

values," unless of course, the only families you value are the nation's wealthiest families; or we can pass a budget that truly helps all of America's families.

I hope that we will make the right choice. I hope that we will invest in our families and their children, which, by the way, is an investment in our Nation's ability to compete in the international marketplace.

#### OUR NATION'S ENERGY ISSUE

The SPEAKER pro tempore (Mrs. DRAKE). Under the Speaker's announced policy of January 4, 2005, the gentleman from Pennsylvania (Mr. PETERSON) is recognized for 60 minutes.

Mr. PETERSON of Pennsylvania. Madam Speaker, I appreciate the opportunity to share tonight what I believe to be one of the most compelling issues facing this country, and it is our energy issue.

Energy is what makes everything run. It heats our homes. It makes our businesses run. It helps us transport ourselves and goods from place to place. Energy is a part of everything we do.

Now, I come from right near Titusville, Pennsylvania, where the first oil well was drilled, and nothing has changed the world more than when we found petroleum and how it developed our whole Industrial Revolution in this country and we became the leaders of the world and how we developed our transportation system.

But today, you know, we hear a lot about the price of oil because it is published daily, and we hear a lot about the price of gasoline at the pump. And that is important to us. And it has been painful some time back when we hit over \$3 for gasoline.

But, folks, when gasoline prices were at \$3, they had doubled in the 5-year period. The real issue facing America is the price of natural gas, which has increased 700 percent in the same period of time, 5 years.

Why is it a crisis? Well, the impact is we heat our homes. It could threaten homeownership. We heat our schools, our hospitals, our YMCAs, our YWCAs, our churches, our colleges, our universities, our small businesses. Yes, everybody uses natural gas in some way, from cooking to baking to heating their homes, running something.

And we have major industries like steel, aluminum, brass, all our metals, that melt steel, that heat it to bend it or shape it. Petrochemicals, they use natural gas as a heat. They use natural gas as an ingredient. Every chemical that we buy in the grocery store or the hardware store is a derivative of natural gas.

Polymers and plastics, we do not have anything that does not have polymers or plastics connected to them. Again, polymers and plastics, a major ingredient is natural gas; and of course it is used again and again to melt it and to shape it.

Fertilizer, our farmers have been devastated this year with huge increases in fertilizer cost. Nitrogen fertilizer, the one most common, 70 percent of the cost of fertilizer is natural gas.

So our farmers have been hit very hard with the energy crisis because they have paid a lot more to run their tractors, to cultivate their farms. They have paid again to harvest their crops. They have paid with natural gas to dry the grains before they put them in storage in the big elevators. They have been hit with natural gas every way they turn.

Why are natural gas prices more harmful than oil prices? Well, when we buy \$65 oil, as it was a few weeks ago, or 58 or 59 or \$60 oil, as it is today, that is the world price. And all our competitors, far and wide, around the world pay that same price.

But that is not true of natural gas. When we paid \$14 for several months, we are down around 12 now, maybe 11, still the highest price in the records that have ever been kept, we are alone. We are the only country paying that. Canada is considerably cheaper. Europe is usually about half of our price. Our economic competitors, Japan, Taiwan and China, a third of our price. Thinking of giving all those manufacturers and processors over there another huge advantage over us economically, not only cheap labor, but cheap energy.

How can our employers compete when energy is a large part of their cost? The fact is they cannot. I was today at a celebration of the expansion of a lime company that put in new kilns and invested \$60 million in my district. And I asked them, what fuel do you use to fuel these kilns to make lime, because you heat it to 2,400 degrees. And they said, we use coal. And I said, you can be glad you do. And they said, well, we have plants all over the States. We have plants in Canada and plants in Mexico. We have natural gas plants. And I said, well how are they faring? And they said, well, we are not running those. Today's natural gas prices we cannot afford to make lime.

Folks, the problem we face with the natural gas prices that are going to be high for a long time to come, they are going to be devastating to homeownership. They are going to be devastating to small business. But they are going to force major companies to leave this country, because if they want to compete, if they want to make products that are saleable, you cannot pay three, four and five times as much.

□ 2145

In South America natural gas is only \$1.60. In Russia it is only 90 cents. And I named all of our other competitors.

How did this happen? Well, for decades gas was under \$2 and oil was around \$10. Nothing competes, none of the renewables. None of the new initiatives work with those cheap, cheap prices that we had for a long time.

Now, about 10 years ago we changed a major policy in this country. Histori-

cally, it was against the law to use natural gas to make electricity. It was considered not prudent. I think we were right then, but that was changed. And so 10 years ago we took away the limitation of using natural gas to make electricity, and today one-fourth of our electricity is made with natural gas. So huge reserves of natural gas now go into making electricity.

Now, I remember at the same time when that was happening I went to a briefing in the Senate and a Daniel Yergin, who wrote the book "The Prize", a Pulitzer Prize-winning book, he said if we used a lot of natural gas to make electricity and we did not open up supply, in a few years we would develop a real shortage of natural gas in this country. That happened, because I remember the first year that it reached up over \$3, that was from under \$2 gas to over \$3. That was a major bump in the cost of heating our homes and running our businesses.

Well, the next year it was up in the high \$4s and that again was a huge percent increase of natural gas costs, and we all watched and learned. The next year, the average price last year, the average price for natural gas during the summer months when we fill our storage, in the summertime we produce more gas than we can use and we put it in huge caverns, many of them in my district in Pennsylvania, and we store it for winter usage because we do not produce enough in wintertime.

