



U.S. House of Representatives
Committee on Natural Resources
Washington, DC 20515

June 20, 2008

The Hon. Nick Rahall
Chairman
House Committee on Natural Resources
1324 Longworth House Office Building
Washington, DC 20515

Dear Chairman Rahall:

Although I did not receive advance notice from official channels, I read in the news that Democrat Leaders intend to schedule several bills related to the oil and gas industry next week. Based on the description of the legislation in the report, it appears that H.R. 6251, legislation you recently introduced, will be considered individually or as part of a package of other bills that affect leasing on federal lands onshore and offshore.

The basis for introducing several of these bills, including H.R. 6251 and H.R. 6256 (a related bill by Rep. Markey), appears to be a Majority Staff Report dated June 2008 and entitled, "The Truth About America's Energy: Big Oil Stockpiles Supplies and Pockets Profits."

This report was written without the participation of or consultation with the Natural Resources Committee Republican Staff and indeed without any advance notice of the existence of such a report prior to its being publicly disseminated.

As no hearing or markup has been held on H.R. 6251 or H.R. 6256, and to my knowledge no oversight hearing has been held on the sensational and unproven allegations that oil companies have been "stockpiling" leases on federal lands to drive up gas prices, it would be helpful for the purpose of a fair and open debate to receive more information about this report, especially with respect to the supposed "stockpiling" of leases.

Importantly, the report states:

“If we extrapolate from today’s production rates on federal land and waters, we can estimate that the 68 million acres of leased but currently inactive federal land and waters could produce an additional 4.8 million barrels of oil and 44.7 billion cubic feet of natural gas each day.”

The report fails to explain how 4.8 million barrels a day of oil and 44.7 billion cubic feet of natural gas a day are “extrapolated” from 68 million acres of leases. The report also fails to explain what source of information was used to conclude that these 68 million acres of leases have oil and gas in commercially producible amounts. The Random House Unabridged Dictionary offers this definition of “extrapolate”: “to infer (an unknown) from something that is known; **conjecture.**” As your staff has refused to share the science behind its “extrapolation,” it increasingly appears as though the numbers may have been created through *conjecture*, a standard beneath the importance of these issues to the national interest.

Finally, and most significantly, the report fails to put its numbers in context: using the report’s numbers, about 26% of all federal onshore and offshore leases are producing oil or gas. Is this 26% production rate less than the historical average ... more than the historical average ... or around the same as the historical average production rate for all leases on federal lands (give or take a few percent)? Is this rate higher, or lower, than it was in 1992, when a Democratic Congress extended the time for leases to be developed on onshore federal lands from 5 to its present 10 years?

And finally, why is it a revelation that the process of developing leases on federal lands takes many years, when attempts to expand energy exploration and production in the U.S. to some of our unleased federal energy lands (2 billion acres or *an area over 133 times* the size of your State of West Virginia) are met with the constant refrain that “it will take 10 years for that oil or natural gas to be developed?”

My staff requested information about this extrapolation and were told it is based on an “internal analysis” of data from the Bureau of Land Management and the Minerals Management Service. It is unclear what, if any, input either of these agencies had in the extrapolation found in this report.

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I am sure you agree that the House should not consider legislation that is based on misleading or inaccurate information. Members from both sides of the aisle deserve complete access to all relevant data and information on which your unproven allegations of "stockpiling" of leases are based. I would appreciate any and all information you can provide for this purpose, particularly a step-by-step description of how 4.8 million barrels of oil/day and 44.7 billion cubic feet of natural gas/day may be extrapolated from the supposedly "unused" leases, and what assumptions were made in such extrapolation. I would be happy to distribute this information to my colleagues on the Republican side of the aisle.

I look forward to receiving this information well before debate begins on these bills, and would hope to receive it by close of business today.

Thank you and I look forward to fruitful and enlightening debates on this subject.

Sincerely,



DON YOUNG
Ranking Member