



**The Romney Plan
For A Stronger Middle Class:**

ENERGY INDEPENDENCE

August 23, 2012

Executive Summary

A crucial component of Mitt Romney's Plan for a Stronger Middle Class is to dramatically increase domestic energy production and partner closely with Canada and Mexico to achieve North American energy independence by 2020. While President Obama has described his own energy policy as a "hodgepodge," sent billions of taxpayer dollars to green energy projects run by political cronies, rejected the Keystone XL Pipeline as not in "the national interest," and sought repeatedly to stall development of America's domestic resources, Romney's path forward would establish America as an energy superpower in the 21st century.

"An affordable, reliable supply of energy is crucial to America's economic future. I have a vision for an America that is an energy superpower, rapidly increasing our own production and partnering with our allies Canada and Mexico to achieve energy independence on this continent. If I am elected president, that vision will become a reality by the end of my second term."

-Mitt Romney

THE ROMNEY AGENDA:

- Empower states to control onshore energy development;
- Open offshore areas for energy development;
- Pursue a North American Energy Partnership;
- Ensure accurate assessment of energy resources;
- Restore transparency and fairness to permitting and regulation; and
- Facilitate private-sector-led development of new energy technologies.

"We have an unprecedented opportunity to make our natural resources a long-term source of competitive advantage for our nation. If we develop these resources to the fullest, we will not only guarantee ourselves an affordable and reliable supply of energy, but also enjoy benefits throughout our economy. Our trade deficit will shrink, our dollar will strengthen, and tens of billions of dollars will flow to the treasury. Perhaps most importantly, we will experience a manufacturing resurgence that delivers more jobs and more take-home pay for middle-class families across the country."

-Mitt Romney

An Achievable Goal: Energy Independence By 2020

While every President since Nixon has tried and failed to achieve this goal, analysts across the spectrum – energy experts, investment firms, even academics at Harvard University – now recognize that surging U.S. energy production, combined with the resources of America’s neighbors, can meet all of the continent’s energy needs within a decade. The key is to embrace these resources and open access to them.

Did You Know?

Citigroup: “The Story Of North American ‘Energy Independence’ Is One Of Incredible Potential.”

“Whil[e] the story of North American ‘energy independence’ is one of incredible potential and possibility that could alter the geopolitical landscape from the Middle East to the Mid-Continent – public policy might well be the most critical factor in determining whether the current steep supply trajectory remains robust for many decades to come or if it fizzles out; trumping both technology and geology.” (Citi GPS: Global Perspectives & Solutions, “Energy 2020: North America, The New Middle East?” [Citigroup](#), 3/20/12)

Raymond James: “We Are Looking ... [At] Actual Oil Independence By 2020.” “After more than three decades of falling oil production in the lower 48 states, the U.S. is now poised to sharply increase domestic oil production and sharply decrease its dependence on imported oil...Specifically, we are looking... [at] actual oil independence by 2020.” (Raymond James U.S. Research, “Yes, Mr. President, We Believe We Can Drill Our Way Out of This Problem,” [Raymond James](#), 4/2/12)

Manhattan Institute: “A Complete Reversal In Thinking Is Needed To Orient North America Around Hydrocarbon Abundance.”

“The underlying paradigms embedded in American energy policy and regulatory structures are anchored in the idea of shortages and import dependence. A complete reversal in thinking is needed to orient North America around hydrocarbon abundance—and exports. In collaboration with Canada and Mexico, the United States could—and should—forge a broad pro-development, pro-export policy to realize the benefits of our hydrocarbon resources. Such a policy could lead to North America becoming the largest supplier of fuel to the world by 2030.” (Mark P. Mills, “Unleashing The North American Energy Colossus: Hydrocarbons Can Fuel Growth And Prosperity,” [Manhattan Institute](#), 7/9/12)

Harvard Kennedy School: “The Western Hemisphere Could Return To A Pre-World War II Status Of Theoretical Oil Self Sufficiency.”

“[T]he Western Hemisphere could return to a pre-World War II status of theoretical oil self-sufficiency, and the United States could dramatically reduce its oil import needs. ... [O]ver the next decades, the growing role of unconventional oils will make the Western [H]emisphere the new center of gravity of oil exploration and production.” (Leonardo Maugeri, “Oil: The Next Revolution,” [Harvard Kennedy School](#), June 2012)

USA Today: “U.S. Energy Independence Is No Longer A Pipe Dream.” (Tim Mullaney, “U.S. Energy Independence Is No Longer A Pipe Dream,” [USA Today](#), 5/15/12)

Bloomberg: “U.S. Energy Supplies Have Been Transformed In Less Than A Decade.” (Asjlyln Loder, “America’s Energy Seen Adding 3.6 Million Jobs Along With 3% GDP,” [Bloomberg](#), 8/13/12)

The Result:

The Emergence Of An Energy Superpower

ENERGY INDEPENDENCE HAS WIDE-RANGING BENEFITS FOR AMERICA.

- More than three million new jobs, including over one million in manufacturing;
 - An economic resurgence adding more than \$500 billion to GDP;
 - A stronger dollar and a reduced trade deficit;
 - More than \$1 trillion in revenue for federal, state, and local governments;
 - Lower energy prices for job creators and middle-class families; and
 - National security strengthened by freedom from dependence on foreign energy supplies.
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A successful national energy strategy will have a fundamental influence on the well-being of the nation. An expansion in the affordable, reliable supply of domestically produced energy can bolster the competitiveness of virtually every industry within the country, creating millions of new jobs from coast to coast. With fewer energy imports and more exports of manufactured goods, America's trade deficit will decline and the dollar will strengthen.

The benefits even extend beyond immediate economic growth. The lease payments, royalties, and taxes paid to the American people in return for the development of the nation's resources can yield literally trillions of dollars in new government revenue. Lower energy prices can ease the burdens on household budgets. And all Americans can rest assured that the nation's security is no longer beholden to unstable but oil-rich regions half way around the world.

Did You Know?

"More Energy Independence Could Mean 3.6 Million Jobs." "In practical terms, more energy independence could mean 3.6 million new jobs, enough to cut unemployment by two percentage points, Citigroup argues. It could help manufacturers and chemical businesses that use lots of energy or make products from natural gas." (Tim Mullaney, "U.S. Energy Independence Is No Longer A Pipe Dream," [USA Today](#), 5/15/12)

- **"The Economic Gains Have Begun To Expand Beyond The Oil And Gas Fields."** "Even so, there are signs the economic gains have begun to expand beyond the oil and gas fields and that the promise of abundant, low-cost fuels will give a competitive edge to industries from steel, aluminum and automobiles to fertilizers and chemicals." (Asjylyn Loder, "America's Energy Seen Adding 3.6 Million Jobs Along With 3% GDP," [Bloomberg](#), 8/13/12)

- **“It Might Give The U.S. A Structural Advantage On Trade Partners In Energy Costs.”** “It might give the U.S. a structural advantage on trade partners in energy costs, helping to offset the edge that cheaper labor gives nations such as China, Kleinman says.” (Tim Mullaney, “U.S. Energy Independence Is No Longer A Pipe Dream,” [USA Today](#), 5/15/12)

“This Abundance Of Energy Gives Us The Opportunity To Rebuild Our Economy.” “‘This is one of those rare opportunities that every country looks for and few ever get,’ said Philip Verleger, a former director of the office of energy policy at the U.S. Treasury Department and founder of PKVerleger LLC, a consulting firm in Carbondale, Colorado. ‘This abundance of energy gives us an opportunity to rebuild our economy.’” (Asjlynn Loder, “America’s Energy Seen Adding 3.6 Million Jobs Along With 3% GDP,” [Bloomberg](#), 8/13/12)