Last summer the average price was \$5.30. That was the highest price we ever paid for summer gas. It was very alarming to those who watched that. This year was even worse. We were bouncing along between \$7 and \$8 all summer; and those were waiting for new contracts, waiting for the price to come down, it just never happened. Then as we were approaching the fall we got up to around \$9 gas and sometimes even close to \$10, and then came Katrina and the other storms and a shortage of gas coming out of the gulf, and we hit \$14.50. And that was a record for gas prices in this country, and it stayed there for some month or two and now just recently has edged down into the elevens. But still it is way above.

We were talking this summer that probably sometime this winter, when the cold Canadian air comes down into the States, that we could be looking at \$10 and \$11 gas this winter. Well, we are back at \$10 and \$11 gas now and we think that is pretty good compared to \$14 a few weeks ago, but it is a huge shock to our system. It is not a price companies can pass on.

I have companies in my district that, when it reached \$8, they do not produce any more because they cannot pass that on. That cost makes it prohibitive.

Now, how did this all happen? What could we do to fix it? Well, we have huge reserves in our West and we have huge reserves on our Outer Continental

Shelf. What is the Outer Continental Shelf? That is our shoreline. The States control the first 3 miles of the Outer Continental Shelf, and then for the next 197 miles, 200 miles is controlled by the Federal Government.

Historically, most countries in the world produce oil and natural gas there. But about 20-some years ago the President of the United States put a moratorium. It was supposed to be temporary; it was while we had an inventory to see where the best supplies were so we could open up with the least environmental damage. So that moratorium carried into the Clinton administration, and they just extended it to 2012, and our current administration has not dealt with it.

Well, that has closed up 80 percent of our shoreline with huge reserves. Some estimate that it is 400 trillion cubic feet. Others feel it is far in excess of that because we have never used the most modern seismographic equipment to tell us what is there today, if we did that, because Congress has not allowed us to. We have not allowed the Outer Continental Shelf to be measured with the modern technology of today to tell us how much oil and gas is there, because if we found out there was a lot we might go after it, and that would be a terrible thing to do.

Well, I am sorry, but there has never been a natural gas well that has ever polluted a shore. I am promoting natural gas production, and I will explain my legislation a little later here.

But we have also not had a major spill from oil production in the water since 1969. I do not know how long the industry has to be perfect before we can do it there and be trusted.

In the gulf when we had the series of storms that hit this year, the worst ever, a 60-foot wall of water, rigs were destroyed, platforms were destroyed, but there were no major spills because the technology that we have today works. The wells are locked in at the ocean floor, and the gas and oil is held there until we can repair the platforms, until we can reconnect those wells and get them back into the system. So it is safe technology today.

Well, how safe is it? How can we be sure? Well, Canada is a very environmentally sensitive country. They produce right off the coast of Maine and right off the coast of Washington. They actually drill for natural gas in our Great Lakes every day and sell the gas to us. Does that make sense? I do not think so.

The United Kingdom, an environmentally sensitive country. They produce a lot of their oil and gas both on their Outer Continental Shelf. Belgium, Norway, Sweden and Norway, very green countries. Where do they produce their energy? On their Outer Continental Shelf. New Zealand, Australia produce there every day.

Our future depends on the price of energy. If we are going to have businesses that compete, if we are going to be able to afford home ownership, if churches

are going to be able to heat their churches this winter—I have churches in my district that are talking about not using the auditoriums, but using their basements and not heating the rest of the church because they will not be able to afford to.

Most of the churches and schools and small businesses in my district had \$6 and \$7 contracts for natural gas last year. They buy outside the controlled system. They buy direct from the producers and they use the pipeline that the public system has. And all of them have had a doubling, not a 10 percent increase, not a 20 percent increase, but a doubling of their gas costs for this year. So if a YMCA spent \$12,000 last a month for natural gas, this year it will cost them \$24,000.

Most YMCA's, most churches, most small businesses do not have those kinds of cash reserves to use to heat their buildings.

Now, who opposes our production on the OCS? Well, I have to be honest. We have a lot of good friends in Florida, and I love them dearly. But the Florida delegation and Florida State government has been a real obstacle to production on the Outer Continental Shelf. They have really been much of the dictation of policy, and for, I believe, all the wrong reasons.

Now, the plan we have is the Peterson-Abercrombie plan. We want to remove the moratorium on all of our shoreline for natural gas only. We will give the States 20 miles of protection instead of 3. So when you get past 12 miles, it is all out of sight; nobody will know it is there. The production lines are all underground coming into the shore. And it is the best and most sensitive environmental way to produce natural gas. And there is no good argument, I have yet to have anyone show me an accident in the history of the production of natural gas offshore, of a natural gas well ever polluting a beach, ever polluting a shoreline, ever causing detrimental damage to fish and aquatic life.

All the studies have shown that aquatic life and fish life are far more prevalent where platforms and drilling rigs have been because they like the protection from the hot sun. They congregate there, and the fishermen find that that is the best fishing. That has been historic.

In the gulf when there was talk about not rebuilding some of the platforms, the fishermen were saying, Please leave them there. Please do not take them out. That is where we catch our fish.

So it is not detrimental to aquatic life. It is not detrimental to clean beaches. It is not a sight problem because you cannot see it; it is out of sight. But it is about our home owners. It is about our businesses. It is about our employers, our churches, our Ys, our schools. There has never been a natural gas well that has polluted a beach or shoreline.

Someone said in a debate the other day that there was no sense in doing

this, that it would take 7 to 10 years for production. That is not true. It would take several years for production.

Now Tract 181 in the gulf, I think it is a tragedy that it has not been leased. It was scheduled to be leased during the Clinton administration. And here we are 6 years later and Tract 181 has never produced. Now Tract 181 is about 200 miles from the Florida coast. It lies mostly under Mississippi and Alabama. It only gets near to Florida along the panhandle of Florida. And I am told now they will cut the corner off, so it is more than 100 miles from Florida, which really Florida should have never had any jurisdiction or should never have been able to stop the use and leasing of Tract 181.

