### 1ac Plan

#### The United States Federal Government should reduce restrictions on offshore natural gas production in the United States.

### 1ac Manufacturing

#### Advantage one is Manufacturing

#### Fracking is unsustainable – access to new conventional natural gas is key

Dorsey 12 (Gregory, Managing Editor – Leeb’s Performance Letter, “Fractured Logic: The Myth of Abundant Natural Gas,” Leeb’s Market Forecast, 5-9, http://leebsmarketforecast.com/content/fractured-logic-myth-abundant-natural-gas)

A popular meme these days is the idea that natural gas is America’s salvation on the road to energy independence. Production of the clean burning fuel has reached record levels in this country and stockpiles are bursting at the seams. Natural gas prices recently dipped to their lowest level since the late 1990s below $2 before clawing their way back to $2.50. The supply glut has occurred thanks to an extraction technique known as hydraulic fracturing, or “fracking,” as it’s commonly known. In contrast to the conventional method where companies merely drill into the earth to exploit natural gas and oil deposits below the surface, fracturing entails pumping a highly pressurized mixture of water, sand and chemicals into the well. The highly pressurized cocktail opens up cracks in tight rock formations, facilitating the flow of natural gas and other hydrocarbons from the source rock. Since fracking was approved for energy production through its exemption from the 2005 Safe Drinking Water Act, its popularity has grown immensely. Fracking has allowed producers to exploit resources that were otherwise considered too difficult to access. However, we would **stop short of calling fracking a true energy revolution** for a number of reasons, just one of which we want to address today. What’s typically overlooked is the huge amount of water resources required for hydraulic fracturing. While many believe fresh water to be an abundant resource, it’s actually anything but. As we’ve pointed out in the past, natural resources tend to be inter-correlated through the energy required to extract and process them. As one resource becomes scarcer, it will affect the cost or availability of other resources as well. In the long run, we see natural gas extraction from unconventional sources as no exception. And fresh water is the key connection. The mainstream political opposition to fracking comes from the environmental concern that the chemicals injected into the ground can leak into the groundwater, contaminating an important source of drinking water. We’ll leave the environmental argument to the experts in that field, but what has become increasingly clear in our research is that the amount of fresh water required for large-scale hydraulic fracturing is massive, far surpassing any estimates put forward by the oil and gas industry today. Depending on which numbers you use, unconventional shale fracking uses between six and 50 times the amount of water as conventional gas drilling. And the bulk of that water is required up front, as opposed to being used throughout the extraction process. The higher figures come from actual operational data, while the lower estimates are just that: estimates. As a result, many of the US shale plays that have been lauded as an abundant source of clean energy may produce far less natural gas than current forecasted estimates after all costs and resource inputs are accounted for. If these unconventional shale plays require much more water than conventional wisdom expects, as we suspect they will, there will be much less gas coming on line in the future than expected. And the cost of much of the gas that may eventually be extracted will be much higher than anticipated. Either way, the result is the same, causing the natural gas market to tighten and prices to rise. So if you heat and cool your home with natural gas, enjoy the current bonanza while it lasts. The takeaway for investors, meanwhile, is not simply to pile into the energy stocks most leveraged to natural gas prices, as tempting as that may be from a contrarian perspective. Unconventional gas deposits that will require fracking now make up a large portion of total natural gas assets for many E&P companies. And while higher water requirements will drive natural gas prices northward, it will also drive up costs for unconventional producers. The result for those producers will not be pretty. We would therefore stick with conventional natural gas producers who will benefit from higher gas prices. For safety sake, companies that also have a healthy exposure to crude oil earn the highest honors.