- **Adds “\$370 Billion To \$624 Billion To Annual Real GDP.”** “Cumulatively, we estimate the combined impact of new production for oil+gas+liquids, related economic activity in non-hydrocarbon manufacturing, and finally improved efficiency adds somewhere between +2.0% and +3.3% or about \$370 billion to \$624 billion (in 2005\$) to annual real GDP.” (Citi GPS: Global Perspectives& Solutions, “Energy 2020: North America, the New Middle East?” [Citigroup](#), 3/20/12)

“A Reduction In The Total U.S. Trade Deficit Of A Whopping 82%.” “With this in mind, we think it’s reasonable to assume a modest decline in the non-oil deficit (at a rate of 5% per year), despite our expectations for a rising dollar. In our model, this decreasing non-oil related trade deficit equates to additional savings of \$69 billion by 2020. Altogether, these trends point to a reduction in the total U.S. trade deficit of a whopping 82% by 2020.” (Raymond James U.S. Research, “Yes, Mr. President, We Believe We Can Drill Our Way Out of This Problem,” [Raymond James](#), 4/2/12)

“Helping Reverse A Historical Long-Term Decline In The US Dollar.” “While the effect of current account imbalances on the US dollar has been historically weak, our simulations suggest the improved current account picture may help the US dollar to appreciate anywhere from +1.6% to +5.4% in real terms, potentially helping reverse a historical long-term decline in the US dollar since the 2000s.” (Citi GPS: Global Perspectives & Solutions, “Energy 2020: North America, the New Middle East?” [Citigroup](#), 3/20/12)

“\$1–\$2 Trillion In Tax Receipts To Federal And Local Governments.” “An affirmative policy to expand extraction and export capabilities for all hydrocarbons over the next two decades could yield as much as \$7 trillion of value to the North American economy, with \$5 trillion of that accruing to the United States, including generating \$1–\$2 trillion in tax receipts to federal and local governments. Such a policy would also create millions of jobs rippling throughout the economy. While it would require substantial capital investment, essentially all of that would come from the private sector.” (Mark P. Mills, “Unleashing the North American Energy Colossus: Hydrocarbons Can Fuel Growth and Prosperity,” [Manhattan Institute](#), 7/9/12)

“Falling Cost Of Natural Gas Alone Will Save U.S. Households \$926 A Year.” “The U.S. price of natural gas has plummeted more than 80% since 2008, including nearly 45% in the last year, thanks to new supplies. The falling cost of natural gas alone will save U.S. households \$926 a year between now and 2015, consulting firm IHS Global Insight says.” (Tim Mullaney, “U.S. Energy Independence Is No Longer A Pipe Dream,” [USA Today](#), 5/15/12)

Growing Saudi Imports Have “Alarmed Conservative And Liberal Foreign Policy Experts Alike.”

“The development underscores how difficult it is for the United States to lower its dependence on foreign oil — especially the heavy grades of crude that Saudi Arabia exports — even as domestic oil production is soaring. It is a development that has alarmed conservative and liberal foreign policy experts alike, especially with oil prices and Mideast tensions rising in recent weeks.” (Clifford Kraus, “U.S. Reliance On Oil From Saudi Arabia Is Growing Again,” [The New York Times](#), 8/16/12)

- **OPEC Imports Could Decline From More Than \$150 Billion To Virtually Zero.** The U.S. Imported 1.531 Billion Barrels Of Crude Oil From OPEC Countries In 2011. (U.S. Imports from OPEC Countries of Crude Oil,” Petroleum & Other Liquids, [EIA](#), 7/30/12); Crude Oil Imports From OPEC Countries Cost \$107.85 Per Barrel In 2011. (“Landed Costs Of Imported Crude By Area,” Petroleum & Other Liquids, [EIA](#), 8/1/12)

The Result:

A Resurgence In American Manufacturing

THE IMPLICATIONS OF AMERICA'S ENERGY REVOLUTION ARE ENORMOUS.

- A long-term competitive advantage for U.S. industry thanks to lower costs; and
 - Millions of new jobs upstream in the industries that supply energy producers, in the energy production process itself, and downstream in the industries from manufacturing to petrochemicals to transportation that can utilize the output.
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The revolution in U.S. energy production will not just expand economic opportunity within the energy industry. Upstream businesses that supply the industry will experience a surge in demand, and perhaps the greatest benefit will occur downstream as manufacturers gain access to a more affordable and reliable supply of energy and feedstock. America's natural resources can be a long-term competitive advantage for American manufacturing and their development is the key to a reindustrialization of the U.S. economy.

Did You Know?

“1.1 Million Jobs Would Be Generated In The Manufacturing Sector.” “Also, another +1.1 million jobs would be generated in the manufacturing sector, notably for machinery, transportation equipment, fabricated metals, paper products, and chemicals. These sectors benefit not only from the overall economic expansion but also from cheaper energy input costs. The manufacture of petrochemicals, steel and fertilizer is notably intensive in the use of petroleum and/or natural gas, and should benefit disproportionately from the increased output of hydrocarbons.” (Citi GPS: Global Perspectives & Solutions, “Energy 2020: North America, The New Middle East?” [Citigroup](#), 3/20/12)

- **“US Manufacturing Companies Could Employ Approximately One Million More Workers By 2025.”** “US manufacturing companies could employ approximately one million more workers by 2025 due to benefits from affordable energy and demand for products used to extract the gas.” (“Shale Gas: A Renaissance In US Manufacturing?” [PwC](#), December 2011)

Upstream: “A Surge In Oil And Natural Gas Drilling Across A Multistate Region Might Jump-Start A Revival In Rust Belt Manufacturing.” “A rare sight in hard-luck Youngstown, a new industrial plant, has generated hope that a surge in oil and natural gas drilling across a multistate region might jump-start a revival in Rust Belt manufacturing.” (“Ohio Shale Drilling Spurs Job Hopes In Rust Belt,” [The Associated Press](#), 11/27/11)

- **“A \$650 Million Mill Is Coming To Life Thanks To The Natural-Gas Drilling Boom.”** “Thirty-four years after Black Monday, the day Youngstown Sheet & Tube announced shutdowns marking the end of the Ohio city's steel era, a \$650 million mill is coming to life thanks to the natural-gas drilling boom. The factory for Vallourec SA (VK)'s V&M Star will have 350 workers and produce seamless pipes used in hydraulic fracturing, also known as fracking. It's part of a development that an oil and gas industry study calculates will mean more than 200,000 jobs and \$22 billion in economic

output in Ohio by 2015 -- and which has neighboring states looking to get in on the action.” (Mark Niquette and Romy Varghese, “Gas Boom Has Youngstown Making Steel Again,” [Bloomberg](#), 1/10/12)

- **“This Will Be The Biggest Thing To Hit The State Of Ohio Economically Since Maybe The Plow.”** “This will be the biggest thing to hit the state of Ohio economically since maybe the plow,’ Aubrey K. McClendon, chief executive officer of Chesapeake Energy Corp. (CHK), the most active U.S. oil and natural-gas driller, said during an energy summit that Governor John Kasich convened in Columbus in September.” (Mark Niquette and Romy Varghese, “Gas Boom Has Youngstown Making Steel Again,” [Bloomberg](#), 1/10/12)
- **“I Look At It As Being A Bridge From Our Past To Our Future.”** “In Youngstown, which has lost more than half the 168,330 residents it had in 1950, V&M Star may help make the area the Utica Shale’s supply-chain capital, said Eric Planey, a vice president at the Youngstown/Warren Regional Chamber. ‘I look at it as being a bridge from our past to our future,’ Planey, whose father worked at Youngstown Sheet & Tube for 40 years, said in a Dec. 8 interview. ‘Our past was exclusively steel. It looks like our future is going to be significantly a part of the oil and gas and energy business.’” (Mark Niquette and Romy Varghese, “Gas Boom Has Youngstown Making Steel Again,” [Bloomberg](#), 1/10/12)

