

energy portfolio in this century, in the first decade of this century. Our Nation is, indeed, at a crossroads, and the stakes are in plain sight. Do we travel the road of independence, creating jobs here at home, making affordable energy available to our consumers and businesses, or do we remain in the grip of the petrol kingdoms of the Middle East?

Do we issue a new declaration of energy and independence from foreign control, or do we allow our foreign policy to be perverted by our addiction to oil? Do we get serious about climate change and move aggressively to develop cleaner, safer, alternative fuels, or do we leave our future in the hands of the world oil oligarchy? The choice is ours.

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Indiana (Mr. BURTON) is recognized for 5 minutes.

(Mr. BURTON of Indiana addressed the House. His remarks will appear hereafter in the Extensions of Remarks.)

The SPEAKER pro tempore. Under a previous order of the House, the gentlewoman from New York (Mrs. MCCARTHY) is recognized for 5 minutes.

(Mrs. MCCARTHY of New York addressed the House. Her remarks will appear hereafter in the Extensions of Remarks.)

RECOGNIZING THE 33RD ANNIVERSARY OF TURKEY'S ILLEGAL INVASION OF CYPRUS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New Jersey (Mr. PALLONE) is recognized for 5 minutes.

Mr. PALLONE. Mr. Speaker, tonight I join some of my colleagues on the House floor to remember a horrific act taken by Turkey against the citizens of Cyprus 30 years ago. On July 20, 1974, the nation of Turkey violated international law when it brutally invaded the sovereign Republic of Cyprus. Following the Turkish invasion, 200,000 people were forcibly displaced from their homes, and a large number of Cypriots, who were captured during the invasion, are still missing today.

Until 3 years ago, both Democratic and Republican administrations here in the U.S. consistently condemned the Turkish government for its illegal occupation and pressured the government to come to the negotiating table in an attempt to finally reunify Cyprus.

Past administrations understood that the invading nation of Turkey was to blame for the division and should therefore be punished accordingly. As a result, past administration specifically forbid trade with the illegal government of the occupied north. Our government also prohibited direct flights into the occupied north. As long as Turkey continued its intransigence and

refused to leave Cyprus, U.S. administrations correctly believed they should not be rewarded.

While this has been consistent U.S. policy, I have grown increasingly concerned that over the past 3 years we have witnessed a blatant shift in Cypriot policy from the Bush administration, specifically from Secretary of State Condoleezza Rice. The Bush administration is punishing Cyprus for overwhelmingly voting in a democratic election against the United Nations Annan Plan.

The U.S. State Department and Secretary Rice seem more interested in rewarding those who illegally occupied the northern third of the nation back in 1974, than in actually reunifying the island. Over the past 2 years, our State Department decided to allow Americans to fly into the occupied north in direct violation of international law and the law of the Republic of Cyprus.

I joined many of my colleagues from the Congressional Hellenic Caucus in objecting to this action. The State Department responded by saying that it was interested in encouraging the elimination of unnecessary restrictions and barriers that isolate and impede the economic development of the Turkish Cypriot community.

Unfortunately, it didn't end there. The State Department pursued the option of resuming trade with the occupied north, a direct violation of both domestic law in Cyprus and international law.

I am deeply concerned that the State Department's drastic policy reversal towards the government, and the people of the occupied north, will only delay reunification of the entire island. If the U.S. allows direct trade through routes in the north, what incentives do the illegal occupiers have to make any concessions? It's as if the State Department has completely forgotten who is responsible for the invasion of Cyprus in the first place.

Mr. Speaker, the Annan Plan was unfair to the Cypriots in many ways, but the issues of property were the ones of most concern to many of the Cypriot Americans that I have talked to. Cypriot Americans are among the refugees that are being denied access to their property by Turkey.

Since these Americans cannot return to their illegally seized property, I believe these Cypriot Americans should be allowed to seek financial remedies with either the current inhabitants of the land or the Turkish government itself.

Earlier this year I introduced the bipartisan American Owned Property in Occupied Cyprus Claims Act. This legislation authorizes the President to initiate a claims program under which the claims of U.S. nationals, who Turkey has excluded from their property, can be judged before the Foreign Claims Settlement Commission.

If this commission determined that Cypriot Americans should be compensated for their property, negotia-

tions would then take place between the U.S. and Turkey to determine the proper compensation. My legislation would also empower U.S. district courts to hear causes of action against either the individuals who now occupy those properties or the Turkish government.

For 35 years now the people of Cyprus have been denied their independence and freedom because of a foreign aggressor. I urge all of my colleagues to join me in remembering what the Cypriot people have suffered and continue to suffer at the hands of the Turks.

I also urge my colleagues to join me in pressuring the Bush administration to return to a policy that once again takes into consideration that entire 33-year history of this conflict. The people of Cyprus deserve nothing less.

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Florida (Mr. BILIRAKIS) is recognized for 5 minutes.

(Mr. BILIRAKIS addressed the House. His remarks will appear hereafter in the Extensions of Remarks.)

The SPEAKER pro tempore. Under a previous order of the House, the gentlewoman from New York (Mrs. MALONEY) is recognized for 5 minutes.

(Mrs. MALONEY of New York addressed the House. Her remarks will appear hereafter in the Extensions of Remarks.)

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Florida (Mr. WELDON) is recognized for 5 minutes.

(Mr. WELDON of Florida addressed the House. His remarks will appear hereafter in the Extensions of Remarks.)

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ENERGY SECURITY

The SPEAKER pro tempore. Under the Speaker's announced policy of January 18, 2007, the gentleman from Nebraska (Mr. TERRY) is recognized for 60 minutes as the designee of the minority leader.

