

a dependent nation

recommendations for energy security

by the Interstate Oil and Gas Compact Commission
2005



ENERGY DEPENDENCE

understanding the problem

Can the United States avert another energy crisis? That is the question on many minds as the country reawakens to the volatile nature of the world's energy supply. With heating oil, natural gas, and gasoline costs hitting consumers hard in the pocketbook, there is growing pressure on policy makers to act. Emerging world economies are spurring demand, creating the potential for shortages that could threaten both national security and the U.S. economy.

There is no larger contributor to the high quality of life in the United States than energy - and oil and natural gas supply the lion's share. Yet the nation lacks a comprehensive policy to guide oil and natural gas producers, regulators and consumers, that would ensure that these vital energy forms provide a long-term contribution to the nation's economic growth and security.

As debate about the energy future grows, the call has gone out for state and federal action. The governors of the oil and gas producing states, represented by the Interstate Oil and Gas Compact Commission (IOGCC), have emerged as leaders in the evolution and execution of America's energy policy.

Cooperative efforts for oil and natural gas conservation between the states began with the formation of the IOGCC in 1935. By virtue of its charter, the IOGCC is dedicated to conserving domestic oil and natural gas through

orderly development and efficient production, while protecting human health and the environment.

Throughout its 70 year history, the IOGCC, currently with 30 member states and seven associate states, steadfastly has supported development of a national oil and natural gas policy to minimize the loss of domestic resources, protect the environment, enhance economic development, safeguard national security, and lessen dependence on foreign sources of petroleum. These are the building blocks for a more secure energy future.

Due to its high percentage of oil imports, the United States grows increasingly vulnerable to market manipulations by foreign producers who use oil not only as a source of economic wealth, but also as a political weapon. There are predictions that natural gas imports will also grow.

Our nation cannot afford to sit back and allow its future to be determined by other nations. The health of our economy and our ability to ensure a strong national defense cannot be maintained while energy supplies remain uncertain.

If our efforts toward energy policy fall victim to personal agendas, political maneuvering or special interests, every American will suffer the consequences.

THE SOLUTION

a comprehensive energy policy

An effective energy policy must:

- 1 Define an education component that will allow the public to recognize the relationship between energy security, energy supplies, and national security.
- 2 Provide methods to address the growing difficulty in gaining access to promising domestic reserves.
- 3 Identify strategies to accomplish meaningful increases in research and development spending for domestic petroleum and alternative energy sources, both in the private and public arenas.
- 4 Define a roadmap for achieving resource conservation through innovative economic and research initiatives.
- 5 Provide a detailed assessment of existing energy delivery infrastructure capabilities and define a process for expediting necessary upgrades and new construction.
- 6 Determine the true consequences of imported energy to the American public.
- 7 Re-examine federal and state policies as they relate to oil and natural gas development in consideration of new incentives for exploration and production.
- 8 Encourage conservation of fossil fuel resources and development of more efficient technologies.

The governors of the IOGCC member states understand that the energy crisis faced by the nation does not have a single definition or a single solution. Today's energy problems – spiraling energy costs, rapidly growing demand and decline of domestic production – cannot be wished away or ignored.

Energy security, access to domestic resources, environmental protection, distribution infrastructure improvements, conservation and alternative energy development are fundamental elements for a comprehensive energy solution.

The United States is in desperate need of an energy policy that recognizes reality; a policy that not only robustly supports research and development and provides incentives for conservation, but also one that recognizes we must encourage additional domestic production of oil, gas, and coal.

Domestic resources must provide the bridge to our alternative energy future. Ignoring the problems of today while we search for the perfect tomorrow is a formula for economic disaster. America's political leaders must demonstrate the courage necessary to forge a national energy policy that embraces reality. The governors of the IOGCC states stand ready to lead the debate and push for the enactment of a reality-based national oil and gas policy.

IOGCC

The Interstate Oil and Gas Compact Commission is an organization of states which promotes conservation and efficient recovery of domestic oil and natural gas resources while protecting health, safety and the environment.

For more information, call 405.525.3556 or visit www.iogcc.state.ok.us