Tract 181 is the best known reserve we have. It is millions of acres, right beside where we produce in the gulf today. And every well that was drilled would automatically be hooked into the system, gas or oil, and we could help our supply problem.

Now, I do not believe we can drill our way out of the oil problem in this country. I think we ought to be diverting from the use of oil everywhere we can. But natural gas is really the almost perfect fuel. There is no pollution to natural gas. It burns the cleanest of any fuel. Even CO<sub>2</sub>, you have one fourth of the CO<sub>2</sub> that you have with other fuels. It is almost the perfect fuel.

Now, I do not particularly think we should be using a fourth of our natural gas for electric generation, but that is a debate for another day, but we have to open up our supply so prices moderate. What could that do for us?

Natural gas could be very much a part of our transportation system. We have a bus system in my district, State College, that uses all natural gas for their bus system. There are bus systems in California that are all natural gas. Today those systems are paying a premium. Historically, natural gas was less expensive than gasoline, but today it is more expensive.

Now, in the cities, if you used natural gas, and a gasoline engine can be easily converted. This is not some expensive technology. All our short-haul delivery trucks, all our taxi cabs, all of school buses, all our construction vehicles, they do not have to go long distances, could be running on natural gas, saving the need to build refineries, saving the need to import more oil, and in the cities, helping them get attainment for the clean air mandates.

Natural gas should be the bridge to our future, not the wall that it is today because of prices no one can afford. Natural gas is almost our clean, perfect fuel, and we need to be using it wisely. We need to be producing it, though, in quantities that are affordable. It really is a part of almost everything we create from fertilizers to all the chemicals, even face creams.

Now I do not think the average woman when she puts on make-up or

any of us who use skin softeners think we are using natural gas, but we are. Those are all made from a derivative of natural gas. It is just so much a part of our lives. It is almost hard to explain an item that we get out of the ground, gas, with all of these qualities that have such a part of our industries.

Now, when these prices increase 700 percent, companies who use huge amounts of that just cannot exist. As I said earlier, the lime companies told me they were not running their plants that are on natural gas. They could not afford to sell the lime if they did that.

So just think of a steel company. I spoke this spring at a breakfast of steel makers, and I gave them my natural gas speech, and a gentleman sitting at my table was quite alarmed. He said, I cannot believe what you just told me. And I said, Why? And he said, I used \$10 million of natural gas last year to melt steel.

□ 2200

I never knew, I thought there was a little price differential, but I never knew there was this huge differential, that my steel companies in neighboring countries could buy natural gas so much cheaper and have such an economic advantage on me in making steel.

Folks, if we are going to have steel-making in this country, if we are going to make aluminum in this country and petrochemicals and fertilizer, and these are some of the best jobs we have left, they are all huge energy consumers. They all use huge amounts of natural gas.

If our seniors, who are approaching their years and want to live in their homes, they are going to use a lot of natural gas to heat them, to heat their water and cook with. The current prices of natural gas are going to prevent homeownership. We are going to have a lot of people shut off this winter who could not afford to pay their gas bills, and they will be terminated. We can even actually have people freeze to death in our cities where people do not know they are there and do not know that they are having the problem.

So I just find it an argument that I have been making for some time here in Congress, and I guess I have been so shocked and surprised that we have not been successful yet at opening up the Outer Continental Shelf and opening up the production in the Midwest.

The Outer Continental Shelf, I think this is the most advantageous thing to do because the Outer Continental Shelf lies near the population. The bulk of the population in this country is along the shorelines; and so when you produce gas along the shorelines, you are going to have it near where the people are. One of our problems of Midwest gas is getting it to the market needs.

We are told this winter that Wisconsin and Minnesota and Michigan, those areas are going to pay considerably more for natural gas than the

Northeast because they are supplied out of the gulf more than the Northeast is. So with the gulf having so much of their gas still shut in from the storms, there is going to be a shortage in their pipeline system because these systems are not all connected.

I want to share with you what the Associated Industries of Florida said, and then I am going to call on my friend from New Mexico who has just joined us, but while we have had all this opposition from the government of Florida, we also have the Associated Industries of Florida wrote a letter to our Minerals Management Service saying:

"We appreciate that MMS is going to review all of the current OCS areas, including the areas that have until now been off limits due to the moratoria, which include the Atlantic, Pacific and Eastern Gulf of Mexico regions. Research documents that these areas hold substantial undiscovered but technically recoverable energy resources that will be absolutely critical to America's national security and to the continued growth of our economy and to securing jobs for virtually every sector of our economy."

They go on to say later in the letter: "If America doesn't look to expanding exploration and drilling in these OCSs, then America will unnecessarily pay a high price and incur a heavy burden. The U.S. Energy Information Administration forecasts that by 2025 petroleum demand will increase by 39 percent and natural gas demand will increase by 34 percent. Higher energy prices have exacted a toll on our economy by slowing our growth from between .5 to 1 percent based on pre-hurricane prices. Farmers have paid \$6 billion more for energy in the last 2 years. Natural gas costs for the chemical industry in America have increased by \$10 billion since 2003! Of 120 chemical plants," this is an alarming figure, "being built around the world with price tags of \$1 billion or more, only one is being built in the U.S."

"As a result, Associated Industries of Florida," this is 10,000 business people, "recommends to the MMS that expanded lease sales are important to our country, to our citizens, and to our way of life. To not utilize all of our available energy resources, when it can be accomplished in an environmentally sensitive way, would be a disservice to our country. We need to ensure that we have a brighter future by adopting an expansive OCS leasing program."