Mr. TERRY. Mr. Speaker, I am here tonight to talk about energy security. We have talked about energy independence, and I think that is a subset of energy security.

We have to look at the world in total, and we have to realize that we need to secure our own energy sources if we are going to secure the future of our country. Even as I look at probably the most immediate issue, the war with terrorists, their actions against us, but if we take that and look at the world in total, when I see the lowest common denominator, it's energy. It is a fight or a battle for energy.

Those who are going to be able to power themselves without relying on others will not only have more options and purer choices in foreign policy

matters, but the reality is in this new emerging global economy, those that cannot be economically hijacked by foreign countries are going to be the winners. I want to make sure that we have a policy in place that recognizes the need for independence so that we can secure our future.

Now this means that we have to do some things. I don't know how many of you out there remember high school economics. I remember Mr. Croft's lessons at Northwest High School, and basic supply and demand.

When we look at resolving our energy issues, and, by the way, a barrel of oil hit over \$75 today, we have to look at both sides of the equation. That's what we tried to do in 2005, the energy bill that was signed by the President. We tried to increase the amount of supply of energy and, at the same time, looking at how to conserve or reduce the demand for energy in our country.

Now, overlaying this discussion about energy, supply and demand, is a new discussion amongst us about global warming. This is driving our discussions on energy today. I fear that we have become, how do I say this, but so spooked by global warming that we are willing to go to the extreme and hurt ourselves.

And I really believe that part of my role and the role of the minority party here is maybe to swing back to a more practical level as we talk about energy and global warming.

Now, what a lot of people don't know when we talk about global warming or the CO₂ emissions, that is the gas that is depleting our ozone, the vast majority of that is created naturally, not by humans. Yes, human activity that I am going to talk about in a minute does contribute to that.

Now, as I understand, the major contributor and the most significant contributor to CO₂ emissions is livestock. So, of course, some have joined hands with PETA to make sure that we eliminate all the cattle, pigs, chickens, and we should just become vegetarians.

The next is humans. Not by our activity of burning coal and the coal-generated electrical plant, but just ourselves and our existence, our exhaling. And, therefore, we should have mandated policies to control population, i.e., abortion, and reduce the number of people on Earth. That is one of the policies out there.

Now, the discussion that we are going to have here in the House in the next 2 weeks is going to be on what energy policies do we implement here to lower CO₂ emissions and become energy independent. Well, the reality of it is, the policies that we are going to hear from the majority party will help to some small degree on the demand side and absolutely drive up or put more pressures, increased pressures, on supply, because they are going to eliminate some of our sources that we use for energy, make it more difficult and more costly to use and, therefore, create bigger demand. What happens when there is bigger demand? Prices go up.

So any of you out there that want to turn on a light, use your computer, heat or cool your homes, drive to work, under the policies that we are looking at adopting in this House over the next couple weeks, expect to pay more.

Now, this is why I think it is becoming so important here. I want to get back to our supply-and-demand lesson here. In this chart, the United States, because of our economic engine, our ingenuity, our intellectual properties that are being put into action, we are the largest consuming Nation. Now, look down here, we also rank number one in oil importation. We have to import to drive our economy, literally drive our economy, about 65 percent of our energy needs. Now, that is 12 billion barrels that we have to import.

When I think of energy, I have to separate it into two different issues. One is driving. About two-thirds of the oil that we import goes to refining into gasoline, to use in jet fuel and trucks to move goods from one place to another, as well as cars to get us to the grocery store, to get us back to work. If we are going to become independent, we have to look at a full array of fuels that we can generate here. That means biofuels to some extent. That means that we adopt policies on hybrid type of cars or other experimental cars that are out there. And, by the way, that does lower emissions. But remember, car emissions are pretty far down the list of what actually contributes to CO₂ emissions and the ozone. We can then look at a lot of other technologies. I am a proponent of hydrogen, for example.

Now, let's look at the other side of generating electricity that powers our economy and is part of the equation. Most of our electrical generation, about 52 percent nationally, is from coal. In the policies adopted by various committees of this House and that are going to be brought to the floor in some capacity either in the next 2 weeks or maybe even September, they make it much more difficult to use coal. I mentioned, 52 percent of the electricity in this Nation is generated from coal. In my district, it is over 70 percent. It is the cheapest way to generate electricity. It is plentiful. We have something like a 500-year supply of coal to generate electricity in this country.

So I feel that instead of doing what the majority party wants to do and shut down coal-fired plants, crippling our ability to generate electricity; and, by the way, nuclear is bad, too. Remember that, no nuclear power? Let's make it as difficult. Let's not find ways to deal with the waste. And so if we shut down coal, make it more costly at least to do it, no nuclear, that means you have one area to really rely on in generating electricity, and that is natural gas. Oh, and by the way, our policies don't allow for any more domestic supply of natural gas and oil, so we are going to shift everything to natural gas to generate. We barely allow it

to be imported. We can't drill any more for it within our own 48 continental United States or offshore any more than we are doing today.

I don't understand this energy policy that is going to be brought to us. It seems to me to be a negative energy policy. In fact, I think the only energy that is involved in this bill is perhaps if we burn the darn thing we could generate some power. But, as was just mentioned to me, that would result in CO₂ emission, so we can't even do that.

Mr. Speaker and the American public, we need to become more engaged in this. We are on a path to cripple our economy. China is adding at least one new power plant a week based on coal. They have no problems using coal. I saw a statistic that was 2 years old, so it is probably much more significant now, but the Chinese were adding 120,000 cars per day. That is not even talking about India, whose economy is expanding at near double digits as well, and they are adding power in their cars.

The competition is extreme for oil. We need to recognize that. We need to expand it. That doesn't mean that we shut down our domestic fossil fuels. That means we add to it so that we become independent and secure our Nation's future.

