offer some relief for the American people at the pump. Ms. Borelli, do you support energy efficiency programs or weatherization programs?

Ms. BORELLI. If they are cost effective. The issue with the light bulbs for example, I don't see that as cost effective. CFLs, they cost more and they don't fit, some of them don't fit our traditional outlets and lamps.

Mr. LUJÁN. What about—

Ms. BORELLI. They cost a lot more than a regular incandescent light bulb, plus they contain mercury.

Mr. LUJÁN. Ms. Borelli, just because time is running out, what about then, you know, let us agree there then and I will say I support that, what about insulation or weather stripping, things that are very cost effective?

Ms. BORELLI. Well that is for the individual to do, that is not for the government to mandate people what to do with their homes.

Mr. LUJÁN. So if we are talking about helping people with the high cost of energy prices—

Ms. BORELLI. If a person wants to lower their utility bills, they will put in new windows and put in insulation, whatever they need to do to keep their homes warm.

Mr. LUJÁN. I appreciate that, Ms. Borelli, and—

Ms. BORELLI. Thank you.

Mr. LUJÁN. And, Mr. Chairman, we all agree that energy costs are hurting American families, and if we are going to talking about increasing domestic supplies, just about a week and a half ago, two weeks ago, not only in this Committee did we vote it down but we voted down on the Floor of the House of the Congress that says if we are going to keep oil, if we are going to produce more oil here in the country we should keep it here to help American businesses.

I think at the very least if we are going to talk about this let us do something real to help the American people with relief at the pump. If we are going to suggest that American families are hurting with the high cost of energy in their homes, why are we going to cut weatherization programs and energy efficiency programs? We should be doing all that we can to be able to put more dollars into creating jobs in America but also helping people with their wallets. That just makes sense, it is common sense, it is one of those things that we should try to do.

And, you know, I feel bad for that young lady with the inhaler, but, Mr. Chairman, if Medicare goes away, we are going to have bigger problems with that inhaler than anything else, and so I certainly hope that we can find some agreement there so that we are truly looking after a lot of our seniors that need some help with the high cost of inhalers and prescription drugs.

And just going back to what we talked about with speculation, this notion that speculation is part of the process, the rules that have been shred and the budgets that have been slashed that allows for the policing on speculators to help provide relief for American families, as was suggested before by my colleague Mr. Welch, we could lower the cost at the pump by 70 to 80 cents by just policing speculators, by going right after them. This notion that the executive from Exxon as well as what was identified by Goldman Sachs that as much as \$25 a barrel is attributed to speculation is just ridiculous.

And if we want to do something short term, we should put our money where our mouth is and do something about it and crack

down on those areas. And, Mr. Chairman, I would even suggest that maybe there is even something we could do from the Committee, a joint letter of sorts along with what Mr. Welch has suggested to be able to crack down on those speculators as well as do some other things to be able to really bring relief to the American people. Thank you very much, Mr. Chairman.

Mr. GOHMERT [presiding]. OK, thank you. The gentleman's time is expired. And you made some very good thoughts for seniors and so maybe we can undo ObamaCare and restore the \$500 billion that the Democrats cut from last year's budget.

Mr. LUJÁN. If the Chairman would yield?

Mr. GOHMERT. Are you for that?

Mr. LUJÁN. If the Chairman would yield?

Mr. GOHMERT. Yes.

Mr. LUJÁN. Mr. Chairman, I certainly hope that as we look at providing relief to the seniors in America that we don't dismantle Medicare and that we truly pay attention to seniors.

Mr. GOHMERT. OK, well reclaiming my time, thank you. We saw that with the \$500 billion in cuts to Medicare last year. At this time the Chair yields to Mr. McClintock, five minutes.

Mr. MCCLINTOCK. Well I dare say that my friend across the aisle is himself a speculator, I strongly suspect, if he believes, if he speculates that the price of the gallon of gas at the corner pump is going to go up 10 cents tomorrow he will probably fill up his tank tonight, that is speculation. If he thinks the price is going to drop dramatically at the pump, he will probably put off filling his tank until tomorrow. That is speculation.

Speculators drive the prices up faster when they are expecting shortages, they also drive the price down faster when they are expecting surpluses. And I would advise my friend of a very simple economic fact, when something is plentiful it is cheap, when it is scarce it becomes expensive. And I do not understand for the life of me the notion that somehow by making, by that we reduce our dependence on foreign oil by locking up America's vast oil reserves.

Mr. LUJÁN. Will the gentleman yield?

Mr. MCCLINTOCK. No I will not. Ms. Borelli, you have studied this at great length. I am told that our oil shale reserves alone are three times the size of the proven reserves in Saudi Arabia. Can you give us some enlightenment on this subject?

Ms. BORELLI. Well what I do know is what the Congressional Research Service has reported, and that information is in my full testimony, but one of the things they do point out is that regarding, and I only have a few numbers here, 163 billion barrels of recoverable oil in the United States, 2,047 trillion cubic feet of natural gas in the United States—

Mr. MCCLINTOCK. And how much of that is locked up right now by government policy?

Ms. BORELLI. Too much of it.

Mr. MCCLINTOCK. Most of it would you say?

Ms. BORELLI. Yes.

Mr. MCCLINTOCK. And yet somehow we are supposed to reduce our reliance on foreign oil by sitting on those vast American resources. We are also told that we are supposed to subsidize cost, subsidize efficiency measures such as insulation and the like—

Ms. BORELLI. I don't agree with that.

Mr. MCCLINTOCK. Nor do I. It seems to me that if something is cost effective people will do it on their own and don't have to be forced to do it.

Ms. BORELLI. Right.

Mr. MCCLINTOCK. If we have to force people to do it, maybe that is nature's way of telling us it is not cost effective and nobody in his right mind would do it without government either bribing them or putting a gun to their heads.