#### Natural gas prices will increase—crushes the economy

Schwartzel, 13 [Erich Schwartzel, Pittsburgh Post-Gazette, Expert on Fracking, visited Pappas’ Public Policy Class and was part of a round table discussion that consisted of Barry Rabe, professor at UM and others, really funny too, “U.S. report predicts rising natural gas prices in 2013-14”, <http://www.post-gazette.com/stories/business/news/us-report-predicts-rising-natural-gas-prices-in-2013-14-669602/>]

The average price of natural gas is expected to increase by almost a dollar in 2013, hitting $3.74 per million British thermal units. That's a significant jump from the $2.75 average seen last year, when accelerated drilling created a glut in supply that caused prices to drop and made drilling in many places unprofitable. Increases are expected to continue into 2014, when prices are predicted to hit $3.90. The EIA report released Tuesday is the first look into 2014 for the domestic and international energy scene, and it includes projections that could affect gas and coal activity in Pennsylvania and surrounding states. Higher gas prices would send reverberations across multiple sectors, helping coal become competitive with natural gas again as an electricity source and allowing drillers to broaden their focus beyond shale formations that are rich in oil. In addition, the federal energy agency projects increased domestic oil production will break new records over the next couple of years and eventually lead to lower prices at the gasoline station. The report is the latest set of tea leaves for an industry that's been in flux: Enthusiasm for drilling was tempered in recent years by economic realities that made it risky for every rig to turn a profit. The low prices made natural gas an easy sell to large, industrial customers who consume a lot of energy, but slowed lease activity as companies waited for prices to rebound. If natural gas prices continue an upward trend toward $4 per mcf, companies that had drilled wells but weren't bringing the gas to market could decide it is worth hooking those wells up to pipelines and selling the gas, said Adam Sieminski, the EIA administrator. Natural gas consumption, meanwhile, is expected to be relatively flat in 2013, though the EIA forecasts an increase in its use to heat homes and offices over the next two years. Consumption in 2012 was low due to an unnaturally warm winter. Over the next several years, the EIA's projections call for a steady rise in natural gas prices, said Mr. Sieminski, "continuing to go up to $5 or $6 in the longer term." That would be welcome news to drillers who found the bargain-basement prices unsustainable for rapid-fire drilling in the Marcellus region, which includes much of Pennsylvania, and in other shale formations around the country. Companies in recent years have concentrated on shale regions where more lucrative oil and natural gas liquids are housed, and a rise in regular natural gas prices "might turn the drift from natural gas to oil around," said Mr. Sieminski. Pennsylvania gets one shout-out in the administration's Short-Term Energy Outlook, with researchers saying Marcellus production "continues at a strong pace as producers target oil-and-gas wells." Nationwide, the natural gas rig count was at 431 at the end of 2012 -- almost half of the 811 rigs seen in the beginning of the year. But domestic gas production is expected to remain relatively steady despite the drop in rig count, which the EIA said suggests greater rig efficiency in extracting more gas from a single location.

#### And, shale gas is physically and economically unsustainable—continued reliance dashes expectations of future supply

Heinberg, 10/22/12 [Richard, He is Senior Fellow-in-Residence of the Institute and is widely regarded as one of the world’s foremost Peak Oil educators, He has authored scores of essays and articles that have appeared in such journals as Nature, The Ecologist, The American Prospect, Public Policy Research, Quarterly Review, Z Magazine, Resurgence, The Futurist, European Business Review, Earth Island Journal, Yes!, Pacific Ecologist, and The Sun; and on web sites such as Alternet.org, EnergyBulletin.net, TheOilDrum.com, ProjectCensored.com, and Counterpunch.com.¶ He has appeared in many film and television documentaries, including Leonardo DiCaprio’s 11th Hour, is a recipient of the M. King Hubbert Award for Excellence in Energy Education, and in 2012 was appointed to His Majesty the King of Bhutan's International Expert Working Group for the New Development Paradigm initiative, “Gas Bubble Leaking, About to Burst”, <http://www.postcarbon.org/blog-post/1262435-gas-bubble-leaking-about-to-burst>]