At this time, I yield to my friend from Texas.

Mr. CONAWAY. I thank my friend from Nebraska hosting this hour tonight. We listened earlier tonight to one of our colleagues from Ohio who recited some of the same statistics that you and I work off of, and that is, most reputable projections of energy usage in this country by 2025 and 2030 shows that, no matter what, even the rosier predictions show that we still will be importing millions of barrels of crude oil and refined products every single day. And I don't know of any of us who thinks that America is better off by importing crude oil and refined products. Most of us would agree that that is a bad thing. Our balance of payments is out of whack.

As you mentioned earlier, our foreign policy options are different. Our risks and threats to this country are exacerbated by that dependence. And then you begin to talk about the solutions. We agree on those facts. It is kind of looking at the glass half full or half empty. The amount of water in the glass is the same; it is just how do we look at it. And the proposals that she began to tout and promote seem to cost American taxpayers an awful lot of money. They also seem to involve some sort of price-control scheme that would not allow the natural market forces to work and operate as we begin to export these ideas.

We will hear, as you said, over the next 2 weeks a lot of policies, and I think we ought to look at those policies through a lens that has four pieces. One lens would say does this policy help or hurt domestic production of crude oil and natural gas.

I am a CPA by trade and I operate pretty often just by straight logic, and the logic is that if we increase domestic production of crude oil and natural gas, it means we are less dependent on foreign sources of crude oil and natural gas. I have yet to have anybody refute that argument in any way that makes sense. So, promoting production of crude oil and natural gas I think is a positive. So as you look at their policies, challenge them.

If their policy continues to close off areas of domestic production and domestic exploration like ANWR, like the Inner Continental Shelf, then that policy does not make sense for America today. And many of the policies they have in place or want to continue in place have that result.

If their policies retard or restrict the construction of new refineries in this country, the ability to process our domestic crude into refined products, gasoline, jet fuels and other kind of things, and force us to import refined products, it seems to me that that is a policy we ought to challenge.

We in the minority spend a lot of time being against stuff, and I guess that is pretty much our role, but part of that is to be responsible devil's advocates. And if a policy curtails domestic production of crude oil and natural gas, that seems to be on its face something that you and I can challenge pretty easily.

The second lens would be does it increase our reliance on foreign sources of crude oil. And in this category, it would be things like does it promote or inhibit personal responsibility for conservation.

Republicans get beat up about not being wanting to conserve and wanting to use less fuel, but at the heart of that is the personal responsibility to use a little less gasoline than you used last week. The idea is that if all of us would use just 1 gallon of gasoline next week, if we did that, you would see an immediate increase of inventories. You would see a drop in the prices because the folks holding those inventories are wanting to sell them and sell them at a profit.

So policies that either encourage personal responsibility for conservation or discourage personal responsibility for conservation, I think we have got to be for and against. If it encourages that and those policies come forward in the next couple of weeks, I think we ought to back those policies and help us do a better job making good choices ourselves, goofy little thing like keeping the tires in our car aired up properly, taking all the extra weight out of the trunk. Doing those kinds of things, you would probably pick up 3, 4, 5 percent efficiencies in the use of gasoline and see a dramatic impact. Just using less, that helps reduce our imported refined products. So policies that they bring forward that increase our reliance on foreign sources of crude oil and natural gas, I think we have to challenge those.

The third would be does it encourage private investment in all sources of do-

mestic energy, and that includes oil and natural gas. It includes coal, nuclear, wind and solar, and all those kinds of things that are out there.

Mr. TERRY. Your vision would include wind energy, solar energy?

Mr. CONAWAY. Yes. Let me say this: Even if the occasional turbine helped a bird commit suicide, yes, I would encourage wind turbines.

Mr. TERRY. So in one of the bills in one of our committees, it specifically makes it a criminal act to have a turbine that would contribute to the death of a migrating bird. Does that help or hinder the rollout of that alternative energy?

Mr. CONAWAY. Well, that folds into this exact policy, because things of uncertain public policies contribute to a decrease in private investment solutions.

Mr. TERRY. You mean, if an investor might go to jail because a bird flies into a turbine under one of the bills that may come to this floor in the next couple of weeks, that would hinder investment?

Mr. CONAWAY. You would think it would.

Uncertainties about tax policies. How is a particular investment taxed and treated under our code over an extended period of time or changes in that policy contribute to a reduction in the private investment in these various sources. Other government initiatives, like things like the government picking winners and losers in a particular area as opposed to looking to the market to do that, to give incentives to the markets to create the most efficient kinds of policies that are in place. But, nevertheless, anything that comes in front of this body that retards or discourages or puts in question the private investment into all domestic sources of energy, I think we have to challenge those, and respectfully.

And the fourth lens I would look at is what does this do to the consumers. At the end of the day, you and I and the people who pay the light bills when we turn the switch on, who buy the gasoline at the pump have to pay those costs.

□ 2200

And if we do things as a part of these policy initiatives that come forward over the next couple of weeks that arbitrarily and capriciously increase costs to consumers, then we need to challenge those. There has to be a pay the fiddler at some point in time. I mean, we have to pay for whatever sources of energy that we've had. We've enjoyed low gasoline prices for a long, long time, and we're coming to the end of those lower prices just because crude oil and natural gas are finite resources.

You've already mentioned the increase in demand from around the world that we're in competition with those. And it's not likely that we'll see a significant decrease in the price of gasoline.

On the one hand, high gasoline prices help us to look at doing things a dif-

ferent way. They help make other alternatives more viable for the consumer, because at the end of the day, the consumer across this country has to be willing to pay the cost for whatever it is you're talking about. You can't subsidize. You can't use government programs to overcome lack of a consumer participation.