Ms. BORELLI. Right.

Mr. MCCLINTOCK. We are also told that we should look to substitutes for petroleum, and I wholeheartedly agree with that. But it seems to me when we are told biofuels are the answer, obviously the most common biofuel right now is ethanol. And as I look at ethanol production it requires one acre of corn to produce 350 gallons of biofuel such as ethanol.

Ms. BORELLI. Right.

Mr. MCCLINTOCK. One acre for 350 gallons. We consume 150 billion gallons of gasoline in this country every year, which means we would have to put 428 million acres of farmland into production solely for biofuels just to meet our current consumption. That is one-and-a-half times the entire acreage we have for all crop production in the United States. When I look at these figures and hear biofuels are the answer, I have to wonder if we are not arguing with the lunatic fringe of our society.

Ms. BORELLI. Well this is part of the war on fossil fuels. You have to look at what the costs are involved and the consequences of these actions and the costs and how they are going to harm Americans. And as you mentioned and as I mentioned earlier before regarding ethanol, you are taking food off the table from families, you are making corn prices higher, farmers are paying more for feed to feed their animals, so it is a ridiculous effort as far as—

Mr. MCCLINTOCK. And we would have to take every acre in America that is currently being used for crop production out of production—

Ms. BORELLI. Right.

Mr. MCCLINTOCK. And add half again more on top of that just to meet our current gasoline consumption to replace it with biofuels. I mean this is insane. It seems to me that the most logical replacement for petroleum is hydrogen for internal combustion. Pretty simple process, you just need lots and lots of cheap electricity. We have an ocean full of the stuff, we just helpful to separate it out. That requires cheap electricity.

The cheapest forms of electricity that we have available to us are hydroelectricity, coal, and nuclear, and yet those are the three forms of electricity that government policy is deliberately preventing from usage. The most expensive by far are wind and solar. Those are the ones that we are pouring heavy subsidies into. Does that make any sense to you?

Ms. BORELLI. No it does not make any sense, sir. And, you know, for us to be propping up renewable energy that is not able to stand on its own is doing a disservice to our country because you are going to cause consumers to pay more for their energy.

Mr. McCLINTOCK. Amen.

Mr. GOHMERT. The gentleman's time is expired. The Chair recognizes the gentleman from California, Mr. Costa, for five minutes.

Mr. COSTA. Thank you very much, Mr. Chairman. I am somewhat perplexed with regard to the hearings, I mean I understand the purpose of the Subcommittee hearing to allow people to vent. These are similar types of hearings that have been held year after year after year going all the way back to the first gas lines in 1973. The debate and the rhetoric here I think speaks more to why we can't come together with a comprehensive energy plan than talking about things that we should do.

Congressman Murphy and I and others have a bipartisan measure that would expand the development of our oil and gas reserves on public lands both onshore and offshore and to use the revenues from those to talk about a long-term transition to a more robust renewable portfolio as well as utilizing what we have here. But we have a cheap energy policy in this country more or less with administrations of both parties. And we keep pretending that somehow we are going to reduce the cost of fuel, which I think is somewhat of an interesting discussion.

But there is a cartel out there. And we can continue to produce and I support producing more oil and gas, but the reason that there is a cartel out there is because it is in that cartel's interests to keep prices at a certain level. So the more we produce, which we should, they are going to produce less because they want to keep the markets at certain levels. I don't know why we ignore that fact. The cartels in the Middle East want to keep oil at a certain price where it is high enough to keep them accustomed to the lifestyle they have grown used to but yet doesn't superheat markets or create economic dislocations to dramatically dislocate the status quo.

We keep pretending that there are somehow magic bullets to our energy situation but it really requires us as two political parties to come together and to acknowledge that some of our rhetoric, which sounds good, makes sound bites, whether you are talking about "Drill, Baby, Drill" or lose it or use it, but that doesn't constitute an energy policy. And I don't know why, you know, it is disingenuous to the witnesses and to Americans out there who really just would like to see a common sense energy policy based upon short-term needs and long-term focus where we need to go. And that is what has been lacking in this discussion and debate it seems to me for over 30 years. Mr. Sloan, would you care to comment in terms of my observations?

Mr. SLOAN. I would love to. I agree with what you said right there. I think we need a common sense energy strategy, and that undoubtedly will mean that we will produce more oil, that we will take advantage of the resources here at home. But we can't just ignore the fact that OPEC is out there and that they do control oil. They will withdraw supplies—

Mr. COSTA. It is fungible, right, it is a world market, right? I mean am I missing something here?

Mr. SLOAN. And we don't have a national oil company, we can't force people to drill just because we open lands. 70 percent of the lands that are leased right now are not being drilled. In 1973 and

1979 when OPEC sent prices skyrocketing America reacted by reducing demand, and over the next seven years we cut demand by 17 percent, we cut oil consumption by 17 percent, net imports fell by 50 percent, net imports from the Persian Gulf fell by 87 percent, and our GDP rose by 27 percent, all while a Republican was in the White House. From a former soldier's standpoint, if I could say one thing, this cannot be a political issue. This is way too important for that. And the more it becomes, the more rhetoric that is thrown out there the more it becomes that, and it will have a huge impact on our national security and our—

Mr. COSTA. It is mindlessness. I mean to anyone who is listening, I just get frustrated here. Mr. Chairman, I have been a part of this discussion and debate now for seven years and it makes no sense that we are talking past one another. You know, it, anyway my time is expired. I thank you for your comment. Well, no, it hasn't expired. Go ahead, finish.

Mr. SLOAN. No, that is, I think I have said enough.

Mr. COSTA. I guess I have said enough. Thank you very much.