Downstream: The Energy Revolution Will Produce “A Resurgence Of The Nation’s Technological And Manufacturing Competitiveness.” “At this point, it may be useful to step back and consider the sheer scale of the potential economic consequences in perspective: We are contemplating hundreds of billions of dollars of new output, three or four million new jobs, a current account deficit slashed by half or more, and a strengthened dollar firmly reasserted as the reserve currency of choice. Not to mention the potential strengthening of U.S. federal and state government finances, the national security implications of improved energy independence, a resurgence of the nation’s technological and manufacturing competitiveness, the social implications of new wealth and job creation, and many other silver linings.” (Citi GPS: Global Perspectives & Solutions, “Energy 2020: North America, The New Middle East?” [Citigroup](#), 3/20/12)

- **Cheaper Natural Gas “Should Stimulate A Resurgence In U.S. Manufacturing.”** “In addition to lower oil import costs, we think the cheaper domestic natural gas prices should stimulate a resurgence in U.S. manufacturing, especially in energy-intensive sectors such as fertilizer and petrochemicals. Our expectations for low natural gas prices and increased natural gas liquids (NGLs) supply mean that energy-intensive industries in the U.S. should have a substantial cost advantage over just about anyone in the world (especially those using oil-based feedstock)...Altogether, these trends point to a reduction in the total U.S. trade deficit of a whopping 82% by 2020.” (Raymond James U.S. Research, “Yes, Mr. President, We Believe We Can Drill Our Way Out Of This Problem,” [Raymond James](#), 4/2/12)
- **The U.S. Will Have “A Structural Advantage On Trade Partners In Energy Costs,” Offsetting Higher Labor Costs.** “In practical terms, more energy independence could mean 3.6 million new jobs, enough to cut unemployment by two percentage points, Citigroup argues. It could help manufacturers and chemical businesses that use lots of energy or make products from natural gas. It might give the U.S. a structural advantage on trade partners in energy costs, helping to offset the edge that cheaper labor gives nations such as China, Kleinman says. Already, U.S. natural gas prices are a seventh of what they are in Beijing, Pickens says.” (Tim Mullaney, “U.S. Energy Independence Is No Longer A Pipe Dream,” [USA Today](#), 5/15/12)
- **“Factories Mothballed As Prices Broke Records In The Past Decade Have Begun To Reopen And Some Manufacturers Are Breaking Ground On New Plants.”** “The supply trend has begun to reverse the fortunes of energy-hungry US industries. Factories mothballed as prices broke records in the past decade have begun to reopen and some manufacturers are breaking ground on new plants. Dow Chemical plans to open new US ethylene and propylene plants later this decade, and restart a Louisiana ethylene cracker closed in 2009. Royal Dutch Shell announced a chemical plant in the gas-rich Appalachian mountain region to make ethylene and petrochemicals. Sasol of South Africa last week unveiled a plan to convert gas into diesel fuel in Louisiana.” (Gregory Meyer, “Shale Gas Boosts US Manufacturing,” [The Financial Times](#), 9/19/11)

The Romney Agenda: Federal Lands

EMPOWER STATES TO CONTROL ONSHORE ENERGY DEVELOPMENT.

- States will be empowered to establish processes to oversee the development and production of all forms of energy on federal lands within their borders, excluding only lands specially designated off-limits;
 - State regulatory processes and permitting programs for all forms of energy development will be deemed to satisfy all requirements of federal law;
 - Federal agencies will certify state processes as adequate, according to established criteria that are sufficiently broad, to afford the states maximum flexibility to ascertain what is most appropriate; and
 - The federal government will encourage the formation of a State Energy Development Council, where states can work together along with existing organizations such as STRONGER and the IOGCC to share expertise and best management practices.
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In the midst of the energy revolution taking place on state and privately-held lands across America, oil and gas production on federal lands somehow plummeted last year. This was no accident. President Obama has intentionally sought to shut down oil, gas, and coal production in pursuit of his own alternative energy agenda. Federal land open for exploration has declined nearly 20 percent on his watch, and the rate of permitting is down 37 percent. It now takes a shocking 307 days to receive the permits to drill a new well.

Compare that record to what states have achieved on the land under their supervision. States have crafted highly efficient and effective permitting and regulatory programs that address state-specific needs. The state of North Dakota can permit a project in ten days. Colorado does it in twenty-seven. Nor do these processes pose any greater environmental risks. To the contrary, from oil and gas and coal to wind and solar and biofuels, states are far better able to develop, adopt, and enforce regulations based on their unique resources, geology, and local concerns.

Did You Know?

At Least Sixty-Two Percent Of Known Oil Resources On Federal Lands Are Off-Limits.

“Approximately 60 percent (165.9 million acres) of the Federal land is inaccessible. Based on resource estimates, these lands contain about 62 percent of the oil [on federal land] (19.0 billion barrels) and 41 percent of the natural gas (94.5 trillion cubic feet).” (“Inventory Of Onshore Federal Oil And Natural Gas Resources And Restrictions To Their Development,” [U.S. Departments Of The Interior, Agriculture, And Energy](#), 2008)

- **Under President Obama, The Rate Of Leasing Has Slowed By Half.** New acres leased are down 55% (FY2006-2008: 11,635,373; FY2009-2011: 5,283,441) while new leases are down 42% (FY2006-2008: 9,661; FY2009-2011: 5,568.) (“Summary Of Onshore Oil & Gas Statistics,” [BLM](#), 11/9/11)
- **Under President Obama, Land Under Lease Has Declined By Nearly Twenty Percent.** Acres leased FY2008: 47.2 million; FY2011: 38.5 million. (“Summary Of Onshore Oil & Gas Statistics,” [BLM](#), 11/9/11)

It Takes 307 Days To Receive A Drilling Permit On Federal Land. This length has doubled since 2005 and, since President Obama took office, the amount of time that industry must take to “resolve any deficiencies” in an application has tripled. (“Average Application For Permit To Drill (APD) Approval Timeframes: FY2005-FY2011, [BLM](#), 6/22/12)

- **Under President Obama, The Rate Of Permitting Has Declined By More Than One-Third.** Federal drilling permits approved FY2006-2008: 20,479; FY2009- 2011: 12,821. (“Summary Of Onshore Oil & Gas Statistics,” [BLM](#), 11/9/11)
- **By Comparison, It Only Takes 10 Days To Get A Permit To Drill On North Dakota State Lands.** (Bruce E. Hicks, “4th Quarter Report Oct-Nov-Dec 2011,” Oil And Gas Division, Department Of Mineral Resources, North Dakota Industrial Commission, 3/19/12)
- **In Ohio, It Takes 14 days.** (“2011 Ohio Oil and Gas Summary,” [Ohio Department of Natural Resources](#), 2011)
- **In Colorado, The Wait Is Only 27 Days.** (“Memorandum To The Colorado Oil and Gas Conservation Commission,” [Colorado Department Of Natural Resources](#), 4/25/11)

The Result? Oil Production On Federal Lands Plummeted By 14% Last Year. (“Sales Of Fossil Fuels Produced From Federal And Indian Lands, FY 2003 Through FY 2011, Table 1,” [EIA](#), March 2012)

States Are Better Equipped To Regulate Energy Development Than The Federal Government. “The regulatory processes of DOGM (that include permitting, inspection, compliance, and enforcement) are effective in ensuring the responsible development of Utah’s resources with due regard for and protection of the environment. The professional staff of DOGM has the local knowledge and expertise to address the technical and scientific challenges posed by Utah’s unique geology and geography. A nationwide process of HF rulemaking by the U.S.BLM may have noble intent, but will likely be no more effective in achieving better oversight of HF operations and do so at substantial cost of manpower and time for both government and private sector organizations.” (Director John R. Baza, “Hydraulic Fracturing In Utah,” [Utah Department Of Natural Resources](#), 4/19/12)