So any of these now policies that cause cost to consumers to go up arbitrarily and too quickly I think we have to challenge.

Let me make one final point that you talked about, and that is converting either coal or nuclear plants to natural gas fired plants. Natural gas does not transport across oceans well. We've got to liquefy it. We've got to put it into tankers. We've got to have facilities for regasification and all those kinds of things, and so importing natural gas is very difficult in comparison to how easy it is to import crude oil.

So as we increase on natural gas, our local domestic cost for natural gas will go up. They're already the highest cost for natural gas in the world and because we are relying on it so much.

The other point is that if all 38 nuclear permits that are currently in some form of approval are approved and those plants are built in the next 20 years, nuclear power will still represent only 20 percent of our demand. So if we're going to have nuclear that's going to actually help lessen the load on natural gas, then we've got to have a nuclear plant increase from where just the current system, the current new plants and new facilities and existing plants are in process.

So as we look at these policies that come at us over the next couple of weeks, let's use common sense. Let's look at things that can be rolled out in a scope that makes sense. It's one thing to be able to do something on a very tiny, microscopic scale. But unless you can convert that into a significant portion of the demand or the supply of energy, whether it's electricity or gasoline or other sorts, other forms of energy that we use day in and day out, then you're barking up a tree and you're not helping the circumstance.

So we've got some work to do, being in the minority, over the next couple of weeks to help point out the areas where we think these policies that are coming forward fail the American consumer.

Mr. TERRY. I appreciate your comments and putting more meat onto the bones here. And I'll mention that in my district, again, it's about 70 percent, almost 70 percent coal. We do have nuclear. We use natural gas only as a peaking, which is basically this time of year. It was 99 degrees at home today, and I'll guarantee you Omaha Public Power is running their peaking plant during the day so that people can run their air conditioners. And there's a lot of things that we could do on the conservation side, as you said, and we need to push those.

But at the same time, we seem to be adopting policies that restrict the supply. And I think even though the policies that are going to be proposed here don't necessarily further restrict than already have been natural gas, what they do is move more energy, or force more energy to electrical generation by natural gas without doing anything to increase the supply of that natural gas.

And the gentleman from Pennsylvania has come to the floor many times. He is one of the leaders in the House in discussion of what we need to do to increase supplies of natural gas, and how ridiculous it is that our prices in the United States are probably five times more than anywhere else in the rest of the world.

So I yield to my friend from Pennsylvania (Mr. PETERSON).

Mr. PETERSON of Pennsylvania. I want to thank my friend from Nebraska for his leadership here tonight and for his sharing time with us.

I personally believe that energy is the Number 1 issue facing America's economic future. I don't think, I think that available, affordable energy is a greater threat to the American economy than terrorism is. That's my personal view.

Before we talk about natural gas, I want to look at what we're using. Now, these are 2004 figures, but they've changed very little. It takes the Energy Department several years to compile them. These are the figures that we made the last chart out of a few months ago.

Currently 40 percent of our energy is petroleum. Just about 22.9 or 23 percent is natural gas, and a similar figure is coal. Now that's 86 percent.

Then you get down here to nuclear, 8.2, and now you're up to 94 percent. So renewables are those figures on the left. And the largest, which surprises a lot of people, is biomass, which was 2.8, hydroelectric, 2.7, geothermal, 0.3, solar, 0.06, and wind, 0.01. Now, I think we need to look at that.

And then we look at the next chart, which is the Energy Department's estimates. Now, these are the people that deal with us every day. In 13 years, in 2020, these figures don't change much, according to their statistics. Now, I hope they're wrong because the energy bills that are coming at us do not deal with petroleum, do not deal with natural gas, certainly do not deal with coal and do not deal with nuclear, which provides 94 percent. And I don't believe they deal with hydroelectric. That's another 3 percent. And so we have about 4 percent that's in play.

And I think what we have to be concerned about, if we focus on that 4 percent, woody biomass, solar, wind, geothermal and hydrogen, can we take care of the needs of this country, because when you don't have emphasis on these, and you don't continue to drill new wells, and you don't continue to promote coal to liquids or coal to gas to furnish our mass amounts of energy

needs, then these volumes go down, and that's where we've been at as a country.

We've had a policy not to produce American energy, oil, gas or coal. We are gaining 2 percent foreign dependence every year, so we're at 64 percent. We've been gaining. Since I have been in Congress it's been 2 percent a year, every year. And that's a trend that nobody thinks is appropriate or positive for America because it's foreign, unstable, often unfriendly countries with unstable governments.

Some new statistics that I'll just add to this that are a little concerning; 80-some percent of the oil and gas in the world is owned by countries that do not have democracies, unstable countries. They own the energy of the world. In fact, Exxon, our largest oil company, is 14th in the world in ownership of energy. There are 13 countries that own, starting with Saudi Arabia and Russia and Iran and Iraq, and you can tell that's not exactly our friends, on down the road, all of those types of countries that own the energy of the world, and we are totally dependent.

Now, I'm pleased that the House and the Senate are both going to be dealing with an energy bill, but I think it's important that we have some energy production in those bills.

Now, the natural gas issue is one that has, I think, is really driving us economically in the wrong direction. We use 20 some percent of our natural gas now to make electricity. The gentleman from Nebraska just mentioned that his State doesn't do that, but the country does that. The States of California and Florida, the big users of energy in this country, consume huge amounts of electricity produced by natural gas, and that's an increasing figure daily.

About 12 or 13 years ago we took away the moratorium. It used to be just used for peaking plants in the morning and the evening because people felt natural gas was too precious to use to make electricity.