Mr. GOHMERT. Thank you, Mr. Costa. At this point the Chair recognizes Mr. Tipton for five minutes.

Mr. TIPTON. Thank you, Mr. Chairman. And I applaud Mr. Costa's statements. I think that we too need to all get to get together in terms of a comprehensive energy policy for this country, and it is how we get there is part of the discussion. I had a couple of questions, Mr. Sloan, maybe you could help me with this in terms of you had said that we are producing more than since the year 2003, and then we had heard Congressman Fleming recognize that in '72 we were producing 9 billion barrels a day and we have now dropped down to 5. The Geological Service has noted that we have 1.5 trillion barrels that can be liberated in terms of development through technology. Do you believe in supply and demand?

Mr. SLOAN. Absolutely.

Mr. TIPTON. Don't you, in terms of that? And I think we have actually got a pretty good example of that when we talk about natural gas prices, that we have an abundance of in this country. Wouldn't it be sensible if we were able to responsibly develop those resources in this country? We would have no importation costs, transportation costs, that we would be able to lower costs of gas in this country?

Mr. SLOAN. If you are basing gas prices right now on the idea that there is not enough supply out there. If I could read to you a quote from Rex Tillerson who is the CEO of ExxonMobil, in an interview in April he said, "The markets are well supplied today. If you look at inventory levels here in the U.S. and around the world, they are in strong condition." So supply is not the issue. What is reflected is the price and the uncertainty around what might happen in the coming months to oil supplying countries.

Mr. TIPTON. Which speaks to the very point that I think, and I applaud your service and also Mr. Martin as well, that uncertainty is based around our reliance on Middle East oil. So if we develop it here at home wouldn't that be common sense?

Mr. SLOAN. If you don't believe in free markets. The oil companies are not national companies, America does not have one. ExxonMobil will sell the oil that it produces at the highest price.

Mr. TIPTON. Right.

Mr. SLOAN. So as long as OPEC controls the oil and the oil supply and can kind of keep prices where it is, which is exactly what happens.

Mr. TIPTON. Yes, let us expand that just a little bit. The value of a barrel of oil is based off of the U.S. dollar, correct?

Mr. SLOAN. Correct.

Mr. TIPTON. So would you see it a failure of the Federal Government, specifically the Fed, failing to stand up and strengthen the U.S. dollar, allowing it to weaken, which is ultimately affecting gas prices, hurting senior citizens, hurting struggling families here at home?

Mr. SLOAN. I think the impact of the Fed and how they address this issue is outside the purview of my knowledge, and to maintain my credibility I can't offer an answer on that.

Mr. TIPTON. But maybe, and this is open to anybody. You know, we all want clean air, we all want clean water, but when we look at the EPA they have multiple fuel standard mixtures that they are putting out. How does that impact the price of a gallon of gasoline?

Ms. BORELLI. It impacts on the production and, of course, they are going to pass that cost on to consumers.

Mr. TIPTON. Right, and when is the changeover of that, Ms. Borelli? Is that typically when we begin our driving seasons?

Ms. BORELLI. There are certain blends for weather. California has their own thing going with their certain blends for emission purposes. So it is different in all the states.

Mr. TIPTON. So would it be sensible to you that we talk to the EPA about not having multiple standards that apply everywhere going around the country, that we are actually hurting our citizens, that we can create win-wins?

Ms. BORELLI. Yes.

Mr. TIPTON. And more sensible regulations in the marketplace?

Ms. BORELLI. I agree, I mean the EPA is part of the problem and the EPA is part of this war on Obama's fossil fuels, they are regulating greenhouse gas emissions.

Mr. TIPTON. Right. And, you know, we had heard the Ranking Member talk about if we do start to produce, I would probably challenge that number a little bit, I think it will be significantly higher if we do produce more in this country, but about being able to get a nickel a gallon. You know, I carry around, maybe you guys do too, I have a little customer loyalty card at Safeway, City Market, Maverick, to be able to get a nickel or dime off a gallon, the Ranking Member had mentioned that if we generated some more here, and again I think it would be more, save another nickel a gallon. Is that nickel important to senior citizens, Mr. Martin?

Mr. MARTIN. Yes, very much so. Pardon me, but if I could also address this business of foreign sources of oil, and Mr. Sloan mentioned, of course, Iran and others and Saudi Arabia, but Iran specifically. This is a, the fact that we rely on them for so much of our oil, and their leader Ahmadinejad if he decided to sink a ship in the Strait of Hormuz, we are hurting and biofuels are not there yet. We depend on those sources of energy.

We should not, because again I think somebody referred to the long gas lines in '73 or '74. Well about the time President Carter was there we had 37 percentile I believe it was, and I keep using the word percentile because President Carter, and I am trying to quote him correctly here, in a televised press conference President Carter said it is a 37 percentile, my job and my goal will be to see that it does not rise one more percentile, to 38. Now it is more like 68. And that is not just blaming President Carter, there have been four or five or six presidents since then on both sides. But we have to wean ourselves away from this dangerous dependence on foreign sources of oil. It is a national security issue.

Mr. TIPTON. Thank you, Mr. Chairman.

Mr. SOUTHERLAND [presiding]. You are welcome. The gentleman's time is expired. And we now hear from the gentleman from Louisiana, Mr. Landry.

Mr. LANDRY. Ms. Borelli, thank you, thank you for being here. I cannot tell you how happy I am that you are here and that you are speaking up for those Americans that a lot of my colleagues on the other side of the aisle claim to want to represent. You know, I am from Louisiana, our minority percentage is about 33 percent. I come from a little town in St. Martinville, which is about 55 percent black. And let me tell you, I have friends that only have a high school diploma who were, who were, making \$60 and \$70,000 a year, that don't have a job anymore because of the effects of this de facto moratorium.