- **Utah Has Regulated Fracking For Over 50 Years Without A Single Reported Case Of Water Contamination.** “Hydraulic fracturing (HF) has been an operational practice for completing and stimulating oil and gas wells in Utah since the earliest dates of drilling in the state. State government regulation of the practice commenced with creation of the Utah Oil and Gas Conservation Commission in 1955. In all of the historical records of the Division of Oil, Gas, and Mining (DOGM), there has never been a verified case of HF causing or contributing to contamination of water resources.” (Dir. John R. Baza, “Hydraulic Fracturing In Utah,” [Utah Department Of Natural Resources](#), 4/19/12)
- **Sec. Mike Krancer, Pa. Dept. Of Envi. Protection: “States Are Light-Years Ahead Of The Federal Government.”** “There is no question that states can do and are doing a better job regulating the oil and gas extraction technique of hydraulic fracturing within their borders than the federal government could do. No ‘one size fits all’ is applicable in this field. Each state is different and has different geography, topography, geology, hydrogeology and meteorology. In fact, the states in which hydraulic fracturing has and is taking place have been regulating that activity for many years already. The states are light-years ahead of the federal government in terms of experience and know how about their own individual states and about the science and technique of hydraulic fracturing.” (Secretary Michael L. Krancer, Commonwealth of Pennsylvania Department of Environmental Protection, “Rhetoric Vs. Reality, Part II: Assessing The Impact Of New Federal Red Tape On Hydraulic Fracturing And American Energy Independence,” Subcommittee on Technology, Information Policy, Intergovernmental Relations And Procurement Reform, Committee On Oversight And Government Reform, United States House of Representatives, [Testimony](#), 5/31/12)

The Romney Agenda: Offshore Areas

OPEN OFFSHORE AREAS FOR DEVELOPMENT.

- Establish a new five-year offshore leasing plan that aggressively opens new areas for development beginning with those off the coast of Virginia and the Carolinas;
- Set minimum production targets for each five-year leasing plan, requiring annual reports to Congress on progress in reaching goals and implementation of new policies to compensate for any shortfall; and
- Guarantee that state-of-the-art processes and safeguards for offshore drilling are implemented in a manner designed to support rather than block exploration and production.

The Outer Continental Shelf (OCS) is a vital national resource held in trust by the federal government for the American people. Since day one, the Obama Administration has worked systematically to shut down the development of this resource. The Administration has cancelled more leases than it has held and slowed the rate of permitting by over 60 percent. As a result, offshore oil production declined 14% last year and production in the Gulf of Mexico this year will be 25 percent below what had been expected before the Obama policies took effect.

Beyond the Gulf of Mexico, President Obama has stifled efforts at exploration entirely. Off the Atlantic coast, for instance, billions of barrels of oil await development and a bipartisan consensus in Virginia supports doing just that. Unfortunately, the President chose to block access to those resources and cancel leases that had been planned in the area. Decisions made today about access to energy resources affect investment and production for decades into the future. Opening greater access and streamlining permitting will not only increase production in areas where resources have already been identified, but also speed the identification and development of new resources.

Did You Know?

2% Of The OCS Is Currently Leased For Oil And Gas Development. There are 35,275,233 acres of active executed leases. (“Combined Leasing Report,” [BOEM](#), 8/1/12); The OCS is 1,712,260,000 total acres. (“Outer Continental Shelf (OCS) Planning Area Acreage,” [DOI](#), 10/8/08)

- **More Than Half Of OCS Resources Are Outside The Gulf Of Mexico.** “In the UTRR category, the MMS estimated oil resources to be nearly 86 billion barrels. Of this, about 41 Bbbl oil would

potentially come from the central and western Gulf of Mexico and about 25.3 Bbbl of oil would come from Alaska.” (Marc Humphries et al., “U.S. Offshore Oil And Gas Resources: Prospects And Processes,” [CRS](#), 4/26/10)

The Obama Administration Has Cancelled More Leases Than It Has Held. (“Proposed Final Program Outer Continental Shelf Oil And Gas Leasing Program 2007-2012,” [BOEMRE](#), April 2007); (“2007-2012 Lease Sale Schedule,” [BOEM](#), Accessed 8/20/12)

- **The Administration Has Slowed The Rate Of Offshore Leasing By Two-Thirds.** Both the number of acres and tracts leased have declined by 66% under President Obama. (New acres leased- FY2006-FY2008: 17,880,416; FY2009-FY2011: 6,073,715. New tracts leased- FY2006-FY2008: 3,248; FY2009-FY2011: 1,110.) (“Table 1: All Lease Offerings,” [BOEM](#), 4/27/12)
- **Revenues From Offshore Leasing Sales Fell From \$9.5 Billion In 2008 To Just \$37 Million Last Year.** FY 2008 Federal Offshore Bonus: \$9,480,806,620. (“Reported Royalty Revenue By Category Fiscal Year 2008,” [ONRR](#), Accessed 8/20/12); FY 2011 Federal Offshore Bonus: \$36,751,111. (“Reported Royalty Revenue By Category Fiscal Year 2011,” [ONRR](#), Accessed 8/20/12)
- **The 15 Lease Sales In President Obama's New Five-Year Offshore Plan Represent The Lowest Number Of Lease Sales Offered In A Plan Since The Process Began In 1980.** (Curry Hagerty, “List Of Submissions To Congress Under Section 18 Of The Outer Continental Shelf Lands Act (OCSLA),” [CRS](#), 7/16/12)

The Obama Administration Has Slowed The Rate Of Offshore Permitting By Over 60%. 995 new well permits were approved from 1/20/06: 1/19/09. 374 new well permits were approved from 1/20/09: 1/19/12. (“New Well Permits,” APD/AST/ABP Online Query, [BSEE](#), Accessed 8/20/12)

- **The Obama Administration Was Held In Contempt For Illegally Imposing A Moratorium On Gulf Drilling In 2010.** “The Obama Administration acted in contempt by continuing its deepwater-drilling moratorium after the policy was struck down, a New Orleans judge ruled.” (Laurel Brubaker Calkins, “U.S. In Contempt Over Gulf Drill Ban, Judge Rules,” [Bloomberg](#), 2/3/11)

The Result? Offshore Oil Production Declined By 14% Last Year. Lower 48 offshore production in 2010: 1.67 million bb/d. 2011: 1.43 million bb/d. (“Annual Energy Outlook: 2012, Oil And Gas Supply,” [EIA](#), 6/25/12)

- **The Moratorium Has Cut Gulf Production By One-Third.** “Before the accident, Gulf oil production was 1.75 million barrels a day, and it was projected to increase to 2.2 million barrels a day by this year. Instead, because of the yearlong halt on new drilling, production is about 700,000 barrels a day lower than forecast. Much of that oil is heavy and is being replaced by Saudi imports, experts said.” (Clifford Kraus, “U.S. Reliance On Oil From Saudi Arabia Is Growing Again,” [The New York Times](#), 8/16/12)

Opening The OCS Could Add More Than 2 Million Barrels Per Day And Attract \$100 Billion In Investment. “The Energy Information Administration (EIA) of the Department of Energy projects that U.S. oil production would increase from today’s 5.0 million barrels per day (mbd) to 7.3 mbd by 2030 with complete OCS access. ... A National Petroleum Council (NPC) study estimated that 1 million barrels of oil and 3.8 billion cubic feet of natural gas per day could be added to U.S. oil and gas supply by 2025 from areas formerly off limits if the OCS remains open along with a cumulative investment of as much as \$98 billion in exploration and development projects.” (Marc Humphries et al., “U.S. Offshore Oil And Gas Resources: Prospects And Processes,” [CRS](#), 4/26/10)

- **Offshore Drilling Enjoys Strong Bipartisan Support In Virginia, Where President Obama Blocked It.** “Republicans pounced on President Obama on Thursday afternoon for his administration’s failure to include Virginia in the final five-year plan for offshore oil and gas drilling. But it wasn’t just Republicans complaining. Sen. Jim Webb (D) joined the bipartisan dissent. ‘I regret that the administration failed to include Virginia in its proposed final five-year lease plan,’ Webb said. ‘Energy exploration . . . would boost domestic energy production, while benefiting the commonwealth’s economy.’ ... Webb and Sen. Mark R. Warner (D) introduced a bill last year that would allow oil and natural-gas drilling off the state’s coast.” (Anita Kumar, “Virginia Politicians Complain About Exclusion In Offshore Drilling Plan,” [The Washington Post](#), 6/28/12)

The Romney Agenda: North America

PURSUE A NORTH AMERICAN ENERGY PARTNERSHIP.