I am pleased to be joined by the gentleman from New Mexico (Mr. PEARCE) who understands this issue maybe even better than I, and I yield to the gentleman from New Mexico (Mr. PEARCE).

Mr. PEARCE. Madam Speaker, I thank the gentleman from Pennsylvania (Mr. PETERSON) for bringing this important issue to the floor of the House.

I understand the issue. My father worked in the oil fields. My father actually began life as a sharecropper in

west Texas, and I was born in 1947. There was a drought in 1947 and 1948, and my father was a sharecropper on dry-land farming, which is peculiar to that particular area; and with no rain, literally they went broke. Mom and Dad picked up the three kids they had at that point, eased across the New Mexico line to where we had the oil fields. Actually, it is the Permian Basin that is there in west Texas and eastern New Mexico, and this is where Dad raised six children.

I was able to get a college education. My brother was the first to get a college education, but all these things came because my father was working there. He was just a worker in the oil industry, and from my earliest days I have watched the oil industry drill in and out of the cycles of high and low prices. Frankly, I do not think that we have enough capacity, not enough oil wells really to drill in the United States right now to lower the price of oil that is at a historic high of about \$70; but as the gentleman has pointed out adequately time and time again, the natural gas price is an internal price to the United States.

Natural gas does not move back and forth between markets, and it is possible for us to drill enough to begin to lower that price of gas. That is why what we are going to see this winter is we are going to see our seniors on fixed incomes and low-income families paying an extraordinarily high price for their natural gas.

Many people, and especially our friends on the other side of the aisle in this body, are pointing to the industry and saying they are price gouging. The truth is that it is a market price set by our policies for the last 20 or 30 years. Even today, the Governor of the State of New Mexico has brought suit to stop drilling for natural gas in New Mexico, and New Mexico is one of the largest producers of natural gas.

You have people who claim to have good intentions; but at the bottom, they are obstructing the drilling of these wells which would help us to lower the price. The price of natural gas is simply an economic outcome of an increasing demand.

The U.S. Government is requiring that we convert electrical producing plants, our utility plants that create electricity. They are converting those at the direction of the U.S. Government from coal to natural gas. That has increased the demand. On the other side, we have not increased the supply. So you have a demand and supply imbalance which creates a higher price.

If the people who are bringing suit to stop the production of gas wells and the permitting of gas wells on public lands, if they were to drop those objections, we would begin to see more economic activity, more drilling of wells. That would increase the supply, the balance would come back, and the price would begin to moderate.

But for some reason, we have people in this country who are willing to obstruct, even at the risk of losing major

industries; and the gentleman from Pennsylvania (Mr. PETERSON), my friend, has pointed out well that the chemical industries are among the first who feel this because they use a very large amount of natural gas in the production of their products.

One of the other industries that experiences the great pressure that comes from the high natural gas price is farming and also the production of fertilizer.

Our economy and our way of life in this country has two basic parameters that it depends on. Our way of life depends on two different things in our lives, that is, an affordable food supply and an affordable energy price. Affordable energy is the bedrock of many of our industries. Our economy is fueled by affordable energy, and so right now we have prices that are above \$14. The price is up and down, but historically our economy and our way of life is built on \$2 gas, and now it is \$14. You just cannot experience those kinds of increases without experiencing the economic pressures that come along with it.

We are going to find it both in the lowering of our economic base and status in the country, and also in our personal lives. So there is a twofold threat, but I will tell you that the second way we are going to find it is in increasing food costs. I was just talking to farmers in our area this past weekend, and they are telling me that they are getting three and four bales of cotton per acre; and yet because of the irrigating cost, the price is just the same. The net profit is the same as what they had experienced before.

Now, exactly the same thing is happening with our food crops, and we are going to see the cost of food on the shelves begin to increase. So we are going to have a double effect on our families and especially those families with limited income; and still we have people, our friends on the other side of the aisle in this institution, who are willing to obstruct and say, no, you cannot drill here. You cannot drill in my backyard. You cannot drill off the Outer Continental Shelf. You cannot drill in ANWR. You cannot drill in Alaska.

I am sorry, but when do we begin to recognize that we are paying the price for that obstructionist policy that they are willing to engage in? It is time for us to have some common sense and to recognize that the technology of drilling oil wells has changed tremendously in the past 30 years. These arguments that are directed at an industry that existed 30 years ago have been bypassed, and yet they still hold the arguments in place.

We are able at this time in our history to drill one single well bore and come down to, say, 10,000 feet; and we can turn the bit and start moving sideways laterally and achieve drilling into areas that previously we could not do.

When we begin to understand the new technologies, we begin to see that

many of the complaints are dated into the past, and so we are paying a higher price of gas at the pump. We are paying more to heat our homes. We are at risk of losing industry, and we are going to pay more for our food because we have got people who are responding to the past practices.

In Alaska, many times we have the observation that we cannot drill there because it will destroy the tundra. What we are doing in Alaska now is we build ice roads. We build those ice roads in the wintertime. We drill in the wintertime; and when spring comes, the ice thaws, the roads are gone, and all we have is the one pipe sticking up out of the ground.

Actually, when people talk about the way that drilling is going to affect the wildlife, we find that the herd there is now five times larger than when we first laid that first Alaska pipeline from Alaska down to the southern 48. The objections are running the risk of destroying the economic base of this country.

Right now we have people that are willing to come across the oceans to get to this country at any price because of the hope and the opportunity that exists here that does not exist in many other nations in the world. Here we have a group of people that are willing to obstruct and break that promise of hope and opportunity that draws people from around the world, that hope and opportunity that gives your children and my children, that gives your grandchildren and my grandchildren some promise for the future, and other things that cannot be explained. We are running the risk of giving that up.