In those early days almost no one wanted to hear about problems with the shale gas boom—the need for enormous amounts of water for fracking, the high climate impacts from fugitive methane, the threats to groundwater from bad well casings or leaking containment ponds, as well as the unrealistic supply and price forecasts being issued by the industry. I recall attempting to describe the situation at the 2010 Aspen Environment Forum, in a session on the future of natural gas. I might as well have been claiming that Martians speak to me via my tooth fillings. After all, the Authorities were all in agreement: The game has changed! Natural gas will be cheap and abundant from now on! Gas is better than coal! End of story! These truisms were echoed in numberless press articles—none more emblematic than Clifford Krauss’s *New York* *Times* piece, “[There Will Be Fuel](http://www.nytimes.com/2010/11/17/business/energy-environment/17FUEL.html?pagewanted=all),” published November 16, 2010. Now Krauss and the *Times* are singing a somewhat different tune. “[After the Boom in Natural Gas](http://www.nytimes.com/2012/10/21/business/energy-environment/in-a-natural-gas-glut-big-winners-and-losers.html?pagewanted=1&tntemail1=y&_r=1&emc=tnt),” co-authored with Eric Lipton and published October 21, notes that “. . . the gas rush has . . . been a money loser so far for many of the gas exploration companies and their tens of thousands of investors.” Krauss and Lipton go on to quote Rex Tillerson, CEO of ExxonMobil: “We are all losing our shirts today. . . . We’re making no money. It’s all in the red.” It seems gas producers drilled too many wells too quickly, causing gas prices to fall below the actual cost of production. Sound familiar? The obvious implication is that one way or another the market will balance itself out. Drilling and production will decline (drilling rates have already started doing so) and prices will rise until production is once again profitable. So we will have less gas than we currently do, and gas will be more expensive*.* Gosh, whoda thunk? The current Times article doesn’t drill very far into the data that make Berman and Hughes pessimistic about future unconventional gas production prospects—the high per-well decline rates, and the tendency of the drillers to go after “sweet spots” first so that future production will come from ever-lower quality sites. For recent analysis that does look beyond the cash flow problems of Chesapeake and the other frackers, see “[Gas Boom Goes Bust](http://www.theoildrum.com/node/8900)” by Jonathan Callahan, and Gail Tverberg’s latest essay, “[Why Natural Gas isn’t Likely to be the World’s Energy Savior](http://ourfiniteworld.com/2012/10/17/why-natural-gas-isnt-likely-to-be-the-worlds-energy-savior/)”. David Hughes is working on a follow-up report, due to be published in January 2013, which looks at unconventional oil and gas of all types in North America. As part of this effort, he has undertaken an exhaustive analysis of 30 different shale gas plays and 21 shale/tight oil plays—over 65,000 wells altogether. It appears that the pattern of rapid declines and the over-stated ability of shale to radically grow production is true across the U.S., for both gas and oil. In the effort to maintain and grow oil and gas supply, Americans will effectively be chained to drilling rigs to offset production declines and meet demand growth, and will have to endure collateral environmental impacts of escalating drilling and fracking. No, shale gas won’t entirely go away anytime soon. But expectations of continuing low prices (which drive business plans in the power generation industry and climate strategies in mainstream environmental organizations) are about to be dashed. And notions that the U.S. will become a major gas exporter, or that we will convert millions of cars and trucks to run on gas, now ring hollow.