- Approve the Keystone XL pipeline;
- Establish a regional agreement to facilitate cross-border energy investment, infrastructure, and sales;
- Promote and expand regulatory cooperation between governments to encourage responsible energy production, including the creation of a forum for sharing best practices and technologies; and
- Institute fast-track regulatory approval processes for cross-border pipelines and other infrastructure.

North America is the fastest-growing oil and gas producing region in the world, and the continent now has an opportunity to achieve freedom from OPEC that would not have even been contemplated just ten years ago. Unfortunately, President Obama has chosen to turn his back on America's neighbors. He rejected the Keystone XL pipeline, which would have dramatically increased the supply of Canadian oil to the U.S. market, and now Canada plans to send that oil to China instead. Today, America still imports more oil from OPEC than it does from Canada and Mexico.

As Canadian Prime Minister Harper notes, fostering a greater North American energy partnership that replaces OPEC imports with stable supply from secure sources at discounted prices should be a "no brainer." And Mexico is now displaying a renewed interest in collaborating with outside partners to increase development of its own plentiful resources. By collaborating with these countries on energy development, America can guarantee itself a reliable and affordable supply of energy while also opening up new opportunities for American businesses and workers in the region.

Did You Know?

Half Of U.S. Oil Imports Still Come From OPEC Countries. 2011 U.S. Crude Oil Imports (thousand barrels): 3,256,310. 2011 U.S. Crude Oil Imports From OPEC Countries (thousand barrels): 1,531,199. ("U.S. Crude Oil Imports By Country Of Origin," [EIA](#), 6/28/12)

- **Only 37 Percent Of U.S. Oil Imports Currently Come From Canada And Mexico.** 2011 U.S. Crude Oil Imports (thousand barrels) From Canada: 805,555. 2011 U.S. Crude Oil Imports (thousand barrels) From Mexico: 401,524. (“U.S. Crude Oil Imports By Country Of Origin,” [EIA](#), 6/28/12)

But 99% Of Mexican And Canadian Oil Exports Come To America. “In 2010, Mexico exported 1.3 million bbl/d of crude oil, up from 1.2 million bbl/d in 2009. ... In 2010, the U.S. imported 1.14 million bbl/d of crude oil from Mexico, and about 140,000 bbl/d of refined products, mostly residual fuel oil, naphtha, and other unfinished oils.” (“Mexico: Background,” [EIA](#), July 2011) ; “The United States is the main market, consuming essentially all (99 percent) of Canadian petroleum exports.” (“Canada: Background,” [EIA](#), April 2011)

Because The U.S. Imports All Of Canada And Mexico’s Oil Exports, The Oil Is Sold At A Discount. “The Prime Minister also mentioned that Canada has been selling oil to the United States at a discounted price.” (Becket Adams, “Canadian Pm Blasts Obama On Keystone: The U.S. Is An Unreliable Energy Partner,” [The Blaze](#), 4/4/12)

- **A Significant Discount...** Cost Of OPEC Oil: \$107.85/bbl; Cost Of Canadian Oil: \$90.03/bbl; Cost Of Mexican Oil: \$101.22/bbl. (“Landed Costs Of Imported Crude By Area,” [EIA](#), 8/1/12)

Unfortunately, President Obama Believes A Greater North American Energy Partnership That Will Displace OPEC Imports Does Not “Serve The National Interest.” “Today, the Department of State recommended to President Obama that the presidential permit for the proposed Keystone XL Pipeline be denied and, that at this time, the TransCanada Keystone XL Pipeline be determined not to serve the national interest. The President concurred with the Department’s recommendation...” (Press Release, “Denial Of The Keystone XL Pipeline Application,” [U.S. Department Of State](#), 1/18/12)

- **Obama’s Rejection Of Keystone Will Force Canada To Ship Its Vast Supplies Of Oil To China.** “Ronald Liepert, the energy minister in Alberta, said that while Canada would prefer to sell its oil to the United States, ‘this commodity will go someplace.’ In particular, he said, China is already a major consumer of other Canadian natural resources and a small investor in the oil sands. ‘I can predict confidently that at some point China will take every drop of oil Canada can produce.’” (Ian Austen, “Oil Sands Project in Canada Will Go On If Pipeline Is Blocked,” [The New York Times](#), 6/6/11)
- **Canadian PM Harper:** “Look, the very fact that a ‘no’ could even be said underscores to our country that we must diversify our energy export markets...We cannot be, as a country, in a situation where our one and, in many cases, only energy partner could say no to our energy products. We just cannot be in that position.” (Bryn Weese, “Harper Determined To Get Canadian Oil To Asia,” [Sun News](#), 4/3/12)
- **The Rejection Has Also Increased U.S. Reliance On OPEC.** “Many oil experts say that the increasing dependency is probably going to last only a couple of years, or until more Canadian and Gulf of Mexico production comes on line. ‘Until we have the ability to access more Canadian heavy oil through improved infrastructure, the vulnerability will remain,’ said David L. Goldwyn, former State Department coordinator for international energy affairs in the Obama administration.” (Clifford Kraus, “U.S. Reliance On Oil From Saudi Arabia Is Growing Again,” [The New York Times](#), 8/16/12)

Canada Is Eager To Pursue A Greater Energy Partnership With The United States. “Prime Minister Stephen Harper says U.S. approval of a new oil sands pipeline should be a ‘no-brainer’ given that country’s demand for energy and its unpalatable alternatives to Canadian oil.” (Shawn McCarthy, “Keystone Pipeline Approval ‘Complete No-Brainer,’ Harper Says,” [The Globe And Mail](#), 09/21/11)

Mexico Is Also Eager To Increase Investment In Its Energy Industry. “Pena Nieto said Mexico needs to revive its flagging oil industry and expand trade with the U.S. to bolster economic growth that has averaged 2 percent during the past 10 years, compared with 3.7 percent in Brazil.” (Flavia Krause-Jackson and Nacha Cattán, “Mexican Presidential Candidate Seeks Private Investment In Oil Industry,” [Bloomberg](#), 11/17/11)

- **Mexico Needs American Technology And Investment To Develop Its Vast Resources.** “Experts say that Pemex’s lack of capital investment and limited knowhow for drilling offshore in deep waters, where it is understood that the majority of Mexico’s oil reserves lie, was largely responsible for a 24 per cent fall in production between 2004 and 2009.” (Ed Crooks, “Mexico Reform Crucial To Exxon Investment,” [The Financial Times](#), 6/27/12)

The Romney Agenda: Resource Evaluation

ENSURE ACCURATE ASSESSMENT OF ENERGY RESOURCES.

