



## AMERICANS FOR LIMITED GOVERNMENT

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May 2<sup>nd</sup>, 2011

Office of the Speaker  
House Speaker John Boehner  
H-232 The Capitol  
Washington, DC 20515

House Natural Resources Committee Chairman Rep. Doc Hastings  
1203 Longworth House Office Building  
Washington, DC 20515

Dear Speaker Boehner and Chairman Hastings:

As you are well aware, with the exceptionally weak dollar, oil and gasoline prices are soaring once again towards their 2008 highs.<sup>1</sup> This will be as harmful to the economy today as it was then, when the price shock directly preceded an historic collapse of the economy.

Since the U.S. consumes 18.7 million barrels of petroleum a day,<sup>2</sup> a net 9.6 million of which is imported, at \$110 a barrel, we're spending about \$2.057 billion daily. If the price stays this high for a year, it will cost \$750.8 billion, of which \$385.4 billion will go overseas. Such costs will eat growth in other sectors of the economy and make the costs of doing business increase dramatically, leading to inflation.

Already in the past year, producer prices are up 5.8 percent, and consumer inflation is up 2.7 percent. Next year, we'll likely see those numbers grow to over 10 percent and 5 percent, thanks in no small part to soaring energy costs. It's already baked into the cake.

This is unacceptable to the American people, who expect Congress to stop fueling price increases through misguided policies. In addition to strengthening the dollar, lifting barriers to increased domestic oil production can help ease pressure on prices. That is why Americans for Limited Government is urging members of Congress HR 1229 and 1230, which will lift Barack Obama's de facto moratorium on new drilling in the Gulf of Mexico.

Through the permitting process, the Obama Administration is currently stonewalling new requests to drill in the Gulf of Mexico. The legislation will require the Secretary of Interior to act within thirty (30) days on an application to drill.

Already, the Obama Administration embargo on Gulf drilling is having serious consequences on domestic production in the Gulf. According to the Energy Information Agency (EIA), Gulf oil production will decrease over the next two years by 380,000 barrels a day from its 2010 level of 1.64

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<sup>1</sup> <http://blog.getliberty.org/default.asp?display=3273>

<sup>2</sup> [http://www.eia.doe.gov/energyexplained/index.cfm?page=oil\\_home#tab2](http://www.eia.doe.gov/energyexplained/index.cfm?page=oil_home#tab2)

million to 1.26 million.<sup>3</sup> That's a 23 percent drop. Although partially offset by increases in on-land oil production, the decrease in Gulf drilling will result in a net decrease of U.S. oil production by 150,000 barrels a day over the next two years.

There are several reasons to begin ramping up domestic oil production, including the persistently high unemployment rate. A study by Dr. Joseph Mason from Louisiana State University predicted that if the Obama practical ban of deepwater drilling were sustained for 18 months, 36,137 jobs nationwide could be lost, including 24,532 jobs on the Gulf Coast alone.<sup>4</sup>

Overall, increasing domestic oil production will help direct investment in the U.S., create jobs, and if it can boost domestic supplies by millions a day, in addition to strengthening the dollar, will place some downward pressure on prices.

Recently, Barack Obama claimed that U.S. oil production is "as high as it's ever been."<sup>5</sup> If only that were true. U.S. oil production peaked in 1970 at 9.6 million barrels a day.<sup>6</sup> To be energy independent, the U.S. would need to more than double domestic oil production from its current level of 5.5 million barrels a day. Stepping up production in the Gulf is a good start.

It is time for the Obama Administration to lift its de facto ban on drilling in the Gulf of Mexico and help a struggling regional economy to get back on its feet, saving the jobs of tens of thousands of oil rig and other workers. Passage of HR 1229 and 1230 is critical to one day achieving the goal of domestic energy independence.

Sincerely,



William Wilson  
President  
Americans for Limited Government

**CC: Members of the U.S. House of Representatives**

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<sup>3</sup> <http://www.eia.gov/emeu/steo/pub/contents.html>

<sup>4</sup> <http://www.noia.org/website/download.asp?id=40016>

<sup>5</sup> <http://www.shalldnation.com/2011/04/19/president-obama-town-hall-video-april-19-2011-speech-at-northern-virginia-community-college-in-annandale/>

<sup>6</sup> <http://www.eia.doe.gov/dnav/pet/hist/LeafHandler.ashx?n=PET&s=MCRFPUS2&f=A>