Natural gas is the feedstock for hydrogen, which the Representative from Nebraska talked about is one of our future fuels. We currently make it out of natural gas. Ethanol, the big push on ethanol consumes huge amounts of natural gas in the production of ethanol, so we don't make ethanol without consuming huge amounts of natural gas. The same with biodiesel. It's the feedstock.

Now, here's where the rubber meets the road in America. Natural gas is an ingredient in almost everything that's manufactured, or it's used in large amounts to heat, treat and bend products.

Petrochemicals, all the petrochemical companies, 55 percent of their cost of producing their chemicals because they use natural gas as an ingredient, they use it as a fuel is natural gas.

Polymers and plastics, 45 to 50 percent of their cost is natural gas be-

cause they use it as an ingredient and they use it as a fuel.

Fertilizer, from 50 to 70 percent of the cost of making fertilizer to grow the corn to make the ethanol is made by natural gas. In the last 2 years, 50 percent of our fertilizer production has gone offshore.

Petrochemicals, polymers and plastics are moving offshore. Why? Because America has the highest natural gas prices in the world, and have had for 6 years. That was not true 6 years ago. South America, a buck and a quarter. Our average retail price last year was between 12 and 13. Like I said, we have consistently, for 6 years, had the very highest natural gas prices in the world.

To show you, Dow Chemical uses huge amounts of natural gas. In 2002, they spent \$8 billion to buy natural gas. In 2006, they spent \$22 billion, and of course those numbers just keep rising.

If we don't deal with the natural gas issue, America will not compete as a nation, because we use natural gas in producing almost all of our products, whether it's melting steel, melting aluminum.

Mr. TERRY. Will the gentleman yield on that?

Mr. PETERSON of Pennsylvania. Certainly.

Mr. TERRY. Dow Chemical has thousands of employees. They're just one of many petrochemicals that rely on natural gas. If the price of natural gas remains high or goes higher, where do they go? I yield back to you.

Mr. PETERSON of Pennsylvania. They just committed \$32 billion to build new plants in Saudi Arabia, Kuwait and Libya.

Mr. TERRY. And all of those jobs go to those countries now.

Mr. PETERSON of Pennsylvania. That's right.

Mr. TERRY. Because of our natural gas policy.

Mr. PETERSON of Pennsylvania. There's about 100 chemical plants in the world under construction, none in the United States. And that's a tragedy because those are some of the best working man jobs. When you bend steel, when you bend aluminum, when you heat treat products, when you dry grain, you use natural gas. I mean, natural gas heats 60 percent of our homes, heats about 70 percent of our businesses.

Now, if natural gas was affordable, it would be the natural next fuel for vehicles, because we could fuel, if it was affordable, we could fuel a third of our auto fleet and that would be much quicker than CAFE. And I'm not opposed to CAFE. But it would be much quicker than all the things they're talking about because it could displace 2.5 million barrels a day, just for short haul vehicles who don't go long distances. One of the problems with natural gas as a vehicle fuel is distance because you can't store, you can't have a big enough gas tank to run long distances on a tank of natural gas.

But we have, on the Outer Continental Shelf, that's from 3 miles to 200 miles offshore, every country in the world produces both gas and oil there. Now, they may have 20-mile distance out or 30-mile distance out. But they produce, after you pass 11 to 12-mile it's out of sight. And countries around the world, when I tell them we don't produce there, just look at us and they say, why? Norway, Sweden, Great Britain, Canada, New Zealand, Australia, all environmentally sensitive countries, they all produce there. We're the only known modern society that does not produce oil and gas.

Now, I have a proposal that opens it up for gas because we have not been able to pass it. I would support oil, but natural gas is more important to us because how it fuels our industry, how it heats our schools, how it heats our homes, how it heats our hospitals, how it plays such a role in our economy, how it's an ingredient in so many of our products, in fertilizers and petrochemicals and plastics. So we need natural gas.

So I put the priority, and we have a bill that says the first 20 miles remains locked up. The second 25 miles State option, State control, and the next 50 miles is open unless the States pass a bill to lock it up. They can do that. The second hundred miles is just open. That's the bill that I have proposed. And I think it's vital to the future of this country, because if we opened up the Outer Continental Shelf on the East and West Coast and the rest of the gulf we would have ample supply of natural gas for many, many years.

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Now, we need to produce other kinds of fuel. I mean, what I think a lot of people are not aware of is there is an energy shortage in the world. In fact, right now OPEC controls the price. I believe the price ends the day at somewhere between \$75, \$76 for oil. Gas is about 7 bucks, which is the cheapest it has been, but this is the slowest time of year in the use of gas. This is gas that is going into storage that you add a couple, 3 bucks to, and then there are distribution costs, and it comes back out on a next year's average price. And this year the price of gas is higher than last year so far in storage.

So we are going to have a 25 to 30 percent increase in gas prices, and it appears we are going to have, because here we are with not one storm in the gulf, which always disrupts supply. Right at the moment, we don't have a large sending country in trouble with their government. So things are kind of calm, and we have \$75 oil, and we are at the high usage time, right in the mid-summer. So now all we have to do is have a storm or two in the gulf, like we did 2 years ago, and have a country have some sort of disturbance or a government overthrown, and we have \$85 or \$90 oil, and we know what that is going to do to the American economy. In fact, I am not sure we are really

sure what \$3 gasoline, which is prevalent today, is going to do to the economy long term because we have had spikes for short periods of time. But now, in my view, \$3 is the base price, and it is going up from there. It is just a matter of how much it goes up.

I think what is important for Americans and Members of Congress to understand is that we have to really get serious about energy policy for this country. I am for wind and I am for solar and I am for geothermal and I was part of the Hydrogen Caucus when I first came. I am for all of those.