- Approve permits for seismic surveys and exploration offshore to immediately update decades-old information;
- Require the sharing of onshore geological and geophysical information with the Department of the Interior;
- Undertake new seismic analysis in offshore areas not included in the new lease plan; and
- Collaborate with Canada and Mexico to ensure accurate inventory of their resources and sharing of data.

Every assessment of America’s energy resources indicates tremendous potential. Yet many of these assessments are outdated, based on decades-old technology, and lacking in the data that only becomes available once development begins. President Obama has used this lack of information, coupled with confusion over the difference between “proved” reserves and recoverable resources, to argue incorrectly that America’s resources are scarce. The American people and their policy makers must have a realistic picture of the nation’s true resource abundance in order to make informed decisions about the future of American energy policy.

Already, private sector exploration yields valuable public data when it occurs offshore. But in areas where no exploration is allowed to occur, conducting detailed surveys becomes all the more important. There is no excuse for placing any area so far off-limits that its potential cannot even be determined. And when exploration occurs onshore, that information should be shared to help develop the fullest possible picture of America’s energy potential.

Did You Know?

President Obama Believes That The U.S. Has Only 2 Percent Of The World’s Oil. “As a country that has 2 percent of the world's oil reserves, but uses 20 percent of the world's oil — I'm going to repeat that — we've got 2 percent of the world oil reserves; we use 20 percent.” (President Obama, “Remarks By The President On Energy – Mount Holly, NC,” Daimler Truck Manufacturing Plant, Mount Holly, NC, [The White House](#), 3/7/12)

- **But The President “Gives An Incomplete Picture Of U.S. Oil Resources.”** “The president is trying to make the case that the world has finite oil resources, and the United States — the world’s biggest oil consumer — needs to use less oil in the future. But using ‘oil reserves’ as a key metric gives an incomplete picture of U.S. oil resources.” (Glenn Kessler, “U.S. Oil Resources: President Obama’s ‘Non Sequitur Facts’,” [The Washington Post](#), 3/15/12)

- **“Proven Oil Reserves Are Not All Of Our Oil Resources—Not Even Close.”** “Proven oil reserves are not all of our oil resources—not even close. In fact, proved reserves represent a tiny portion of our total oil resources. Proven (or proved) oil reserves are reserves that have already been discovered, typically through actual exploration or drilling, and which can be recovered economically. That estimate does not include oil that we know about, yet are unable to access because of regulatory barriers. For example, the billions of barrels of oil in ANWR are not included in our proved oil reserves.” (Benjamin Cole, “Exposing The 2 Percent Oil Reserves Myth,” [Institute For Energy Research](#), 3/13/12)

President Obama Is Replaying President Carter’s Misguided And Discredited Approach. “World consumption of oil is still going up. If it were possible to keep it rising during the 1970s and 1980s by 5 percent a year as it has in the past, we could use up all the proven reserves of oil in the entire world by the end of the next decade.” (President Jimmy Carter, “Proposed Energy Policy Speech,” [PBS](#), 4/18/77)

- **But The U.S. Has Produced Close To Three Times The Proved Reserves Identified In 1980.** In 1980, EIA estimated the U.S. had 29.81 billion barrels of proved oil reserves. (“World Proved Crude Oil Reserves, January 1, 1980 - January 1, 2009 Estimates,” [EIA](#), 2/9/09); U.S. crude oil production from 1980-2011: 79.4 billion barrels. (“U.S. Field Production of Crude Oil,” [EIA](#), 7/30/12)
- **“With No ‘Peak-Oil’ In Sight.”** “Oil is not in short supply. From a purely physical point of view, there are huge volumes of conventional and unconventional oils still to be developed, with no ‘peak-oil’ in sight. The full deployment of the world’s oil potential depends only on price, technology, and political factors.” (Leonardo Maugeri, “Oil: The Next Revolution,” [Harvard Kennedy School](#), June 2012)

The Latest Estimates Suggest That The U.S. Has At Least Seven Times As Much Oil As President Obama Acknowledges. “U.S. proved reserves of oil total 22.3 billion barrels, and reserves of natural gas total 272.5 trillion cubic feet. Undiscovered technically recoverable oil in the United States is 139.6 billion barrels, and undiscovered technically recoverable natural gas is 1445.3 trillion cubic feet.” (Carl E. Behrens, et. al, “U.S. Fossil Fuel Resources: Terminology, Reporting, and Summary,” [CRS](#), 12/28/11)

And Those Estimates Are Significantly Out Of Date; Where Exploration Is Permitted, Estimates Increase. “However, it has been 20 years or more since any exploration activity occurred in these areas. In other areas, such as Central and Northern California, offshore Oregon and Washington and the South Florida Basin, there has been no meaningful exploration activity since the 1960’s.” (Minerals Management Service Offshore Minerals Management Program, “Report to Congress: Comprehensive Inventory of U.S. OCS Oil and Natural Gas Resources, Energy Policy Act of 2005 – Section 357,” [BOEMRE](#), February 2006)

- **New Technologies Have Rendered Past Surveys Out Of Date.** “Given the phenomenal changes that have occurred over the past 30 years, it is impossible to determine to what degree changes in the assessments are attributable to specific changes in G&G information or a particular individual technological advance.” (MMS Offshore Minerals Management Program, “Report to Congress: Comprehensive Inventory of U.S. OCS Oil and Natural Gas Resources, Energy Policy Act of 2005 – Section 357,” [BOEMRE](#), February 2006)
- **Government Data Is “Particularly Poor,” While Private Data Is “Too Fragmented.”** “EIA and USGS data are backward and particularly poor, while data from oil companies operating in those plays are still too fragmented and subject to constant increases, making it difficult to reconstruct a broader view of their potential resources and future production.” (Leonardo Maugeri, “Oil: The Next Revolution,” [Harvard Kennedy School](#), June 2012)
- **Estimates Of The Resources In The Bakken Formation In North Dakota Have Increased From 150 Million Barrels In 1995 To More Than 20 Billion Today.** “In 1995, the U.S. Geological Survey estimated 150 million ‘technically recoverable barrels of oil’ from the Bakken Shale. In April 2008 that number was up to about four billion barrels, and in 2010 geologists at Continental Resources (the major drilling operation in North Dakota) put it at eight billion. This week, given the discovery of a lower shelf of oil, they announced 24 billion barrels. ... [A]s the technology advances recoverable oil could eventually exceed 500 billion barrels.” (Stephen Moore, “What North Dakota Could Teach California,” [The Wall Street Journal](#), 3/11/12)

The Romney Agenda: Regulatory Reform

RESTORE TRANSPARENCY AND FAIRNESS TO PERMITTING AND REGULATION.

- Implement measured reforms of environmental statutes and regulations to strengthen environmental protection without destroying jobs, paralyzing industry, or barring the use of resources like coal;
- Improve the environmental review process by setting clear deadlines and statutes of limitations, requiring better coordination between federal agencies, and allowing state reviews to satisfy federal requirements;
- Prevent agencies from using “sue-and-settle” techniques behind closed doors to circumvent the public rulemaking process, impose onerous regulations, and tie the hands of future administrations; and
- Disclose federal funds spent reimbursing groups for lawsuits against the government.

Government oversight is of course crucial to any safe and responsible development of natural resources. But statutes and regulations that were designed to protect public health and the environment have instead been seized on by environmentalists as tools to stop development altogether. President Obama’s Administration, similarly opposed to the development of the nation’s resources, has embraced this approach — going so far as to implement regulations designed to “bankrupt” the coal industry and actually being held in contempt of federal court for illegally imposing a moratorium on drilling in the Gulf of Mexico. Overregulation, permitting delays, endless reviews, and senseless litigation interfere with all forms of energy production, from oil and gas drilling to nuclear and coal power generation to the construction of wind farms and solar plants.