So thank you so much for coming, I just can't tell you how pleased I am. And, you know, it amazes me that the other side claims that we are irresponsible for cutting out direct subsidies for electric cars. Today in the USA Today, today, headline, Americans say no to electric cars even in high gas prices. You know, this issue, I share Mr. Costa's feeling, it just baffles me why we can't fix it, and it is such, it is so easy to fix. So again, thank you. Mr. Sloan, how is it that when other countries promote their "Drill, Baby, Drill," it affects gas prices but yet you claim that if we implement our "Drill, Baby, Drill," it doesn't affect gas prices?

Mr. SLOAN. I would say because other countries have the proven reserves to actually back that up, and that when they shout "Drill, Baby, Drill" and increase supply, that it actually doesn't. OPEC is a cartel that controls the market. They will reduce supply and—

Mr. LANDRY. OK, well let me ask you this. Couple of things, you know, number one, could you tell me how many of the major oil and gas companies that Mr. Markey loves to put in his gun sights are members of OPEC?

Mr. SLOAN. OPEC is a country based organization.

Mr. LANDRY. OK, so how many of those major oil and gas companies are—

Mr. SLOAN. The ones based in the United States, absolutely none.

Mr. LANDRY. Right, and so if we destroy those major oil and gas companies that we have domestically, OK, then does that not put us at a greater disadvantage to OPEC? Are they not a buffer between us and OPEC?

Mr. SLOAN. No, they are not American national oil companies. They are international oil companies that sell their—

Mr. LANDRY. But they are private oil and gas companies—

Mr. SLOAN. Exactly, they will sell, they sell their oil—

Mr. LANDRY. They are here domestically, they drill domestically, and do you know that we have the ability to increase our domestic production capacity to such an extent that we can have an effect on the market?

Mr. SLOAN. Congressman, the examples I know where we have actually had significant effect in breaking OPEC's kind of control in the market is when we have reduced demand, not increased supply. It seems pretty simple to me. You have a product that—

Mr. LANDRY. Well reduce demand, so you basically tell Americans, no they can't drive to Florida or people can't fill up their boats when we are awash in natural gas. This week, this week, we just permitted in Louisiana the first LNG export port, so we are going to export our natural gas.

Mr. SLOAN. Sure.

Mr. LANDRY. All right, so we are going to become a net exporter of natural gas, so we have the ability to transform our transportation industry and using natural gas instead of gasoline and diesel but yet you say, go to electric cars, go to wind, go to solar?

Mr. SLOAN. I am talking about, we started this conversation on OPEC. OPEC controls oil, it does not control natural gas.

Mr. LANDRY. Right, but we have the ability, but it is a fossil fuel.

Mr. SLOAN. If you are advocating for the complete—but the fossil fuel, oil goes into cars in terms of gasoline. We would have to do a complete shift if we want to use natural gas.

Mr. LANDRY. To what? But that is not true. We would have to do a complete shift to go to electric cars but we don't have to do a complete shift to go to natural gas. In fact, we could let Americans drive the car that they currently drive and allow them to convert that vehicle into natural gas much cheaper than we are pouring billions of dollars of your money and my money into electric cars that we are going to plug into a system that is already failing. But yet you want to attack fossil fuels, you want to attack natural gas, you want to attack oil. We have the ability here in this country, OK, we have the capacity, what we don't have is the will.

Mr. SLOAN. Congressman, if you look back at my testimony I am pretty sure I don't mention natural gas. I mention oil, and I talk about the oil cartels and how they control the supply, and right now in this country—

Mr. LANDRY. But how do you support the companies that you are going to want to drill for natural gas, OK, if you don't allow them to drill for oil as well? Do you understand? They need one and the other. In fact, there are a lot of wells that when you drill you get natural gas and oil.

Mr. SLOAN. Exactly, and there is a lot of natural gas that is stranded, there is a lot of associated natural gas. I understand the fundamentals of natural gas. But you are also back to your point, you are going to have American people, low income seniors go and convert their cars to natural gas right now, is that what you are advocating for?

Mr. LANDRY. Well it certainly would be a lot cheaper than what we are spending on electric cars and on solar and on wind. And I am out of time.

Mr. SOUTHERLAND. Thank you. I now recognize Mr. Runyan for five minutes.

Mr. RUNYAN. Thank you, Mr. Chairman. And I thank all of you for your testimony, and, Mr. Martin, Mr. Sloan, thank you for your service to this country. Ms. Anderson, I want to start with you. I represent a very large number of recreational and commercial fishermen, and they drive about \$30 million into the economy here in New Jersey. And whether it is through excessive fishing regulation or high gas prices I talk to them, I was just there last weekend and saw all these charter boats, beautiful, Saturday afternoon, just sitting at the dock.

Can you, you know, just talk about the jobs that are lost and who that is really affecting? Because I get it from a few charter boat captains that I have fished with my whole life since I have been there in New Jersey that really say this is not only going to affect that aspect. And to add another question on that, how many boats have actually left your dock because of the situation we are in?

Ms. ANDERSON. Usually when we have the high gas prices it definitely affects, you know, the cost of the trip. And so therefore if you cannot pass that on to other, to the customer because they will not want to come on the trip. They don't like having to pay the surcharge. And so that keeps the boats at the dock. As far as jobs, for every boat that operates or every person that is working on a boat, there are six jobs on land that support that job.

So we are talking for charter boats it is usually two or three people, head boats, you know, five or six, but then it is times six onshore. So it does affect, you know, quite a few people. It doesn't just affect the employees on the boats. And so that is something that folks need to take into consideration. But as far as the gas prices, yes it keeps boats at the dock, there is no doubt about it.