#### The impact is price spikes

Maize, 12/1/12 [“Is Shale Gas Shallow or the Real Deal?”, Kennedy, Veteran Journalist¶ Kennedy Maize has spent the past 40 years working as a journalist, analyst, and manager in the private sector and federal government, with over 35 years of that focused on energy and environmental topics. Over that time, he has seen myriad examples of how group think, policy fads, and bad judgment can result in colossal failures, particularly in the field of atomic energy. Maize has seen, up close and personal, the demise of the U.S. Atomic Energy Commission, the arrival of the U.S. Nuclear Regulatory Commission, the birth of the U.S. Department of Energy, the failures of nuclear flight, the hubris of atomic earthmoving, the boom and bust uranium market, the birth and death of breeder reactors, and the 60-year wandering in the wilderness of nuclear waste policy. After graduating from Penn State and graduate study at the University of Maryland, Kennedy Maize worked for newspapers in Pennsylvania, New York, and Virginia and the Associated Press in Baltimore. He then spent five years in management at the National Institute of Health and the U.S. Nuclear Regulatory Commission before taking a job covering energy, environment, and business topics for Editorial Research Reports, a division of Congressional Quarterly, where his work appeared in over 1,000 daily newspapers in the U.S. during the mid-to-late 1970s. Maize became a staff writer and editor at The Energy Daily, a preeminent energy trade paper, on March 28, 1979, the day the Three Mile Island accident began outside Harrisburg, Pa. Over more than 10 years at The Energy Daily, he covered the nuclear and coal industries, including stories involving the Clinch River Breeder Reactor, the U.S. Synthetic Fuels Corp., the Powder River Basin coal leasing scandal, and the Chernobyl explosion. In 1993, he founded The Electricity Daily, where he was the editor for 14 years, writing about changes in the electricity business, the rise and fall of Enron, the stagnation of the nuclear power business, and the arrival of market forces in the utility field. Since 2006, he has been an editor at POWER magazine, and the founder of MANAGING POWER magazine, where he has written about the Fukushima catastrophe, the emergence of shale gas and decline of coal, and the often ill-advised push for renewable electricity technologies¶ http://www.powermag.com/gas/Is-Shale-Gas-Shallow-or-the-Real-Deal\_5188.html]

In an interview with POWER, Berman argued that the boom in drilling shale gas wells has obscured a long-term decline in conventional gas supply. But **a coming rapid decline in shale production**, he said, will soon reveal the overall limits to the gas boom, and volatility and upward pressure could return to natural gas prices. “It’s not a problem for today or tomorrow,” Berman said, “but it is coming. Once we work through the current oversupply, if capital is not forthcoming,” prices will spike. The gas supply bubble will burst.¶ Because of the current gas glut, with long prices in the range of $3 per million cubic feet (mcf), drilling shale gas wells has tanked, noted Berman. Chesapeake Energy, the most bullish of the shale gas players, is selling assets and shifting rigs to drilling for oil because the company just can’t make money on $3 gas. “I can see a time not too many months away when we could see gas supply in rather serious decline,” Berman said, noting that “there is plenty of gas, but it takes a long time to shift momentum back” to gas drilling. At a 2010 meeting in Washington, as low gas prices were resulting in a decline in new drilling, Berman commented, “Shale plays are marginally commercial at best.”¶ Greatly complicating the supply equation, said Berman, is the nature of shale gas wells. “Shale wells decline 30 to 40% per year,” he said. “Conventional wells decline 20 to 25%. What most don’t grasp is how many wells it takes just to keep supply flat.”¶ In the Barnett Shale in Texas, where Berman is most familiar with the geology, he calculates that the annual decline in the gas resource is 1.7 bcf/day. In order to add to the net Barnett production, Berman says, companies would have to drill 3,880 wells, at a cost of $12 billion.¶ “We are setting ourselves up for a potential reduction in supply and price will go up,” said Berman. “I don’t know how much it will go up, and there is a check-and-balance with coal. There will be gas-coal switching if prices do go much higher than now.”

#### Prefer our data collection—our authors account for drilling history and use an academic gold standard for resource estimation

Hurdle, 12/3/12 [Jon, Citing Berman, qualls above, AOL Energy, “Are US Shale Gas Resources Overstated? Part 1”, <http://energy.aol.com/2012/12/03/are-us-shale-gas-resources-overstated-part-1/?icid=trending1>]