Modernizing America’s complex environmental statutes, regulations, and permitting processes is crucial to ensuring that the nation can develop its resources safely and efficiently. Laws should promote a rational approach to regulation that takes cost into account. Regulations should be carefully crafted to support rather than impede development. Repetitive reviews and strategic lawsuits should not be allowed to endlessly delay progress or force the government into imposing rules behind closed doors that it would not approve in public. Energy development,

economic growth, and environmental protection can go hand-in-hand if the government focuses on transparency and fairness instead of seeking to pick winners and repay political favors.

Did You Know?

The Chamber Of Commerce Found 351 Energy Projects Delayed By Federal Regulations in 2010.

“This study estimates the potential loss in economic value of 351 proposed solar, wind, wave, bio-fuel, coal, gas, nuclear and energy transmission projects that have been delayed or cancelled due to significant impediments, such as regulatory barriers, including inefficient review processes and the attendant lawsuits and threats of legal action.” (Steve Pociask and Joseph P. Fuhr Jr., “Progress Denied: A Study on the Potential Economic Impact of Permitting Challenges Facing Proposed Energy Projects,” Project No Project, [U.S. Chamber Of Commerce](#), 3/10/11)

- **These Projects Could Have Added \$3.4 Trillion In GDP And Over One Million Jobs.** “Therefore, the total potential economic and employment benefits of the subject projects, if constructed and operated for twenty years, would be approximately \$3.4 trillion in GDP, including \$1.4 trillion in employment earnings, based on PDV, and an additional one million or more jobs per year.” (Steve Pociask and Joseph P. Fuhr Jr., “Progress Denied: A Study on the Potential Economic Impact of Permitting Challenges Facing Proposed Energy Projects,” Project No Project, [U.S. Chamber Of Commerce](#), 3/10/11)

Environmental Approval For Energy Projects Can Normally Take Over Seven Years. “Environmental analysis and project approval must occur before companies can even apply for drilling permits. Normally, this process can take over seven years, but companies are currently experiencing indefinite delays.” (“Top Ten Ways The Federal Government Is Preventing Onshore Oil And Natural Gas Production,” [Western Energy Alliance](#), March 2011)

- **Delays For Over 40,000 Proposed Wells On Federal Lands Are Costing More Than 60,000 Jobs.** “After a thorough review of projects undergoing environmental analysis in accordance with the National Environmental Policy Act (NEPA) as of January 1, 2012, SWCA determined that 44,329 wells were proposed in twenty-two NEPA documents under development at that time. ... Federal government delays to these projects are preventing the creation of 64,805 jobs, \$4.3 billion in wages, and \$14.9 billion in economic impact every year.” (“Economic Impacts Of Oil And Gas Development On Federal Lands In The West,” [Western Energy Alliance](#), April 2012)
- **Compare The Canadian Approach: “One Project, One Review.”** “The budget also treats Canada’s energy resources as national assets to be exploited—with as few delays as possible. Thus the budget proposes to eliminate overlapping federal and provincial environmental reviews for major projects. It proposes firm review timelines, including for projects that are already underway, such as the Northern Gateway pipeline from northern Alberta to the Pacific coast. Mr. Flaherty’s catch phrase is ‘one project, one review.’” (Editorial, “Canada Beats America,” [The Wall Street Journal](#), 4/3/12)

The EPA’s Utility MACT Rule Is “The Most Costly In The EPA’s History In Return For Marginal Benefits.”

“At issue is the so-called utility rule that would impose new limits on mercury and other hazardous air pollutants. The regulation is the most costly in the EPA’s history in return for marginal benefits. It was rushed out to force a large portion of the country’s coal-fired power plants to shut down.” (Editorial, “Government Vs. EPA,” [The Wall Street Journal](#), 10/11/11)

- **The Utility MACT Was Imposed By Way Of Consent Decree.** (“Consent Decree,” [American Nurses Association, et. al., v. Lisa Jackson and United States Environmental Protection Agency](#), 4/15/10)

Through The Equal Access To Justice Act, The Federal Government Has Reimbursed Groups Such As The Sierra Club And The NRDC With Millions In Taxpayer Dollars To Fund Their Lawsuits Against The Federal Government. (“Attorneys’ Fees And Costs Analysis Master List,” [Western Legacy Alliance](#), 12/14/09)

- **In The Past 15 Years, Individuals Have Accounted For Just 7% Of Plaintiff Cases Filed Under The EAJA While Environmental Groups Have Accounted For 30%.** (“Environmental Litigation Cases Against EPA And Associated Costs Over Time, Table 2” [GAO](#), August 2011)
- **There Has Been No Government-Wide Accounting Of EAJA Payments Since 1994.** “In 1995, Congress defunded ACUS and EAJA reporting requirements were repealed, thereby eliminating the

statutory mechanism to oversee these expenditures. There has been no official accounting of EAJA payments since then.”

(“Limited Data Available On USDA And Interior Attorney Fee Claims And Payments,” [GAO](#), 4/12/12)

The Obama Administration Has Imposed Regulations That Ensure A Coal Power Plant Will Never Again Be Built In The United States. “The Obama administration’s proposed rule to control greenhouse gas emissions from new power plants — the first ever — could go far toward closing out the era of old-fashioned coal-burning power generation. The draft rule, unveiled on Tuesday by Lisa P. Jackson, the Environmental Protection Agency administrator, would limit carbon dioxide emissions from new power plants to 1,000 pounds per megawatt-hour. Recently built power plants fired by natural gas already easily meet the new standards, so the rule presents little obstacle for new gas plants. But coal-fired plants face a far greater challenge, since no easily accessible technology can bring their emissions under the limit.” (Felicity Barringer, “For New Generation Of Power Plants, A New Emission Rule From The E.P.A.,” [The New York Times](#), 3/27/12)

- **Coal Supplies 20 Percent Of U.S. Energy, Including 42 Percent Of U.S. Electricity.** Coal accounted for 19.565 of the 97.180 quadrillion Btus of energy consumed in the U.S. in 2011. (“Monthly Energy Review, Table 1.3,” [EIA](#), July 2012); Coal accounted for 1,734,265 million of the 4,105,734 million of electricity generated in the U.S. in 2011. (“Monthly Energy Review, Table 7.2a,” [EIA](#), July 2012)

Only Government Is Standing In The Way Of Achieving Energy Independence. “Whil[e] the story of North American ‘energy independence’ is one of incredible potential and possibility that could alter the geopolitical landscape from the Middle East to the Mid-Continent – public policy might well be the most critical factor in determining whether the current steep supply trajectory remains robust for many decades to come or if it fizzles out; trumping both technology and geology.” (Citi GPS: Global Perspectives & Solutions, “Energy 2020: North America, The New Middle East?” [Citigroup](#), 3/20/12)

- **Compare The Canadian Approach: “Respect[] Provincial Jurisdiction ... Streamline The Review Process.”** CANADIAN FINANCE MINISTER JIM FLAHERTY: “Canada’s resource industries offer huge potential to create even more jobs and growth, now and over the next generation. This potential exists in every region of the country—natural gas in British Columbia, oil and minerals on the Prairies, the Ring of Fire in Ontario, Plan Nord in Quebec, hydro power in Atlantic Canada, and mining in Canada’s North. Recently it has become clear that we must develop new export markets for Canada’s energy and natural resources, to reduce our dependence on markets in the United States. The booming economies of the Asia- Pacific region are a huge and increasing source of demand, but Canada is not the only country to which they can turn. If we fail to act now, this historic window of opportunity will close. We will implement responsible resource development and smart regulation for major economic projects, respecting provincial jurisdiction and maintaining the highest standards of environmental protection. We will streamline the review process for such projects, according to the following principle: one project, one review, completed in a clearly defined time period. We will ensure that Canada has the infrastructure we need to move our exports to new markets.” (Canadian Finance Minister Jay Flaherty, The House Of Commons, [Remarks](#), 3/29/12)

The Romney Agenda: Innovation

FACILITATE PRIVATE-SECTOR-LED DEVELOPMENT OF NEW TECHNOLOGIES.

