



United States Senator
Richard Shelby
REPORTS TO ALABAMA



**DRILLING WILL PRODUCE REVENUE FOR ALABAMA
AND ENERGY FOR THE NATION**

By: Senator Richard Shelby (R-AL)

We notice it everywhere—from the increased cost of everyday goods and services, to the pain we feel at the pump, to the steady increase in our monthly gas bills, rising energy prices are significantly changing our lives. More importantly, because we have failed as a nation to tap energy resources in our own backyard, we are dependent upon foreign sources to meet our domestic energy needs. While there is no silver bullet that will immediately solve our current energy crisis, there are immediate steps we can and must take to alleviate some of the problem.

If we continue down our current path, North America's petroleum imports from the Persian Gulf will increase by more than 40 percent in the next 25 years. I have said many times that only an increased domestic capacity to meet our energy demands, coupled with research in alternative energy sources and expanded use of nuclear power, will allow us to distance ourselves economically from politically volatile, oil-rich nations and improve our industrial competitiveness.

For this reason, I am proud to announce that legislation I help craft along with Senator Sessions and the other Gulf Coast Senators recently garnered the approval of the full Senate. This legislation will open an additional 8.3 million acres in the Gulf of Mexico, known as Lease 181, and the area south of Lease 181 for exploration and production of oil and gas. In turn, this increased supply of domestic oil and gas will play a role in reducing our dependency on foreign oil and gas, and will serve as a stabilizing force in world energy markets. In short, opening these areas to leasing translates into an estimated 1.26 billion barrels of oil and 5.8 trillion cubic feet of natural gas -- enough natural gas to heat and cool nearly 6 million American homes for 15 years.

The benefit to our state and region will be enormous as well. Alabama and the other Gulf States will receive 37.5 percent of the revenue produced by the drilling. For too long, Gulf States have sacrificed and contributed to our nation's domestic energy supply without receiving any substantial compensation. As such, I believe it is important that Alabamians begin to benefit from our continued participation in reducing our nation's dependence on foreign sources of energy.

Revenues returned to the state will allow Alabama to take important steps toward preparing citizens throughout the state for hurricanes and other severe weather events as well as address many other important needs within the state. For many years, the State of Alabama has dedicated significant funds from the

royalties of oil and gas production in state waters to secure land from willing sellers for the good of the citizens of Alabama. The Forever Wild program has been a successful example of working with land owners to preserve important tracks of property for future public uses such as hiking, hunting, and fishing. This legislation will expand Alabama's ability to protect unique areas, restore our damaged coastlines, and prepare the state for the inevitable hurricanes of the future.

The revenues from leasing will also allow the state to take important steps to improve on-shore infrastructure for the good of our coastal citizens. The state will make improvements to our transportation infrastructure to protect it from potential damage and ensure that evacuation routes are in place and capable of moving people safely and efficiently during a disaster. This funding will also allow for the development of facilities to house and protect Alabamians who are unable to evacuate during a storm.

While opening Lease 181 and its southern counterpart represents an important first step toward increasing our domestic energy supply, I firmly believe we must work to reduce our long-term reliance on foreign oil by encouraging exploration and production of oil elsewhere in the United States. The Arctic National Wildlife Refuge (ANWR) has the potential to play another significant role in reducing our dependence on foreign oil. As we in the Gulf States will not be the only Americans to benefit from the energy sources we produce, I believe we should not be alone in carrying the burden of production.

I also believe we must work to diversify our nation's energy supply by continuing to invest in alternative sources of energy, such as hydrogen, ethanol, bio-fuels, clean coal and nuclear power. Such continued focus and investment will lead us further down the path of energy independence and ultimately serve to bolster our economic and national security.

Our current energy crisis is a complex problem that will require proactive and innovative solutions. Such solutions are necessary to secure America's long-term viability. In the short-term, however, I am encouraged that the Senate took a pragmatic step this week to increase our nation's oil and gas supply. Rest assured that I will continue to work with my colleagues to move America closer to energy independence.

As always, it is a pleasure to serve you in the U.S. Senate and I thank you for allowing me to continue to do so.



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