A forthcoming book argues that the country's shale gas plays contain only about a quarter of the fuel that has been estimated by the US Energy Information Administration, and other widely used industry and academic assessments. "Cold, Hungry and in the Dark: Exploding the Natural Gas Supply Myth," by Bill Powers asserts that the quantity of unproved but technically recoverable natural gas in US shale plays is approximately 127 trillion cubic feet, or about a quarter of the 482 tcf estimated by the EIA in its Annual Energy Outlook for 2012. Powers, who publishes a newsletter for energy investors, argues that existing natural gas plays have **not been nearly as productive** as their backers predicted, and so cannot be expected to live up to **expectations** for future output. "Recent drilling success has been extrapolated into the future," said Powers, who also sits on the board of the Calgary oil and gas company Arsenal Energy. "That's not supported by drilling history." In Arkansas' Fayetteville Shale, 4,400 wells have produced 3.3 tcf since 2005, according to the Arkansas Oil & Gas Commission, or around a tenth of the 32 tcf that the EIA says is technically recoverable. In reality, Powers says, the Fayetteville contains a total recoverable resource (TRR) of just 10 tcf. In Louisiana, Arkansas and east Texas, the Haynesville Shale has produced around 5 tcf so far, Powers said. He predicted it has a total recoverable resource of 10-20 tcf, far short of the EIA's estimate of 75 tcf, a number Powers called "ridiculous." **Swimming Against the Current** He applies the same argument to Michigan's Antrim Shale, a play that has not been subject to the new wave of hydraulic fracturing and horizontal drilling that has made many shale beds economic, but whose long history since the mid-1980s shows production that he says has fallen short of expectations. The Antrim has so far produced 3 tcf from some 10,000 wells, and its output has been declining since 1998, according to the Michigan Public Service Commission. Powers predicted the shale contains a TRR of 2 tcf, sharply lower than the 20 tcf predicted by the EIA. Powers is the latest analyst to argue that the widely heralded shale-gas "revolution" may be overblown. Other skeptics include Houston-based petroleum consultant Arthur Berman who has long claimed that resource estimates are being overstated by energy companies seeking to defend their stock prices. Berman, who writes the foreword to Powers's book, said the national gas resource, including proven reserves, is likely to equal about 22 years of consumption at the current rate, or less than a quarter of the 100 years' worth that is often cited by analysts and policymakers including President Obama. Berman's forecast is based on an estimate of probable reserves published by the Potential Gas Committee at the [Colorado School of Mines](http://energy.aol.com/tag/Colorado+School+of+Mines/), a 100-strong panel of company representatives that Berman called the "gold standard" of natural gas resource estimation. "There is a great deal more uncertainty in this whole shale revolution than most people want to believe," Berman told AOL Energy. "There is definitely less gas than the propaganda says."

#### Maintaining low prices through adequate supply is key to lock in a massive economic benefit—that galvanizes key industries

Pirog and Ratner, 12 [November, Congressional Research Service, Natural Gas in the U.S. Economy: Opportunities for Growth Robert Pirog Specialist in Energy Economics Michael Ratner Specialist in Energy Policy, http://www.fas.org/sgp/crs/misc/R42814.pdf]

Expanded supply, coupled with low natural gas prices, has the potential to contribute to a **transformation of important sectors** of the U.S. economy. Increased output and employment, expanded investment, income growth, improved competitiveness, and a reduction in the foreign trade deficit are likely outcomes. These conditions in the natural gas markets are likely to **benefit** certain key industriesdirectly, while many other industries could experience indirect benefits. direct beneficiaries are those industries that use natural gas as a raw material or as an important input in a production process. Industries whose output is directly related to the expansion of natural gas exploration, development and production are also direct beneficiaries. Examples of industries that use natural gas directly are petrochemicals and fertilizers. The steel industry is an example of an industry whose output is linked to the pace of natural gas resource development. Industries experiencing indirect benefits might include construction and capital goods producers that contribute to the supply chain for the investment projects undertaken by expanding natural gas consumers. In addition, more spending by workers in all of these industries could increase the growth of a wide variety of consumer goods and retail firms. The economic benefits of shale gas development and production will also open areas not recently accustomed to natural gas production, for example, the Marcellus field in parts of Pennsylvania, Ohio, West Virginia, Maryland, Virginia, and New York. In the international economy, those U.S. industries directly affected by expanded supply and low natural gas prices are likely to experience a competitive advantage over the producers of similar goods in other countries, resulting in increased exports from, and decreased imports to the United States. These effects would likely improve the U.S. trade deficit position. **This advantage is likely to be maintained** over time if the U.S. price of natural gas remains below those observed in other world regional markets (see Figure 5).13 U.S. industry’s advantage could be reduced through a process of world natural gas price convergence, especially in the three leading regional markets. However, for this to occur, traditional long-run contract terms, specifically linking natural gas prices to oil prices, would need to be changed to a more market-oriented method.