- Focus government investment on research across the full spectrum of energy-related technologies, not on picking winners in the market;
 - Support increased market penetration and competition among energy sources by maintaining the RFS and eliminating regulatory barriers to a diversification of the electrical grid, fuel system, or vehicle fleet;
 - Ensure that policies for expanding energy development apply broadly to energy sources, from oil and gas exploration, to coal mining, to the siting of wind, solar, hydroelectric, and other renewable energy facilities; and
 - Revitalize nuclear power by equipping the NRC to approve new designs and to license approved reactor designs on approved sites within two years.
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The federal government has a role to play in facilitating innovation in the energy industry. History shows that the United States has moved forward in astonishing ways thanks to investments in basic research that have produced breakthroughs to benefit entire industries. Unfortunately, President Obama's poor understanding of the private sector has spilled directly into his energy policy, as he sought to have government play venture capitalist and spend billions of dollars subsidizing his chosen companies and technologies. Meanwhile, as companies like Solyndra were going bankrupt and the wind industry was shedding 10,000 jobs, revolutionary innovation in the private sector was paving the way for energy independence and an economic resurgence.

Instead of distorting the playing field, the government should be ensuring that it remains level. The same policies that will open access to land for oil, gas, and coal development can also open access for the construction of wind, solar, and hydropower facilities. Strengthening and streamlining regulations and permitting processes will benefit the development of both traditional and alternative energy sources, and encourage the use of a diverse range of fuels including natural gas in transportation. Instead of defining success as providing enough subsidies for an uncompetitive technology to survive in the market, success should be defined as eliminating any barriers that might prevent the best technologies from succeeding on their own.

Did You Know?

“Basic Research Has Been More Likely To Yield Benefits In Excess Of Costs.” “In general, funding aimed at the early stages of developing a technology, such as basic research, has been more likely to yield benefits in excess of costs than has funding for demonstration projects. Moreover, DOE’s handling of demonstration projects has long been criticized by the Government Accountability Office and others because of inadequacies in DOE’s project management.” (“Federal Financial Support For The Development And Production Of Fuels And Energy Technologies,” [CBO](#), March 2012)

- **Consider The Airplane.** “Before the Wright brothers’ famous flight (which they funded without government help), Dr. Samuel Langley of the Smithsonian Institution used a \$70,000 U.S. government grant to create an airplane. What happened? It crashed into the Potomac River, the Wright brothers succeeded in their flight nine days later, and Langley laid much of the blame on ‘inadequate’ Federal funding.” (Mike Brownfield, “Did The Wright Brothers Need The Government To Make Man Fly?” [The Heritage Foundation](#), 8/31/11)
- **“Wind And Solar Companies Are Telling Congress That They Cannot Be Truly Competitive” Without More Support.** “Assisted by technological innovation and years of subsidies, the cost of wind and solar power has fallen sharply — so much so that the two industries say that they can sometimes deliver cleaner electricity at prices competitive with power made from fossil fuels. At the same time, wind and solar companies are telling Congress that they cannot be truly competitive and keep creating jobs without a few more years of government support.” (Diane Cardwell, “Energy Tax Breaks Proposed, Despite Waning Support for Subsidies,” [The New York Times](#), 1/26/12)
- **The Obama Administration Has Provided \$34.7 Billion In Taxpayer Loan Guarantees To Companies Like Solyndra Over The Past Four Years.** (“Our Projects,” Loan Programs Office, [DOE](#), Accessed 8/20/12)
- **But It Has Allocated Only \$11.9 Billion To Energy R&D.** (“Table 9.8—Composition of Outlays for the Conduct of Research and Development: 1949–2013,” Historical Tables, Office Of Management And Budget, [The White House](#), Accessed 8/20/12)

The Private Sector Is Making Massive Investments In Natural Gas Infrastructure. “From garbage truck fleets to truck-leasing companies to delivery concerns such as UPS and FedEx, there is plenty of excitement about saving big bucks by buying trucks that will run on natural gas. Fleets of the surface shipping companies can use natural gas to refuel at a central depot on a regular basis. ... Westport Innovations is one of the only companies exclusively devoted to making natural gas-powered trucks, but diversified trucking manufacturers such as PACCAR and Cummins are also touting new natural gas-fueled vehicles. Clean Energy Fuels, the largest provider of natural gas fuel for transportation in the U.S., is teaming up with Pilot Flying J, one of the biggest operators of truck stops, to install liquefied natural gas, or gaseous-based pumps at 150 facilities within two years. Royal Dutch Shell will invest more than \$300 million to create a series of liquefied natural gas filling stations across the U.S. Shell will install 200 LNG pumps at 100 Travel Centers of America refueling stations, a partnership seen as a challenge to [the] Clean Energy Fuels—Pilot Flying J one.” (Alec Foegen, “Natural Gas Bounty Could Make Or Break Other Industries,” [CNBC](#), 6/20/12)

- **“The Potential Market Is Enormous.”** “The potential market is enormous. The 3.2 million big rigs on U.S. roads today burn some 25 billion gallons of diesel annually. Almost 7 million single-unit trucks, such as UPS or FedEx Corp. trucks, consume another 10 billion gallons of diesel. Converting even a modest number of these trucks, which often get 5 to 8 miles a gallon, to natural gas could save significant amounts of money. Tailpipe emissions also would drop, since natural gas burns cleaner than diesel or gasoline.” (Rebecca Smith, “Will Truckers Ditch Diesel?” [The Wall Street Journal](#), 5/23/12)

Environmentalists Block Wind And Solar Projects Just As They Do Fossil Fuel Projects...

“Renewable-energy development, which the Obama administration has made a priority, is posing conflicts between economic interests and environmental concerns, not entirely unlike the way offshore oil and gas development pits economics against environment.” (Juliet Eilperin and Steven Mufson, “Renewable Energy’s Environmental Paradox,” [The Washington Post](#), 4/16/09)

- **...Even When Loans To Build The Facilities Come From The Federal Government.** “First Solar Inc. is warning that a construction delay threatens to undo its sale of a large solar power plant

planned for Los Angeles County to power producer Exelon Corp. The company said in a filing with the Securities and Exchange Commission on Thursday that it has been unable to resolve a construction permit issue at the 230-megawatt Antelope Valley Solar Ranch One plant. That is blocking the distribution of funds from a \$646 million federal loan guarantee to help pay for the construction of the project.” (“First Solar Says Delay Of Permit Imperils Deal,” [The Toledo Blade](#), 2/11/12)

“Hydro Projects Can Literally Take Decades.” “Because it is a hydro resource, pumped storage is governed by the notoriously slow pace of FERC permitting. Pumped-hydro projects can literally take decades... Vince Lamarra, founder and former CEO of Symbiotics, and now vice president of project development at Riverbank Power, is sanguine about the time it takes to get permitted and built; about a decade. ‘In a best-case scenario, you might be able to get a federal license in five years, but then it takes another two years for the engineering and then three more years to build a pumped-storage project, and they cost about \$1.5 billion to \$2 billion to build, because they are very large facilities,’ he said.” (Susan Kraemer, “Thought Solar Was Hard to Permit? Try Pumped Storage!” [Reuters](#), 4/20/11)

The NRC Has Approved Only Two New Licenses To Build Nuclear Reactors In the Past 30 Years. “The U.S. Nuclear Regulatory Commission approved licenses to build two new nuclear reactors Thursday, the first authorized in over 30 years.” (Steve Hargreaves, “First New Nuclear Reactors OK’d In Over 30 Years,” [CNN Money](#), 2/9/12)

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