Mr. RUNYAN. Do you have a number of how many boats have actually left your dock? Because I notice that where I am at there are empty slips all over the place that I know a few years back were full.

Ms. ANDERSON. Yes, right now we have out of 35 slips we have three open, OK, where normally in good times we would not have any open. But we are blessed to be one of the better operations there in the area, so when folks are going to, when we have openings we have folks that will move in and take those places. And that makes empty spaces at other docks, so there is a problem definitely. We are not seeing that particular problem as much at our dock because ours is popular, but it does affect us and we are down now.

Mr. RUNYAN. And just quickly, a little bit off the subject, not like it hasn't happened here today, but is it more fuel prices or fishing regulation, or really a combination of both of them?

Ms. ANDERSON. It is a combination. Mostly it is fishing regulations. You know, with the fishing regulations being implemented now instead of a six-month season in the Gulf we have this year for our red snapper we are going to have 48 days. We have asked the Gulf Council to transfer the 1.2 million fish that were not harvested in 2010 into the 2011 season. They knocked that back to the Science and Statistical Committee last week, they started not to allow that, but now they have given us 400,000 pounds instead of

1.2, even though they actually with the new data that they had they could have given us 2 million pounds.

Mr. RUNYAN. Thank you. And, Mr. Sloan, I know, I think what we are lacking and I think many other Members agree with, that we are lacking a solid energy policy. You know, I see where you go electric cars, great, where are we getting the energy to power them? Bottom line that is going to increase electric demand, that is going to trickle right back down to our seniors. How are we going to balance this without a sufficient energy policy?

Mr. SLOAN. Well I think Congress needs to create an effective energy policy. And I am all for balance. I think that there are arguments made on both sides of the aisle today have points. On both sides there are, I would say, comments that just sort of skew the debate. But we need an effective energy policy, and we need it for our economic security and our national security. And we should look at all forums, we should look at the natural gas that in the Haynesville shale, we should look at the Marcellus Shale.

We should look at doing what the Obama Administration is doing, Obama Administration has opened leases in the Gulf since the moratorium. We also should look and follow the advice of our military and look at how the Navy is looking at advanced biofuels companies to change kind of to basically create another alternative to oil for vehicles that you fly and to drive your cars.

Mr. RUNYAN. Chairman, my time is expired.

Mr. SOUTHERLAND. Thank you, we will now recognize the gentleman from Ohio, Mr. Johnson.

Mr. JOHNSON. Thank you, Mr. Chairman. I appreciate being a part of this hearing today on gas prices and how they are affecting Americans. Particularly in my district I can tell you that I spent some time during our last work period visiting with patrons at service stations paying over \$4 a gallon for gas. I talked to independent truckers that it cost them over \$800 to fill up their trucks. Just a few years ago they were paying roughly half that amount.

Young people that are having to quit their jobs because they can't afford the gas to get back and forth to work. Families that are suffering, even job seekers that are saying, how do I find a job when I can't even afford to drive around and drop off applications to prospective employers? Some of the debate today just absolutely boggles my mind. The apparent lack of understanding of the simple laws of supply and demand. Let me ask a quick question. Have any of you ever seen a situation where we raise taxes on a commodity and it lowers the price?

Ms. BORELLI. No.

Mr. JOHNSON. Any of you panel members ever see that?

Ms. BORELLI. No.

Mr. JOHNSON. This idea that we can simply tackle this problem by taking away subsidies if you want to call them subsidies or eliminating tax credits for the oil companies, that that is somehow going to magically reduce the price of gas at the tank. What effect do you believe, as a corollary to that, what effect do you believe that increasing the domestic supply of oil, what do you think that would do to the price of gas?

Ms. BORELLI. You increase the supply of anything the cost of that product would drop down.

Mr. JOHNSON. OK.

Ms. BORELLI. And so if we open up all of the areas in our country to allow for drilling and exploration, that will reduce and at some point it will reduce the cost of gas prices in our country.

Mr. JOHNSON. Sure. And, you know, we have heard some rather, I would almost call it silly debate about this issue of speculation. And I think Mr. McClintock made a very good point. Speculators lower prices when they anticipate that the supply is going to increase, they raise prices when they anticipate that the supply is going to decrease, that is the way that game is played. If we increase domestic production of oil, thereby increasing the supply, do you agree that that will tend to stabilize the speculation?

Ms. BORELLI. Well that is the message you would be sending to the market in general, so yes.

Mr. JOHNSON. OK. I have also heard it said this morning that this should not be a political issue, and I could not agree with you more. There have been failures throughout the years on the fact that we currently do not have a robust energy policy. The fact is, however, here we sit with this Administration with a Secretary of the Interior that has admitted in open testimony before this Committee that because oil is an international commodity America has no influence over the price of oil. Do you agree that America has no influence over the price of oil? What would happen if we increased our domestic production?

Ms. BORELLI. The price would go down.

Mr. JOHNSON. The price would go down, I mean that is the law of supply and demand. We have also heard testimony from that same individual that they don't have a robust permitting process. Just a few short years ago they were approving permits in the 300s and then the year later in the 100s, now we are down into the simple double digits in terms of getting permits approved. Mr. Sloan talks about going after all of these different forms of energy, yet we don't see an energy policy by this Administration or by the Secretary of the Interior to go after that. Do you, do any of you see any evidence that this Administration is serious about developing a national energy policy?

Ms. BORELLI. This Administration is serious about developing natural resources in Brazil, but they are not serious about it here in our country because if they were we wouldn't have all these regulations and we wouldn't have the President actively, you know, calling the shots to reduce what we are capable of producing.

Mr. JOHNSON. Ms. Borelli, you said it better than I could, thank you very much. My time is expired. Mr. Chairman, I yield.