#### Robust domestic production is key to manufacturing growth—that’s the basis for economic recovery

Duesterberg, 12 [Tom is Executive Director of the Manufacturing and Society in the 21st Century program at the Aspen Institute. He recently retired as President and CEO of The Manufacturers Alliance/MAPI, an economic research and executive education organization based in Arlington, Virginia with more than 500 manufacturing firms as members. Previous positions include:  Director of the Washington Office of The Hudson Institute, Assistant Secretary for International Economic Policy at the U.S. Department of Commerce, chief of staff to two members of Congress, and associate instructor at Stanford University. His commentary and analysis on manufacturing, economic performance, globalization, and related policy issues can be found in major news outlets. He holds a B.A. degree from Princeton and M. A. and Ph.D. degrees from Indiana University, “Impact of the Energy Boom on US Manufacturing”,

<http://www.aspeninstitute.org/about/blog/impact-energy-boom-us-manufacturing>]

The manufacturing sector has been leading the US economic recovery since the end of the Great Recession in 2009. One of the key drivers in the manufacturing recovery is the renaissance in domestic production of natural gas and, to a lesser extent, oil. On November 28, the Institute’s program on [Manufacturing and Society in the 21st Century](http://www.aspeninstitute.org/policy-work/manufacturing) will host an [event](http://www.aspeninstitute.org/events/2012/11/28/impact-energy-renaissance-us-manufacturing) exploring the ramifications of recent developments in energy and manufacturing, and the sustainability of the production boom for the future.¶ Growth in domestic energy production, driven by the deployment of new exploration and drilling technologies, has been aneconomic turning pointin the US for a number of reasons. Not the least of these is the possibility of reaching the US’ long-term goal of energy independence, a goal which arguably has already been reached, if North America is considered the proper unit for determining independence. The substitution of natural gas for coal in electricity production and process heat in manufacturing, as well as the growing use of natural gas in transportation, also contribute to lowering greenhouse gas emissions. The Department of Energy’s estimates of future carbon emissions show a 69 percent drop in expected emissions from 2002 to 2030 compared to projections from 1990. Finally, overall economic growth is strengthened considerably by the energy boom. Not only is the United States producing more energy, it will also be building more petrochemical refineries, will supply the equipment needed to build the exploration and refining infrastructure, and almost every energy user—from households to large manufacturers—will benefit from more secure supplies and lower costs.¶ Manufacturing is at a pivotal point in this emerging energy economy. It uses about one-third of all energy produced in the United States, so lower prices and more secure supply give almost all firms in the sector a competitive advantage overfirms in other nations. Relative to the United States, the spot price of natural gas is nearly three times more expensive in Europe and four times more expensive in most of Asia. This advantage is especially important in the chemicals industry, which is the second largest subsector of US manufacturing. Natural gas and associated liquids represent over 80 percent of the feedstock for US refineries, whereas in Europe and Asia the ratios are roughly two-thirds oil and one-third natural gas. When the price differential between natural gas and oil is taken into account, the advantage to the American chemicals sector comes into much sharper relief. The US manufacturing sector benefits in many other ways: lower process heat costs, a globally competitive advantage in building the energy and refinery infrastructure driving the renaissance, and the stability of supply which will help attract long-term investment in subsectors like steel, glass, aluminum, and metal working. Finally, a larger share of GDP for a growing manufacturing sector helps to improve living standards, since productivity growth is so strong in this sector. Since 1998, manufacturing productivity has grown at an annual rate of 3.5 percent, over twice as much as the 1.4 percent in the services sector.¶ In the last few decades, manufacturing -- which faces steadily growing foreign competition and must innovate to protect its market share -- has steadily improved the energy efficiency of production. Total carbon emissions in this sector have fallen by nearly one-fourth since 1998, even though total output has increased by about a third. As a result, carbon emissions per dollar of output in manufacturing have fallen by 36 percent since 1998, compared to only 20 percent in the overall economy. This is due in part to the substitution of natural gas, in part due to productivity increases, and in part due to higher use of renewable energy—manufacturing uses 90 percent more renewables than the transportation sector.