But they are tiny fractions when you look at the amounts they produce. And we also know that wind has its opponents and solar has just had trouble getting off the ground. I mean, it just has trouble growing. I read an article today that said ethanol, the new fuel, we spent \$5.1 billion last year, subsidizing that by paying the tax on it. So it doesn't come free. And it seems foolish to me that we as a country now want to buy our natural gas from foreign countries and bring it in ships and be once again dependent.

I have had that argument with a lot of leaders in the last few years that LNG could be part of the solution, but it is not the solution. And that has turned out true because countries like Spain and Japan outbid us because they will pay more for a tanker load of natural gas than we can afford to. So we don't often get it because it becomes a commodity once a ship is loaded. But I want to get across to Members of Congress and to the American people is that we want to be for the clean and green fuels, but I think natural gas is one of those.

Natural gas is one of the cleanest fuels we have. And if we had ample supply of it, we could be expanding the use of it, not just detracting the use of it. It could be our bridge until we figure out how to make cellulosic ethanol, until we figure out how to get hydrogen vehicles, until we figure out how to charge our cars up at night with electric and have batteries that will last and all these things we are working on, we need a bridge to get to them because what is going to happen if we allow ourselves to have \$100 oil from foreign countries, unstable governments, who are totally going to own this country?

The major balance of payment, and I will just show you that in conclusion, is the last chart here. This is one on manufacturing decline as natural gas prices have risen. But here is the one on the balance of payment. The major portion of the balance of payment, a huge portion, is energy prices. And as energy prices go up and we continue to import, that figure is going to grow. We could almost cut our balance of payment in half if we stopped importing energy.

Now, we are not going to be able to do that but we could move a long ways. But we need coal liquids. We need to develop the hydrogens and the winds

and solars and all of those. We need to do more nuclear. We need all of those because China is increasing their energy usage 15 to 20 percent a year, and they are just drying up the marketplace. They are just sucking it dry because they are, and many other countries, are developing a strong energy portfolio; so they have energy. The United States has done little to secure its economic future with clean, green, affordable energy.

And I hope when we finally pass bills here that we have some energy in them that will secure our economic future with clean, green, affordable energy and specifically natural gas.

Mr. TERRY. I really appreciate your tutorial there. What is our supply in the United States of natural gas? We had the gentlewoman from Ohio that was down here that was talking about petroleum and how limited we may be at our peak here within the next 30 years. How about natural gas?

Mr. PETERSON of Pennsylvania. We have anywhere from a 50- to 100-year supply. There are huge amounts in the Midwest, but the Outer Continental Shelf has actually not been measured. But we had old seismographic 40 years ago. Actually this Congress has prevented, and I see the Senate right now is preventing, seismographic from being done in the portion of the gulf that has not been produced.

Mr. TERRY. You mean we won't even be able to measure how much?

Mr. PETERSON of Pennsylvania. Not only do we prohibit usage but we prohibit the measurement.

Now, there was a lot of drilling off the coast of Florida a few years ago. We bought those leases back. That was very fertile gas. There is very fertile gas up in Georgia, the Carolinas, Virginia, New Jersey. The east coast is loaded with gas, and it is very rich, and it is where the population is. And when you produce in the ocean, it is out of sight. It is beyond the site line. The habitat for fisheries improve. They love to be around the rigs. They love to be around the platforms. And, of course, the underground piping comes in the ground under the water. It is not even seen. It is clean, green fuel. And they talk about it harming a beach. I don't know how gas harms a beach. I have never seen dirty natural gas. It's clean. It doesn't stain anything. It isn't colorful. It's just a gas. So it has been somewhat amazing. We have lots of natural gas.

Mr. TERRY. So just what we know, 50 to 100 years, and, by the way, I understand one of our largest pockets of natural gas that is in Wyoming was made into a Federal monument or a park, making it federally illegal to even drill there. So that is what happens when we find new pockets. We rule them off limits. That just astounds me that we have got that much. And when we are talking about securing our future, wanting to become independent, the other side and us are worried about global warming. And

this is a clean fuel. You have stressed it. It is a clean fuel, which is why the policies that we are seeing are moving electrical generations towards natural gas. It makes no sense to me that we won't increase supply at the same time.

Mr. PETERSON of Pennsylvania. When we started down that road, natural gas was less than \$2 a thousand. And it has hit as high as \$14 and \$15 in peak periods. But Daniel Yergen, who wrote the book "The Prize," spoke in the Senate shortly after that process started, and I happened to be there with Steve Largent. And he said if we don't open up supply, we are going to make natural gases so high that Americans will struggle to heat their homes, struggle to run their businesses, struggle to heat their hospitals. We are not going to make products in this country much longer that consume a lot of natural gas.

I predict if we don't deal with the natural gas issue, simple things like glass and bricks will be made in Trinidad, where gas is about a buck a thousand. That is not very far from here. Trinidad is in northern South America, probably a boat, a ship, a day away. It wouldn't take long to get to the east coast with a ship of bricks and glass. And that is a tragedy if we start importing those kinds of things that the American working man has made.

This is about jobs for working people. It is about the economy for the working people of this country. Energy punishes the poor and the middle class. The rich will go right along. The rich environmentalists who are against will live right on. They won't change their life-style. They will live in their huge homes and fancy cars and they will do their thing because money is not a problem. But the middle-class working people will not have a middle-class job anymore. They will have a poor man's job. And the poverty rate in this country will skyrocket.

Mr. TERRY. We talked about jobs, that we are losing our manufacturing, our middle class. And what a lot of people don't understand is it is our energy policy that is driving those jobs offshore. Yes, there are some that are offshoring, taking maybe telephone answering jobs over to India. But our policies are driving a lot of our good manufacturing jobs away.