Mr. SOUTHERLAND. Thank you very much. I now recognize the gentleman from South Carolina, Mr. Duncan.

Mr. DUNCAN. Thank you, Mr. Chairman. Thank you, panel, for being here. And I apologize for coming in and out during the testimony, but when I serve on three different Committees and they are all going on at the same time as you can understand there is opportunity for me to do a lot today. But just want to ask rhetorically I guess to think about what \$7 or \$8 a gallon gasoline would mean to seniors and working families across this country.

I can only imagine what \$7 a gallon gasoline would do because I ran a small business for 16 years. And I remember in August of

2008 what \$4.85 a gallon diesel fuel meant to my business. And we weren't a large business, we were a auction firm, we were running two trucks on the road. And I know what it meant to my overhead because I remember making the phone call to a gentleman that worked for me saying, we are staying home, we are not going to hit the road chasing auction deals like we had in the past, we are going to sit at home and we are going to call our clients and we are going to send emails and we are going to do things to save fuel.

So I can only imagine what \$7 and \$8 a gallon diesel fuel or gasoline means to the American economy. But imagine this. Imagine a gentleman who was picked for a Secretary of the Department of Energy saying that he sees America experiencing just that, that we need to get used to a European style gasoline prices of \$7 and \$8 a gallon. That was his stated goal when he was Dr. Chu prior to being Secretary Chu, Secretary of the Department of Energy.

And so it bothers me that we have someone in a leadership position who believes that Americans ought to pay what Europeans pay for gasoline, when you have heard numerous testimony and comments in here by Congressman in this Committee about domestic energy resources that we could be tapping to increase supply. Congressman Johnson from Ohio very articulately expressed those resources and talked about supply and demand so I am not going to rehash that, but it is a supply and demand issue.

And I want to applaud this Committee and this House of Representatives for passing three bills that send a very clear signal to the marketplace, that we are going to be serious in the House of Representatives about meeting domestic energy needs, meeting increasing domestic energy productions whether it is in the Gulf of Mexico or whether it is on Federal lands. Because we understand that increased domestic supply will reduce the price at the pump for American families.

There is no doubt that, we saw last week, Mr. Chairman, a 15 cent decrease in the price of fuel I think directly attributable not only to the three bills that we passed out of the House but also the President getting the message and going on the air on Saturday morning after we passed those and saying that he thinks we ought to increase domestic energy supply as well. And so the message was sent clearly to the market, the speculators, OPEC, whoever you want to point to, that we were very serious about increasing domestic supply, and I think the market responds positively and we saw the price come down.

If we do increase that supply, whether it is natural gas or any other hydrocarbons, I think you will see the market respond. I was in my home county last week during the constituent work week, and I went out to a gas station and spent an hour and a half talking to motorists that came in and were filling up their tanks. I helped them pump their gas while we carried on a conversation about the impact of rising fuel prices on their families, the impact of the rising fuel prices on their small businesses.

And I was amazed that, one lady from Gray Court, South Carolina, she was expecting her fifth child, she works about 40 miles away from where we were and her husband works in that town, they work opposite ends of the spectrum, they live halfway in between, they are spending over \$200 a week in gasoline. And they

have five children, they are having to make hard real life decisions about whether they are going to prioritize putting food on the table and clothes for their children or putting gasoline so that she and her husband can travel back and forth to work.

One family had cut off the Internet and upset their kids, but they made that decision to take away that luxury because it is impacting their pocketbook. They are instead reaching in their pocketbook to take out a \$20 bill to pay for that fuel or they are taking out a \$50 bill to pay for that fuel. It is impacting. You know it, you are here today, you are providing that testimony, and we have to really be serious in this country.

I believe in alternative fuels, don't get me wrong. I believe in a comprehensive energy policy for this nation anchored on the domestic energy resources that we have in the Gulf of Mexico, on the Outer Continental Shelf, all around this great land, and on Federal lands that have been taken off the table by this Administration for domestic production. And once we increase the supply, regardless of what world demand is, if we increase supply in this country you will see the price go down at the pump and it will impact positively this time the folks that you are here to represent. So thank you very much, and God bless you.

Mr. SOUTHERLAND. Thank you. I now recognize the gentleman from Texas, Mr. Gohmert.

Mr. GOHMERT. Thank you, Mr. Chairman. And I do appreciate each one of the witnesses. Mr. Sloan, thanks for being here. Ms. Borelli, I am really impressed with your knowledge and your reasoning ability, thank you so much. And, Mr. Martin, it is always a pleasure to see you anywhere and hear from you. And, Ms. Anderson, I have never met you before but I have eaten your food many times over the years and you all have fantastic seafood and sure want to try to keep you in business so I can come back from Texas to Mr. Southerland's district and enjoy some of the good food over there.

You know, we have had hurricanes, disasters hit east Texas. And I have looked around as I have gone through when people have lost power, lost their electricity, everybody has wanted to find a hybrid generator, but there is no such thing. When they lose electricity if you don't have gasoline or you don't have diesel, you are not going to have electricity. And so electricity is a wonderful thing, but we have continued, particularly going back to President Clinton when he put perhaps our largest supply of coal off limits to being produced, that did help his friends in Indonesia that had coal but it sure didn't help American citizens.

And as we have come forward, and I have just been amazed as I have been on this Committee now for six and a half years that when we lost the majority in November of '06 because we were rightly overspending and so it needed to change, not, people didn't know that the new majority would now take us to ten times, more than ten times the overspending that we had done from \$160 billion to \$1.7 trillion, but I have been amazed the last four and a half years that just month after month we put more and more of our resources off limits.

You know, in the last term of Congress we even put what could have been our best source of uranium off limits for its production.