I see the gentleman has other comments. At closing time, I would have other comments, but I really appreciate the gentleman bringing this important conversation before the body tonight.

Mr. PETERSON of Pennsylvania. Madam Speaker, there are a couple of issues maybe we can both talk on.

You talked about fertilizer and the cost to farmers. I know those prices have doubled a couple of years in a row, and it has been a huge, huge cost to farmers.

Forty-four percent of our fertilizer industry has left this country in the last 3 years because of natural gas prices; and if we do not deal with them, they will all leave. Our farmers will be using Russian or South American fertilizer, and this is a tragedy because a lot of people have been employed in this country in the fertilizer business. They make money making the fertilizer, storing the fertilizer, then hauling it to the distribution centers and to our farmers.

The question I wanted to ask you is, today, we are drilling in old, tired fields that we have been producing out of for years. They are drilling deeper; and like I said, they are drilling horizontally trying to get more gas. We are drilling more than twice as many wells as we historically did.

If your problem is putting a hole in the ground, that is going on in spades today; but we are not getting more gas. We are getting the same amount of gas that we were getting before when we were drilling half as many wells.

If we were in fertile, productive fields, we could probably drill a lot less holes in the ground, am I wrong there, and have a lot greater production of gas because we would be in new, fertile fields where the gas pressure is high and we would get great production.

Mr. PEARCE. Madam Speaker, if the gentleman would yield, the gentleman is exactly correct. Let me use some numbers to tell you about the way the situation exists.

Today, we use about 22 trillion cubic feet of natural gas a year. The estimates are that by 2025 that we are going to need 30 trillion cubic feet.

□ 2215

Now, we are able to have a supply that just about equals that annual consumption, but we do not have any large pockets. And, in truth, the amount of wells, the numbers of new leases have declined significantly in the past 7 or 8 years. So we really do need access to the dramatic deposits, and the Outer Continental Shelf. Keeping in mind that we use 22 trillion cubic feet, the Outer Continental Shelf has about 400 trillion cubic feet, the most dramatic source of natural gas that is available.

I know that when my father worked for Humboldt back in the 1960s and 1970s, they were saying that oil in our particular town, and gas, would be gone by 1980. That seemed to be so far out in the future. And then the 1980s came and went; we were seeing those declines the gentleman was talking about.

But in truth we are finding new stimulation techniques. But the stimulation techniques cannot keep up with the increasing demand. What we need is access to more sites with more gas. And it has been a disappointment that the regulatory agency that is in charge of this, the Department of the Interior, has not found ways to really encourage those leases.

Right now, I do not think that the Department of the Interior requires any particular office to describe the amount of natural gas or oil that they produce. Now, that is curious because our entire economy is based on these things, and we do not even measure them. So I have made suggestions, and we still hope that they will be listened to, that we begin to hold these field offices of the Bureau of Land Management, the BLM offices, accountable for the amount of contribution they make to the national energy plan, the amount of contribution of oil and gas reserves they have available and that they are actually producing, and the number of wells where they are finding good, safe environmental ways to drill.

Instead, what we are finding is that for a 3-month period we shut down all drilling because we have some prairie

chicken that they say breeds in that season and the sound of the rotary rigs might interrupt the breeding process. Now, that is not what I know to be true about the typical breeding process. The sound of nothing tends to interrupt that, but maybe the male prairie chicken is particularly sensitive. But in truth we are finding reasons to justify actions that are tied to the past, and our entire economic future is at stake.

I yield back to the gentleman if he has other observations.

Mr. PETERSON of Pennsylvania. Well, the thing I have found, and I was at dinner tonight with some friends, some scientists, and they were stunned to know about the difference in prices. Everybody thinks that oil and natural gas is a world price, and I have to explain that to most people. When I explain this issue in my district, I just do not have people opposed to the production of natural gas on the Outer Continental Shelf because they know that we desperately need it to heat our homes, to run our businesses and to make products.

It is such an integral part, and it is the clean fuel; as I said, it is almost the perfect fuel. If we could produce enough natural gas that the price was more affordable, maybe a little less than gasoline and fuel oil costs, it could be the bridge to the future. It could relieve the need for building more refineries, which will take years. It can relieve our need to increase our dependence on foreign oil from unstable parts of the world.

Now, there are those who think liquefied natural gas is the way to go, and I do not really want to get into that discussion tonight, I think it can be helpful, but many are pinpointing our whole future. That means we build the most expensive ships, we build very controversial ports to bring the gas back, because you chill it, you put it in ships, bring it back here, regasify it and put it in these ports; and many people look at those in a very negative fashion, plus it is very costly.

But I am even more concerned about where we get it. We get it from countries like Algeria, Nigeria, Libya, and Russia. Do we want to be further energy dependent on Third World countries that are unfriendly, with unstable governments, when we have such an ample supply here? There are many who feel that the Outer Continental Shelf has more than twice as much gas as the gentleman mentioned, 400 trillion cubic feet, but one of the reasons we do not know is we have not really measured it. The law has prevented us from having modern seismographic measurements of what is on the Outer Continental Shelf for either gas or oil.

I want to share something I have here. Osmar Sylvania has three plants in my district and 14 plants in the Northeast, and here is what they said in a letter that I received from them, dated October 26: "In the past 5 years, we have seen natural gas prices esca-

late from \$3 per Mcf to well over \$10 on the spot market. As compared to natural gas costs in 2000, our bills in 2005 will be \$24 million higher. In fact, for 2004 to 2005 alone, gas costs for us have escalated by \$7 million. This is the single largest rate of increase in any of our costs of production. At current supply levels, we expect to see gas prices exceed \$12 per Mcf in '06 and '07." I think that will happen this winter, not next winter, "which will add another \$7 million to our energy bills. Accordingly, since 2000, the rate of annual increase will exceed 25 percent." That means their cost of gas went up 25 percent a year.