#### Manufacturing loss cascades throughout the economy

Pisano and Shih, 12 [September, Producing Prosperity: Why America Needs a Manufacturing Renaissance [Kindle Edition], Harry E. Figgie Professor of Business Administration at the Harvard Business School. He has been on the Harvard faculty for 23 years, Professor of Management Practice. He joined the Technology and Operations Management Unit in January 2007, p. amazon kindle]

The rough and tumble of international competition means we should expect industries to come and go. Even if this is sometimes painful, it is, in fact, a healthy process by which resources flow to their most productive uses. When a commons erodes, however, it represents a deeper and more systematic problem. It means the foundation upon which future innovative sectors can be built is crumbling. When the semiconductor production business moved to Asia in the 1980s, it brought with it a whole host of capabilities—electronic-materials processing, deposition and coating, and sophisticated test and assembly capabilities—that formed an industrial commons needed to produce a whole host of advanced, high-valued-added electronic products such as flat-panel displays, solid-state lighting, and solar PV. In this book, we will examine the dynamics that underlie both the rise and decline of commons, and the consequence of those declines. Our argument is built around three core themes. Theme 1: When a Country Loses the Capability to Manufacture, It Loses the Ability to Innovate Innovation and manufacturing are often viewed as residing at the opposite ends of the economic spectrum—innovation being all about the brain (knowledge work) and manufacturing all about brawn (physical work). Innovation requires highly skilled, highly paid workers, and manufacturing requires low-skilled, low-paid workers; innovation is a high-valued-added specialty, and manufacturing is a low-value-added commodity; innovation is creative and clean, and manufacturing is dull and dirty. Such a view of manufacturing is a myth and is based on a profound misunderstanding of how the process of innovation works and the link between R&D and manufacturing. R&D is a critical part of the innovation process, but it is not the whole thing. Innovation is about moving the idea from concept to the customer’s hands. For some highly complex products (flat-panel displays, PV cells, and biotechnology drugs, to name a few) the transfer from R&D into production is a messy affair, requiring extremely tight coordination and the transfer of learning between those who design and those who manufacture. If you do not understand the production environment, you have a harder time designing the product. In these settings, there are strong reasons to co-locate R&D and production. It is a lot easier for an engineer to walk across the street to the plant or drive down the road than to fly halfway around the world to troubleshoot a problem. This helps to explain why the American company Applied Materials, a leading maker of equipment for manufacturing semiconductors and solar panels, moved its chief technical officer from the United States to China.14 Because most of its large customers are now in China, Taiwan, and South Korea, it makes sense for the company to do its research close to the factories that use its equipment. Applied Materials is now moving much of its manufacturing operations to Asia as well. In chapter 4, we will offer a framework for determining when it matters whether R&D and manufacturing are located near each and when it does not. Theme 2: The Industrial Commons Is a Platform for Growth The industrial commons perspective suggests that a decline of competitiveness of firms in one sector can have implications for the competitiveness of firms in another. Industries and the suppliers of capabilities to the industries need each other. Kill a critical industry, and the suppliers probably will not survive for long; other industries in the region that depend on those suppliers will then be jeopardized. When the auto industry declines, it causes an atrophy of capabilities (such as casting and precision machining) that are also used in industries such as heavy equipment, scientific instruments, and advanced materials. The unraveling of a commons is a vicious circle. As capabilities erode, it is harder for companies that require access to stay in business. They are forced to move their operations or their supplier base to the new commons. As they move, it is harder for existing suppliers to sustain themselves. Ultimately, they must either close shop or move their operations. Even worse, the loss of a commons may cut off future opportunities for the¶ emergence of new innovative sectors if they require close access to the same capabilities. Four decades ago, when US consumer electronics companies decided to move production of these “mature” products to Asia, who would have guessed that this decision would influence where the most important component for tomorrow’s electric vehicles—the batteries—would be produced? But that is what happened.15 The offshoring of consumer electronics production (often contracted to then-little-known Japanese companies such as Sony and Matsushita) led to the migration of R&D in consumer electronics to Japan (and later to South Korea and Taiwan). As consumers demanded ever-smaller, lighter, and more powerful (and power hungry!) mobile computers and cell phones, electronics companies were pushed to innovate in batteries. In the process, Asia became the hub for innovation in the design and manufacturing of compact, high-capacity, rechargeable, lithium ion batteries, a technology that was invented in America. This explains why Asian suppliers have become the dominant source of the lithium ion battery cells used in electric vehicles.