And I heard a comment that, you know, referencing countries, some countries with far more resources than we have, yet from what I have heard in this Committee from experts on the different energy resources we have there is nobody in the world that has the resources we do when you combine coal, that we should require to be used cleanly, when you consider uranium, when you consider natural gas, especially since the new fracking methods have given us over 100 years of reserves.

One party thought that the biggest natural gas reserves may be off the west coast of Florida, but that is off limits to be drilled. So it has just been staggering how we keep putting our energy resources off limits. And, Mr. Martin, I heard from an 80-year-old lady when gas went to \$4 a gallon who said she came into this world in a home that only had a wood stove and it looks like because of the prices we have created for energy by our failure to use our own resources, she may leave this world with a wood-burning stove. It is all she has got.

It is interesting when you see that the Wall Street executives and their immediate family donate to Democrats 4 to 1 over Republicans. Those rich people find high gas prices an inconvenience, but the people in my district, the working poor, it is life or death, keeping their job, having some way to live. So I appreciate you all being here, I just hope and pray that we will change this Administration's mind. I realize the President is only as good as the information he is given, and obviously he has been given a lot of false information.

But we need to provide for those who make this country run and give them the freedom to choose what kind of lightbulb they want, what kind of resource or fuel they want to use. And I hope based on the testimony you have given we can keep restaurants and marinas in business, we can help seniors to live within their means and maybe give them better means as well. But I want to see this economy take off, so thank you all so much for coming today and giving us your perspective.

Mr. SOUTHERLAND. Thank you. I now recognize myself for five minutes. And first of all I want to thank all of the panelists here for coming and appearing before us today. Ms. Borelli, I wanted to ask you, we have all, well this is actually for all of you, but we have all talked about the need for a comprehensive energy policy going forward, I think that everyone would agree that when you say comprehensive that that includes all the pursuit of all of our natural resources in a responsible manner that is good for prices, that is good for jobs. But if we move forward with that comprehensive energy policy, Ms. Borelli, just very simple, this is not a complicated question, tell me how more production, domestic production, would affect American jobs?

Ms. BORELLI. Well what we need is the EPA to stop regulating and stop demonizing the fossil fuel industry so they can explore and develop, provide jobs, and continue to get the government the \$86 million in revenue that they get on a daily basis.

Mr. SOUTHERLAND. Very good. And, Mr. Martin, similar, you know, and again as an advocate of that comprehensive, and I am assuming that the definition of comprehensive is still that it is a balanced policy to seek energy from all of our natural resources,

unless someone has changed the definition of comprehensive and didn't send me an email, but how does that affect your members and the seniors that you know and meet around this country?

Mr. MARTIN. Well thank you. Quite frankly our seniors, a lot of them they keep talking about the cars they drive, a lot of my seniors don't drive cars anymore, they can't afford it because of the high price of gas. And I would point out too, and I have to say this for Mr. Runyan, I testified up in Atlantic City a few years ago on the need to get on with our drilling, OCS and what have you, and also I grew up in Florida.

And I was asked by Secretary Salazar would this impact the tourist industry, you know, these rigs off the coast of Florida and all that. And I said, well I don't know, it won't affect a lot of my seniors who can't get down to Florida that would. But he said, the thought of those rigs offshore of Florida, and so I had a 70-year-old Blackjack dealer from your state, from Atlantic City, African-American lady, she is in her 70s, she is one of my folks at 60 Plus, and she said to the Secretary, the fact is those rigs we are talking about 50 to 100 miles out, you know, we are not talking about a few miles off Ft. Lauderdale Beach where I grew up.

In fact, she said, Mr. Martin, our old eyes maybe we can't see that far, but actually because of the curvature of the earth even with binoculars you can't see more than 10, 11, 12 miles anyway. So that is a myth about the eyesore there. I had another 84-year-old down in Virginia Beach make somewhat the same statement, and she said, I have grown up in Virginia Beach all my life, I was married to a Navy man for 45 years, God rest his soul, he is gone. She said, I am still here though and to keep our young folks around here we need to get on with producing energy which will bring down the cost, it will provide jobs, et cetera.

I love those seniors who come and talk about those things. And by the way too, this Marcellus Shale, you know, we are in our seventh year of production, we have enough natural gas now for a century or more, seventh year. I go back to the fact in 1995 when President Clinton vetoed drilling on the ANWR the argument again being, well it would take ten years to get anything to market. Well that was 15 or more years ago. So we did the math, if you had a billion barrels of oil a day for the next five or six years that would be over 2 billion barrels of oil, I think that has to impact the cost to everybody, not just to seniors.

Mr. SOUTHERLAND. Mr. Martin, thank you. Ms. Anderson, thank you for your testimony today, and I just I thank you for what you do and your business does in our community. So tell me, the same question, if we increase domestic oil drilling as a part of a comprehensive energy policy going forward what is that going to mean to boats and individuals that make their living on the water down in our neck of the woods?

Ms. ANDERSON. I believe it will make quite a bit of difference. I have prepared this gasoline chart, fuel chart, where we have, what number of gallons we have sold over the last, you know, several years at the marina. And the difference between 2006 and 2008 was a third less in 2008 number of gallons sold at the marina. So we are talking about 100,000 gallons less sold. So the impact is significant most definitely, and that is just one marina.

I have information on the other two marinas in our area just in Grand Lagoon, and they also show that there are one-third fewer gallons sold, and that means that those boats are not out on the water. And, of course, it always is across the board it affects the tourism industry in our area because according to our TDC Director, Dan Row, he said that tourism in that year, 2008, was down 15 percent in the Bay County area alone, which shows, you know, the impact on the tourism industry.

Mr. SOUTHERLAND. Mr. Sloan, we certainly—thank you, Ms. Anderson. And in the pursuit of fairness, I want to also give you the same question. I know we are overtime, so please be brief. But if we pursue that comprehensive energy policy, shouldn't that be a part of that comprehensive policy going forward?