Here is the important part. "Furthermore, while the vast majority of our production is based in the United States," that means they are making their products, and part of these are light bulbs, they are all, almost all, made in the United States, "nearly 60 percent of our competitors' products are manufactured outside of the United States, some in Europe, where natural gas costs are less than \$5 per Mcf, and Asia, particularly China, where gas is less than \$4 per Mcf. By 2007, competitive disadvantage will be over \$20 million on top of the wage gap versus China, which is already overwhelming.

We are deeply concerned that if natural gas prices continue to skyrocket, our competitiveness will erode, having unhappy consequences for a U.S.-based manufacturing strategy.

While some people may argue that passing the cost on to consumers is the remedy, price increases in the lamp market, with so many global competitors, it is an impossibility. Price increases to consumers to cover natural gas cost increases should be unnecessary as long as a timely, viable natural gas strategy is implemented. Globally competitive energy costs, especially natural gas, are a necessity to maintain our financial vitality and keep good paying and suitable jobs in the United States.

We agree with you that coastal offshore drilling for new natural gas supplies carried out in a responsible and expeditious manner is the most important priority in new energy legislation that should be taken up and enacted by Congress before the end of 2005."

Would the gentleman from New Mexico have any examples he could share?

Mr. PEARCE. There is one thing I would like to go back and touch on a bit, Madam Speaker.

The gentleman pointed out adequately some of the objections to LNG, but the main objection that people unfamiliar with LNG are going to eventually raise, and I have LNG in the district, so I know what it takes to deliver LNG to a house. You put in a 500-gallon tank. This is just a steel tank, and you put it in either the back or the front yard. You have a truck come up and you offload that high pressure gas into these 500-gallon or 1,000-gallon tanks.

Now, people try to hide the fact that they have an air-conditioning unit out-

side their house. They put landscaping around it, or they will berm up around it, or they will put bricks around it to where it looks like a piece of the house. But a 500-gallon or a 1,000-gallon tank is really going to be hard to plant a hedge around. And if you do that, you always have to have it serviced. If it runs out, it is like the gas in your car, when it runs out, then you no longer heat your house until you get that truck to come back out again.

I remember spending winters in Arkansas. I was stationed at the Air Force Base there at Blytheville Air Force Base. I flew in Vietnam during the Vietnam War. But there in Blytheville, I had one of those 500-gallon tanks out by my house. And the one time we had like 20 straight days of ice storms, many people in that area were running out of gas and the trucks could not get there.

Now, this is not the sort of dependable, affordable delivery mechanism that Americans are used to. They are used to natural gas that comes through the house in lines they do not see. They turn on the tap and the furnace is always running, day and night. It runs off a thermostat. So life will be significantly different if we decide that LNG is our solution to our natural gas problem.

Again, many, many things are causing the price of natural gas to go up, but one of the things is the bureaucratic delay and restrictions to the approval of drilling new wells. When leases with access into known and proven reserves, and these are not leases that are in pristine areas where there has never been drilling before, these are leases in areas that have been drilled before. So there is no real objection that, listen, we are contaminating a new environment in a sensitive area. It is just that the agencies either have been directed or, for whatever reason, come up with reasons to delay, terminate or reduce access to the Federal lands that are available. This is all occurring during a time when we are seeing this skyrocketing price of natural gas, which is threatening the livelihood and the way we live our lives. So those elements are some that we need to be aware of.

I would mention to my colleague that during the last 4-year average period we have seen a decrease of almost 30 percent of our ability to drill on public lands and Federal lands from the previous 8-year average. So we really do have some bureaucratic restrictions that are creating bottlenecks in the approval process to where we can go on and put a nice clean hole in the ground that goes down and taps into this gas reservoir.

Gas wells are typically very clean producing. They do not have a pump jack that stands there and pumps up and down. They just have the center pipe coming out of the ground and then a series of valves on that, and then it goes straight to the pipeline. Usually it has to be refined in some small amount

before it goes on to the consumer, but it is a safe, easy delivery mechanism. And why we have people who are willing to obstruct that has always been beyond me.

I am not exactly certain how much time we have remaining, so I will yield back to the gentleman and will get a couple more thoughts ready.

Mr. PETERSON of Pennsylvania. Madam Speaker, as someone who has been in the business, the gentleman can speak to this, but I often describe a gas well as a 6-inch hole drilled in the ground. A steel pipe is placed in that hole, it is cemented at the bottom, it is cemented at the top, and then we hook it to a pipeline system and we let gas out. Is that a fair description?

Mr. PEARCE. It is. And people a lot of times unfamiliar with it will say, well, does that not contaminate the water? Well, in southeast New Mexico, where I live, we get our water from the Ogallala aquifer that lies underneath five different States. The process has a way of running pipe through those zones with water so that we never do get drilling fluids out into the water. We do not get the fresh water back into the well.

We usually have three concentric series of pipes at the surface down to about 800 feet. We have very large, sometimes 13½ or 13¾, that size of casing, that will go down to about 800 feet, then another string maybe down to 1,500 or 2,000 feet. And, finally, we have the 6-inch string the gentleman is talking about that runs on to the total depth of the well. We then go in and put cement outside of that pipe.

The particular company that I owned really was charged with going in and repairing those strings of pipe as holes got in them or as problems came along. The science in the industry has come a long ways in the many years since my father was in the business, and I can remember growing up when there were environmental problems.

