

Statement of Rep. Ed Markey on Markey Amendment
Committee on Resources
October 26, 2005

Mr. Chairman, I have an amendment at the desk.

The reconciliation instructions to this committee as part of the budget process were to find \$2.4 billion dollars in savings over the next five years. This committee's response is a 184 page document full of sweeping legislative changes and giveaways of our public resources to big oil, gas and coal companies.

Adopting my amendment would strike subtitle A and replace it with a new section that would instruct the Secretary of the Interior to establish or increase royalties, rents or fees applicable to federal onshore and offshore oil and gas leases and related activities to provide \$2.4 billion to the federal treasury before October 1, 2010.

Now more than ever, the money is gushing into the pockets of the oil and gas industry. The 5 largest oil companies have recorded profits of over \$46 billion during just the first six months of this year! Yesterday, BP announced third quarter profits of \$6.53 billion, up 34 percent from the third quarter of 2004. Right now, these companies pay a fraction of the value of the oil and gas produced on federal land as a royalty to the federal government. The Department of Interior's Minerals Management Service estimated in February of this year that in 2006, royalties, rental fees and bonus bids for oil and gas leasing onshore and offshore on federal land will total over \$9.7 billion. For 2006 through 2010, the Minerals Management Service projects that these same leases will generate over \$48.3 billion in revenue for the federal government – there is no shortage of money being raised here. This revenue generated from federal onshore and offshore oil and gas leases is one of the federal government's largest sources of non-tax income. In order to raise the \$2.4 billion over five years, the Secretary could simply increase the royalty payments that these oil companies pay by a tiny fraction, or even repeal the royalty exemptions that we extended to these companies in the energy bill over the summer.

Instead of taking this sensible approach, this legislation has the same unbelievable provision that we saw in this committee's energy legislation that would prevent the Department of Interior from raising any fees on any mineral production ever, if it were not in place on January 1, 2005. If my amendment is not adopted and this legislation is passed in its current form, not only will we forever destroy the Arctic National Wildlife Refuge, but we will also prevent the federal government from ever charging these companies any new fees to drill on federal land, even if the price of oil goes to \$100 or \$150 a barrel.

So the choice comes down to this – do we raise \$2.4 billion by prying open and forever destroying a national wildlife refuge, overturning forty years of established environmental policy, threatening the way of life of the Gwich'in peoples, and allowing the oil and gas industry to select any of our other 544 national wildlife refuges as their next target, or do we give the Secretary the discretion to raise by a tiny fraction the royalty rate paid by the wealthiest corporations in the world for producing oil on the public's land?

I believe the choice is clear and I urge the adoption of my amendment.