Mr. SLOAN. Reality says it will.

Mr. SOUTHERLAND. I am sorry?

Mr. SLOAN. Reality says it will.

Mr. SOUTHERLAND. OK.

Mr. SLOAN. But if it does, it will keep us hooked on a commodity that is dominated and controlled by governments that do not like us and do not have our best interests at heart.

Mr. SOUTHERLAND. So define comprehensive for me.

Mr. SLOAN. We have an abundant resource in oil, it will definitely include that.

Mr. SOUTHERLAND. OK.

Mr. SLOAN. But if it is founded in it, it puts our national security at risk.

Mr. SOUTHERLAND. So you are saying that a comprehensive plan should not include oil, is that kind of?

Mr. SLOAN. I am saying it shouldn't be based in oil.

Mr. SOUTHERLAND. OK. But if it is comprehensive as Webster would define comprehensive, then it is going to have to be a part of the plan going forward?

Mr. SLOAN. That is reality.

Mr. SOUTHERLAND. That would be common sense then, reality is common sense. So thank you very much. And I didn't get to say this earlier, but thank you for your service to our country. Mr. Martin, you as well. Thank you very much. I ask for unanimous consent to submit for the record an article from the Chicago Tribune titled "High gas prices change the way unemployed look for jobs." And last I just want to thank the panel for their testimony. Members of the Committee may have additional questions for the record and I ask to respond to these in writing. If there is no further business, then without objection, the Subcommittee stands adjourned.

[Whereupon, at 12:18 p.m., the Committee was adjourned.]

[The article submitted for the record follows:]

High gas prices change the way the unemployed look for jobs

May 22, 2011; By Gerry Smith, Tribune reporter

Before a recent job interview, Alicia Madison climbed into her 2001 Ford Explorer and realized her gas tank was empty, just like her bank account.

Unable to afford gas for the 25-mile round trip from her Glen Ellyn home to the Naperville business, Madison was forced to reschedule. She now relies on gas vouchers issued by a nonprofit agency to drive to interviews.

Madison, a certified nursing assistant unemployed three months, is desperate to return to work, but not desperate enough to take a job too far from home with gas prices at record highs.

"I have to be conscious of where I'm looking and how far it's going to be," said Madison, 23, a single mother on food stamps. "I don't want to work just to pay for gas."

Her dilemma underscores the problem that steep gas prices have created for the unemployed: They need income to fill their tank but can't afford to take jobs with long commutes.

Some job seekers say they are more selective now, curtailing face-to-face networking and ignoring some opportunities based on the high transportation costs.

Gas prices have continued to climb in the Midwest recently due to high oil costs, oil distribution problems and refinery shutdowns. Monthly average prices for gasoline in Illinois reached \$4.26, according to AAA Chicago's most recent Fuel Gauge Report, issued last week. The Illinois average for regular unleaded gasoline has increased 24 cents during the last month and \$1.21 over the last year.

In Cook County, regular unleaded gasoline averages \$4.50 a gallon, up 30 cents from last month and \$1.29 higher than last year. In DuPage County, regular unleaded averages \$4.36 per gallon, a 28-cent increase from April and up \$1.24 from last year.

Meanwhile, the job market seems to be improving. The unemployment rate in the Chicago area fell to 8.7 percent in April, the lowest since February 2009, according to the Illinois Department of Employment Security.

There are more jobs out there, but if they are far from home and fuel prices remain high, are they worth taking?

It's an understandable question, particularly for those looking for jobs that would pay around minimum wage, said Ian Savage, a transportation economist at Northwestern University.

"If you have to work two hours just to pay for the gas to and from work, that's a big disincentive," Savage said. "It certainly narrows down your job search."

For people like Chicagoan Nicole Harris, 42, who lost her job more than a year ago, soaring fuel costs have changed the calculus of unemployment. Harris lives in Hyde Park, and when she sees job openings now, she asks herself a series of questions: How much am I going to make? How much will I spend on transportation? Can I commute, or will I need to relocate?

Most of the jobs in her field—instructional design—are located in suburbs. Since losing her job, she has subsisted on contract work, but her last short-term position barely covered the cost of the commute, she said.

"I need to work, so I'm basically willing to go anywhere," Harris said. "But will I be able to make any money if I take the position? By the time you pay for gas, that's half of what you work for an hour."

The impact of high gas prices on employment decisions is particularly relevant in the Chicago area, where jobs have increasingly shifted to outlying suburbs. These are often inaccessible by mass transit, putting more pressure on transportation costs, according to the Center for Neighborhood Technology.

Some job seekers have started narrowing their search to companies along train lines, said Joy Maguire-Dooley, director of youth and family services for Lisle Township.

"In the past, they would say, 'If this is a good job, I'll go anywhere,'" she said. "Now, if they live in Northbrook, they won't apply for jobs in Naperville because there is a commute."

On the flip side, some companies are rejecting applicants who live more than 25 miles from the office out of fear they will quit because of high gas costs, said Maguire-Dooley, who advises job seekers to remove their address from their resume to avoid being weeded out.

After being unemployed for eight months, Paul Minch, 46, of Downers Grove, said he would still take a job almost anywhere but admitted that rising gas prices have changed his networking strategy.

He has scaled back on going to weekly job clubs and decided against a recent job fair at his alma mater, DePaul University, because it was too far from home. Instead, Minch has embraced social networking, using Twitter and Skype to connect with people in his field of information technology.

"The conventional wisdom has always been to get out and network with people over lunch—wherever they might be," he said. "Now, with gas prices higher, I'm not going to pay that much to drive all the way over there. Why not meet on Skype so you don't have to leave your home?"