□ 2230

But I will tell you, most of the young people working in those companies now are as environmentally sensitive as anyone you know. They take care because none of us want to contaminate the water for our children, and we do not want to contaminate the surface of the soil for our children. So they have used the large companies' budgets to do research and development, provide new technologies, new abilities, new safety processes. Those things should be considered when we are dealing with the ability of our people to make payments for their energy even in today's market.

I just hope that the Nation is listening as you present your comments. I know you have been tireless in supporting these causes. I would like to mention that your amendment that you presented during the energy bill hearing had five or six very common-sense modifications to the Endangered Species Act. It is not going to hurt the

recovery of any single species; but what it did, it untied the bureaucracy, untied the hands of the bureaucracy to where we can get just a little bit of common-sense adjustments for some of the approval processes for drilling.

In my visits back to the State since then, people are extremely complimentary about the amendment you got added into the bill. It is time to take another step. Let us look at the factors, let us look at those policy decisions for the last 30 years that have caused these situations to exist.

I will tell you that we cannot cure the problem before this winter. For those people who are saying we are going to do something before the wintertime, it is not possible. We have dismantled the drilling industry to the point that back in the 1970s and 1980s, we had over 4,000 rigs running. Today we have 1,200 and they are all working, but we cannot give up three-quarters of our industry's capacity and respond the way we should be responding.

But if we will take corrective steps and make common-sense judgments that the gentleman is presenting, I know by next year we can begin to moderate this price that has been created by our own decisions, the decisions of the government to not pursue those current supplies of energy that could help modify the prices.

The energy bill we passed this summer has good long-term incentives for renewables. There are six or seven kinds of renewables in that bill. There is biomass, nuclear, geothermal, there is solar, there is wind, there is hydrogen. All of those have great stimulations, but they are not market oriented right now. You cannot go out and fill your car. And if you had a hydrogen fuel cell car, you cannot get it serviced. If you had solar power in your home, there is no one to work on it. My brother has been in the solar industry in Denver for over 20 years. He still teaches school and does a solar business together because he cannot make a living just on the solar business alone.

We must recognize that if we are to modify and moderate the cost to our consumers, we have to have a long-term strategy of conversion to different supply sources, but in the meantime we must be doing something to lower the price of gasoline at the pump and lower the price of natural gas into our homes.

The gentleman is exactly correct in what he is proposing. I would encourage us as a body to really move forward on the suggestions that I know he has presented. A bipartisan group, Members from both sides of the aisle, recently introduced that bill that would allow us to begin to expand our drilling into the areas with the greatest promise. I think that is extremely important for us to step up to the plate, take responsibility for our past, and take control of our future.

Mr. PETERSON of Pennsylvania. Madam Speaker, the point I want to

make tonight, and we were debating this issue on the Interior bill, sooner or later we will open up the Midwest and improve the permitting process. We are having a hearing on natural gas on Wednesday. I would like the gentleman to come and be my adviser. We will have the Energy and Interior Departments there, and we will be there all morning dealing with the natural gas issue.

If we do not deal with this issue, and the gentleman said it best, we will sooner or later. If we deal with it now, we will maintain the fertilizer business in this country. We will maintain the petrochemical, polymers and plastics, steel and aluminum and brass. All of those businesses, I have talked to their CEOs and associations. They have spoken for the last couple of years, but Congress and this administration have had a deaf ear. They cannot compete having natural gas prices twice that of Europe, three times that of Taiwan, China and Japan, five times that of South America, and 10 times that of Russia and be competitive. There is just no way they can make those products in the United States.

We will be saying good-bye to several million jobs in this country that are the backbone of the blue collar workers in this country who have a good job that pays benefits, they can afford a home, afford a new vehicle, and send their kids on to college and have the American Dream. We are going to say good-bye to those.

Mr. PEARCE. Madam Speaker, there are people that are amazed that we can make the assertion that we are going to lose an industry. They do not think it is possible. I would simply refer them to the timber industry. In the timber industry, we used to have 22 saw mills in my district. New Mexico had 22. Now we have two. Both of those remain in my district, and they are struggling to say alive.

In one forest alone, we are growing 50 million board feet of timber a year, and yet we cannot get the Forest Service to cut 12 million board feet. That would be enough to economically keep that mill running. We have given up the entire infrastructure of that industry, and we are in the process of giving up the entire infrastructure of our chemical industry and our potash industry. These are good jobs that are being outsourced, not outsourced because of greedy CEOs, but outsourced because of the policies of obstruction that many in this country are willing to push, and some of our friends on the other side of the aisle.

Mr. PETERSON of Pennsylvania. Madam Speaker, too many of our urban Members do not understand that timber is one of the most renewable resources. I come from the hardwood forest of Pennsylvania, one of the best timber areas in the country; and I also come from an original oil well and some of the early gas wells, but we do not compare to the southern production in energy.

I want to share a release put out by Dow Chemical. Mr. Liveris, the CEO, noted that the domestic price of natural gas, which was approximately \$2 per million Btu 6 years ago, exceeded \$6 in February of this year, increased to \$10 in the days just prior to Hurricane Katrina, and then jumped to \$12 immediately after the hurricane struck the gulf coast.

We all know when the first Canadian air comes south and goes all of the way down the coast and jacks up the use of natural gas, and the prices always spike, they will go even higher. When he wrote this, the price of natural gas was \$14, which is equivalent to \$7 per gallon for gasoline and \$28 per gallon for milk. He noted that this renders the United States chemical industry, which uses natural gas as a fuel and a raw material, simply uncompetitive with the rest of the world. It does the same to aluminum, it does the same to brass, it does the same to steel, it does the same to polymers, plastics and fertilizers. Those industries will leave our shores. Several million Americans will not have a decent job, and a lot of them will not have money to take their vacation on our beautiful coastlines.

