Opening Statement of the Honorable Fred Upton
Markup of H.R.____, the Strategic Energy Production Act of 2012, and H.R.____, the Gasoline Regulations Act of 2012.
Subcommittee on Energy and Power
April 16, 2012
(As Prepared for Delivery)

Many factors impact the price per gallon of gasoline, including global events that are not easily controlled by Congress. But some factors are squarely within our control, and we owe it to the American people to do something about them. This includes increasing domestic oil production and cutting red tape. And that is precisely what the Strategic Energy Production Act and the Gasoline Regulations Act will help accomplish.

The president is considering another drawdown of the Strategic Petroleum Reserve in an attempt to bring down prices. As a long-time proponent of the SPR as an insurance policy against a major disruption in oil supplies, I am leery of drawing down the reserve in a non-emergency situation. The reserves are currently at 696 million barrels, which gives us roughly 80 days of protection from a major disruption of imports. It is already 30 million barrels lower than last year when the president tapped it in a failed attempt to reduce prices. Now, the president may draw it down again.

Fortunately, there is a supply of domestic oil that could prove to be orders of magnitude greater than the entire SPR – and that's the oil beneath federal lands and offshore areas that are currently off-limits. Despite administration assertions to the contrary, the president continues to keep nearly all of this oil out of reach, and has slowed the pace of new energy leasing on the federal estate.

The Strategic Energy Production Act requires that any future drawdown of the SPR must be accompanied by new federal oil leases. I would like to thank my friend and colleague Cory Gardner of Colorado for his sponsorship of this commonsense measure. Energy-rich states like Colorado want to be a bigger contributor to the nation's affordable energy needs, while creating thousands of high-paying energy industry jobs in the process. But federal reluctance to issue energy leases often stands in the way. The Strategic Energy Production Act helps eliminate this roadblock for Colorado as well as other inland and coastal states that want to be a part of the solution by producing more domestic oil.

The price at the pump is also affected by the cost of refining oil into gasoline and diesel fuel. EPA's regulations are a part of those costs. I would note that President Obama's January 2011 Executive Order, "Improving Regulation and Regulatory Review," said all the right things about the need for agencies to rein in the costs of red tape, including the costs of cumulative regulations. Gasoline regulations would be a great starting point for implementing this Executive Order, but the Obama EPA has yet to turn its words into action. Indeed, rather than consider streamlining existing gasoline regulations, the agency is about to embark on a potentially costly wave of new ones.

The Gasoline Regulations Act requires that the cumulative impact of these upcoming rules be analyzed before they go into effect. This includes EPA's costly global warming agenda as well as the Tier 3 gasoline regulations that may impact future prices at the pump.

And given the recent announcements of several refinery closures, and a 2011 DOE finding that regulations played a role in 66 refinery closures since 1990, the study would also look at the impact of new regulations on jobs and domestic refining capacity.

I would like to thank my friend and colleague, our subcommittee chairman Ed Whitfield, for taking time off from celebrating the Wildcats' national championship and sponsoring this sensible bill.

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