Mr. PETERSON of Pennsylvania. Some of the best jobs in America are producing energy. When you buy Luke Oil gasoline down here, that is produced in Russia, and only the person selling it makes money in America.

Mr. PEARCE can tell you how many people make money because he knows that business in the production of energy. He will give you some great information.

Mr. TERRY. Then let's bring him up.

At this time, Mr. Speaker, I would like to yield to my friend from New Mexico.

Mr. PEARCE. Mr. Speaker, I thank the gentleman for his discussion on energy security.

And for my discussion tonight, I would like to begin at the same point that my friend from Ohio from the other side of the aisle began. She was quoting accurately an oil industry study which says that supply cannot keep up with demand, that prices are going to be high, that supply is going to be tight, and that is for the foreseeable future through the next decades.

Now, the response that we had in the Energy Policy Act of 2005 was literally to, number one, recognize that it is not possible to convert overnight; so we had incentives there for the very hard-to-get oil and gas. That is the deep, the very deep, ultra-deep, and then offshore.

Now, the offshore platforms are extraordinarily expensive. They maybe look something like this. Our friends from Louisiana would recognize many of these, and California. These units cost over \$1 billion to \$1.5 billion. We don't invest in them easily, but they produce a tremendous amount of energy. It is the belief of those who are concerned about the energy business, concerned about the fact that prices are high, that supply is low, they really only have two choices if prices are high and supply is tight. You can lower demand, which Americans have not seen to want to do, or you can increase supply.

So these units here, we had great incentives for those, and we felt like that would bridge us during the years to where consumers would begin to consume differently.

But I would ask our average listener, how many people do you know who actually put biodiesel in their car or their truck? How many are using any fuel other than straight gasoline? We have got some of it augmented by ethanol. But how many cars really do significantly reduce the consumption?

If the answer is not many, then you would be concerned about the time to convert. And we have had testimony in our Resources Committee where both sides of the aisle say we are probably on a 20- to 40-year conversion that you and your family probably will not drive a different car for 20 to 40 years that has a different power source than what it has got right now. So we either recognize the truth in the matter and we encourage supply while we are converting to those renewables, and the Energy Policy Act of 2005 had great stimulation. I think the difference, though, is that when we are confronted, as business-supporting conservatives, with the idea that the oil industry study says the supply is limited, it cannot keep up with demand, that we probably should increase supply.

Our friends on the other side of the aisle, and I would quote, said that we are going to reinvent our economy in the first decade of this century.

Now, it is not possible to reinvent an economy in 2½ years because we are already at year 6½. It is just not possible to reinvent an economy in 2½ years,

and that becomes the great disconnect on the discussion.

I would like to spend the rest of my time talking about the energy suggestions that our current majority has. We have recently marked up H.R. 2337. We have recently passed that out of the Resources Committee. And I will tell you that we need to make one point perfectly clear, that H.R. 2337, the Ralhall energy bill, which is intended to be a piece of the package that is brought to this floor, will cost Americans jobs. It will increase the cost of natural gas and gasoline. And it is going to stunt the growth of the alternative and renewable energy industry.

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H.R. 2337 is called the Energy Policy Reform and Revitalization Act. It could be called the "American Job Outsourcing Act," it could be the "Chinese Full Employment Act," or it could be the "Funding Mechanism for Hugo Chavez," but to declare that it is the "Energy Industry of America Revitalization" is intended to be a stretch of the facts.

During congressional hearings in Congress, we've heard a lot of testimony from witnesses talking about the impact of our actions on the cost of energy. So I would refer to another chart which simply talks about the cost of our energy is going to be increasing dramatically. We have received this testimony that the cost of energy probably will go up to a 23 percent increase in some areas, 29 percent on the California coast, 32 percent in the Texas region, 21 percent in the South, and in the Southeast, 19 percent; 20 percent in New York. So you see significant energy increases because of the increasing consumption of natural gas.

One witness, Paul Cicio, testified that America has lost 3 million manufacturing jobs to overseas competition due to this kind of energy increases. It is an important point because we need good jobs in America. High-tech industries and high-tech manufacturing are the future of our economy, yet they're tremendously energy dependent. You can't put a server farm in Washington or San Jose unless you have the energy to power it. You can, however, put it in Beijing because the Chinese are committed, like one of my friends said, building 544 coal-powered plants over the next 10 years to ensure they have enough cheap power. Cheap power is the key to keep their economy moving forward.

At the hearing we talked about, a couple of months ago, how Dow Chemical was going to build a \$22 billion facility in Saudi Arabia because of the price of energy here in the U.S. And yet, what we're doing is restricting our access to energy here in the U.S. while we're not restricting the overseas, ensuring that we're going to import more energy, ensuring that jobs are going to continue moving to those cheap sources of energy.

American prices are simply too high, and we're doing nothing about it. And

the renewables, though they have promised, the renewables are far, far into the future, decades into the future, where they begin to affect us.

We can see that energy prices are already high and headed higher. The projections show that they're going to be 20 to 30 percent increases, which drive these billion dollar projects overseas.

I would comment that the Dow Chemical plants in both China and Saudi Arabia are going to take 10,000 jobs, those are 10,000 jobs which would be in the hundred thousand dollars range if they're here in America, and yet because of the low energy prices overseas compared to here, we're going to export those jobs. And it simply does not make sense.

Since 2000, our offshore gas production has dropped 40 percent. Our next chart will show that production decrease. It's very difficult to see, the yellow line is on the top, moves along here. And we see the energy decreasing as it moves across the chart.