Mr. PEARCE. Madam Speaker, we had an opportunity to be in the Resources Committee when we had testimony from the union workers in the pulp wood industry and the timber industry in the Northeast. They were there saying that well-meaning individuals told them they could get jobs in tourism. That is what the answer is from the people who would obstruct good solid industries: you can get a job in the tourism industry. Those good workers came before the committee and said we want our jobs, the ones we grew up with and understand. They are good, clean jobs. The trees grow back, they are renewable; and yet there is a deaf ear by many in this country to the plight of working Americans.

I hope that the gentleman's efforts are successful because our future, our economic future in this Nation depends on good policies coming from this body, good choices coming from this body; and I would encourage the gentleman to continue his efforts to have common sense prevail and have us drill for natural gas in the continental U.S. and off the Continental Shelf.

Mr. PETERSON of Pennsylvania. Madam Speaker, I close with the following statement: what this Congress does in opening up production of natural gas and bringing the price down, allowing our industries to compete and our seniors to heat their homes will depend on whether we remain a leader Nation or become an also-ran Nation. Natural gas is the clean fuel that I think really sets our future, and what we do about it depends on what kind of country we are.

### 30-SOMETHING WORKING GROUP

The SPEAKER pro tempore (Mrs. DRAKE). Under the Speaker's an-

nounced policy of January 4, 2005, the gentleman from Florida (Mr. MEEK) is recognized for 60 minutes.

Mr. MEEK of Florida. Madam Speaker, it is an honor to be before the House once again. We would like to thank the Democratic leadership for allowing us to have this hour. This is the 30-Something Working Group. Madam Speaker, we come to the floor night after night when we are in session to talk about the differences as it relates to the budget or response to natural disasters or the general functions of the government and how it can be better on behalf of all Americans.

Tonight, as usual, we are joined by the gentleman from Massachusetts (Mr. DELAHUNT) and the gentlewoman from Florida (Ms. WASSERMAN SCHULTZ) and the gentleman from Ohio (Mr. RYAN). I would just like to talk for a moment on the issue of budget, just to kind of set the Democratic principles that we have within our budget, our budget alternative to the majority side. And to explain to some of the Members and staff here in the Capitol that as we know, and everyone does not know, that the majority side, because they have more Members here in this House, they actually prevail as it relates to legislation.

They would like to see a budget passed out of the Budget Committee, and it is passed just on simple numbers on partisan lines. We do commend one member of the Republican Caucus for voting with the Democrats for a budget that balanced by 2010, and also does it in a way that does not hurt everyday Americans or will play a counterproductive role in achieving the goal of fiscal responsibility.

The Democratic alternative to the Republican budget, which we will talk about tonight, does balance the budget by 2010. It also makes sure that we include enforcement measures to protect Social Security, making sure that we have budget enforcement procedures there to block tax or spending legislation that would borrow large amounts of money or any amount of money from the Social Security trust fund. I think that is very important to the preservation of Social Security.

Also, we do more for education. There are \$14 billion in cuts that the Republicans have proposed. In our budget, we make no cuts whatsoever because we know education is the future of this country, the whole argument of making sure that our young people are on equal footing, and even adult education is important. Vocational education is important, to make sure that we cannot only compete, but we can be the country to provide young people to make our country strong, not only in the present but in the future.

I think it is important to point out that in our budget we have protection for veterans, some \$1.6 billion more than the Republican budget, and over the next 5 years, \$17 billion more than the Republican budget. The cuts that the Republicans are making to vet-

erans we will talk about a little later. It is very unfortunate that that is a proposal which has been put forth.

Also we have a commitment in our budget to communities and families. I think it is important that we reflect on that, especially during this time when we talk about devolution of taxation. We want to cut certain taxes here and say we are doing a wonderful job and saving families and communities from paying more taxes. In all actuality, the majority side is cutting Medicaid. Medicare will be on the table as it relates to this budget when it goes to conference; if it goes to conference, that is going to turn the clock back on many families, and they are going to have to kick in more to be able to make it happen.

□ 2245

I just wanted to start off really talking about some of our principles within our budget that we would like to see prevail, not only here on this floor, we would also like to see, we talked about last week, that the majority side, the Republicans, respect the spirit of the rules of the House. We know when the budget comes up, if it comes up, the gentleman from Massachusetts has been here longer than any of us here, the majority side, they usually hold the voting clock open not only for several minutes but as of recent several hours to see it their way. There are a number of articles that are out that I know that we are going to reference today that allude to that.

Last week the gentleman from Massachusetts brought out Congress Daily A.M. This is what we get here in the Congress, we get an a.m., a p.m. There is also a Congressional Quarterly magazine that comes out. This is the outlook on the week at the beginning of the week. We all get it here. We find out what is going on in different committees. Here is a story which is the head story, House leadership this week are putting some Members on the spot with the fact that they are going to take one of their toughest votes in recent years. A \$53.9 billion deficit reduction package that is drafted would hit child support enforcement, food stamps, Medicaid beneficiaries and student loans and would open arctic and coastal areas to energy exploration. I think it is important for us to understand that, of course, it is going to be a tough vote because they are calling for tough cuts that is going to hurt America.

Mr. DELAHUNT. If my friend would yield for a moment, I do not know if you are aware or had the opportunity to read the editorial today from the New York Times, but it follows with what we read in the Congressional A.M., so to speak. Let me just read the first paragraph here:

That rare bird, the moderate Republican lawmaker, is suddenly in sight, forcefully objecting to the House leadership's abominable package of budget cuts. The 5-year, \$54 billion proposal is