We would recognize that onshore gas is actually a flat stable line, but the offshore is decreasing rapidly. And yet the Outer Continental Shelf, where we have great potential large, large resources, we're restricting access to those areas. Meanwhile, in the Rocky Mountains, where we restrict access there, those are fields which already have been drilled, so it's not as if they're pristine. We just are limiting our access to our own resources, which then compounds the problem that Ms. KAPTUR started out with initially. Prices are high, supply is tight. And we're seeing that supply gets tighter, and we're going to then increase the price.

Another thing that H.R. 2337, the Rahaill energy bill, is doing is limiting shale completely. We're restricting the regulatory framework that was supposed to be out already and saying that it won't come forward. And without regulation, the industry is simply going to die. Now, that's important because in the long term, the 20 to 50 year term, shale causes America to be the Saudi Arabia of energy. If we consider just oil, Saudi Arabia has the dominant amount of energy in the world. But when we consider shale, the U.S. then becomes the dominant energy producer, and yet we're killing that industry completely.

We're in the shape that we're in today because of our decisions over the past 30 years. We chose not to build new refineries. We have chosen not to have nuclear energy. We have chosen not to drill more in this country, but instead, to restrict access on Federal lands, and so we simply have a problem of tight supplies and high prices. And those are going to continue for the foreseeable future.

Now, what does 2337 do regarding renewable energy? We hear our friends on the other side of the aisle talk about the need for renewables, but this bill begins to hurt the renewables. It begins to restrict the renewable energy devel-

opment, also. It just doesn't make sense.

But we heard from four Democratic witnesses at one hearing that coal cannot be a part of America's energy future if we're to combat global warming, but according to the bill H.R. 2337, it's about the only energy source left because of restricting oil and gas in 2337. We also give deep restrictions onto the wind industry so that the Wind Energy Association came out opposed to the bill saying it cripples our industry.

The bill places new costs and restrictions on the solar industry, requiring new labor provisions, per acre fees, and purchasing restrictions. So this bill harms domestic oil and gas production, reducing domestic production, increasing our reliance on foreign oil, but it also begins to limit our development of the alternative energy sources, but even worse, the most restrictive thing for alternatives is that there were corridors that were implemented in the Energy Policy Act of 2005. Those corridors recognize that places where renewables are created are not where the population is generally. New Mexico is one of the few States that would be self-sufficient on wind, yet we can't consume all of the wind energy that we would produce there. And so there were corridors that were lined up to take the renewables from where they're produced maybe in New Mexico to Los Angeles or New York, wherever, and yet those energy corridors receive a death blow in this bill, H.R. 2337, which again is passed out on pretty well party lines and is coming to the floor of the House as a part of Ms. PELOSI's energy package. And yet you have to ask, where is the energy in the bill? Because I see where the limitations on oil and gas are; I see where the limitations on shale are; I see where the limitations on wind and solar are. Exactly where is the energy production going to come from?

I guess with the carbon sequestration that is in the bill, to the dismay of our friends on the other side of the aisle, it's going to ensure that coal is our only source of fuel for the future. But they're also trying to limit its use.

Finally, regarding royalties. This bill attempts to capture royalties owed to the American Federal Government. Like the chairman, I strongly believe that American taxpayers should receive the royalties that are due. Nevertheless, we differ when it comes to the method of collection.

I support a Royalty in Kind program where we simply declare the number of barrels produced. We can meter that, it's very easy. We don't have to calculate the price because the price changes every day. And so the take to the Federal Government changes every day if we're contemplating dollars, but Royalty in Kind is very simple, but it also puts a lot of accountants out of business, puts a lot of tax lawyers out of business. And so we could call the provisions here where we kill the Roy-

alty in Kind program in 2337, the "Tax Lawyer Full Employment Act." Because that's what it's going to do, it's going to put people in the courts saying, now exactly what was the price on November 7 of 2001 when you sold that gas? It would be so much easier just to take the meter reading, take the government's percent, and put it into the government's coffers.

In our legislative hearing on this bill, leading Members on the other side of the aisle chastised our royalty regime saying it parallels countries whose corrupt governments are blowing up the rigs. That was a quote. Then they're moving to this country to exploit our low rates. But how ironic is that? You wish for the U.S. to set an example for the world on climate change, but want to follow the lead of Venezuela and Nigeria on royalties.

I support increasing production that will bring good, safe jobs and energy to America. I support efforts to keep the "American take" as a portion of energy development to a reasonable level that ensures companies have the money to provide safe working conditions, keep their facilities up to date, and reinvest in development and exploration.

Finally, we had comments all through the time that the royalties received by the U.S. Government are so much lower than Russia, so much lower than Venezuela. Yet I would like to share a final chart with you that shows some of the problems.

This picture is in Russia. And I will guarantee you that you will see no oil field in America like this. The opponents on the other side of the aisle of the level of royalties that we take currently simply want to make a moral equivalency between the kind of government and regulations that allow this, and the government and regulations in this country which have produced one of the strongest energy economies in the world, which have produced the most dramatic economy of American exceptionalism in the world, and yet they're trying to unravel that and undo that.

I would hope that we all would look at the energy suggestions from our friends on the other side of the aisle, that we would carefully evaluate the fact that the supply cannot keep up with the demand, that prices are going to be high, and the supply is going to continue to be tight unless we do something about it.

I thank the gentleman for yielding tonight and appreciate the discussion on both what we've done in the past, and what we're looking for in the future according to 2337.

Mr. TERRY. Well, I thank you for your input.

I just fear that the policies that we're looking at to adopt in this Nation are going to jeopardize our security, jeopardize our future. We need to look at a balance.

I appreciate you being here, and all of the others that came to speak.