#### Natural gas production directly correlates with growth and innovation—unique spillover effects

Carey, 12/13/12 [Julie M, Julie M. Carey is an energy economist with Navigant Economics who provides consulting and testifying services Navigant’s unconventional oil and gas offerings include advisory services for strategic business decision analysis, construction risk management, economic and antitrust analyses, investment banking and restructuring advisory services, and expert services for disputes and investigations, “How Unconventional Oil And Gas Is Supercharging The U.S. Economy”, http://www.forbes.com/sites/energysource/2012/12/13/how-unconventional-oil-and-gas-is-transforming-the-u-s-economy/]

It’s an exciting time to be in the energy industry in America. The impact of unconventional oil and gas development on the U.S. economy is considerable, with potentially hundreds of billions of dollars in investments, millions of new jobs, and a renaissance of American ingenuity and innovation. In thinking about what is to come, looking back five years helps set the stage. January 2008: The energy sector was facing the great recession, high current and future expected natural gas prices, and job losses to China. There was **a generally poor outlook for the energy industry** and the economy. Few could have predicted the changes that were to come. Unforeseen happenings include the North Dakota oil rush, liquefied natural gas facilities being used as export facilities (instead of as import facilities as originally planned), railroads hauling crude oil, and jobs coming back from China. And, this is just the beginning. The commencement of the crude oil and natural gas revolution can be boiled down to one simple equation: [Surprise Side Effect Of Shale Gas Boom: A Plunge In U.S. Greenhouse Gas Emissions](http://www.forbes.com/sites/energysource/2012/12/07/surprise-side-effect-of-shale-gas-boom-a-plunge-in-u-s-greenhouse-gas-emissions/) Forbes Staff Contributor Abundant resources + cost effective extraction = high production levels of unconventional oil and gas. The net effect is a reshaping of the U.S. energy industry and our economy. Additionally, the country’s increased reliance on natural gas (displacing coal) has already benefited the environment, and will continue to do so in the future. Carbon emissions hit a 20-year low (in the first quarter 2012 according to EIA) and some industry observers believe that the U.S. could meet the Kyoto agreement standards by 2020 (even though the U.S. did not sign it). The emergence of unconventional oil and gas will have tremendous impacts on both the energy industry and the economy. The outlook for unconventional gas is exceptionally bright—with expectations for relatively low future natural gas prices, enough supply to meet domestic needs, and surplus enough to export to other countries. While the unconventional oil story continues to unfold and evolve, an abundance of domestic crude oil is expected. And, thus, an opportunity to not only significantly reduce the country’s dependence on oil imports, but to also increase energy security. Currently, crude oil prices are out of balance as new supply regions are isolated, making it difficult to get crude oil to market. That is expected to change once the necessary infrastructure is built to handle the new-found supply. As a result of these infrastructure needs, and the tremendous opportunities associated with unconventional oil and gas, U.S. economic activity is rising. Rising levels of economic activity can be divided into three distinct but overlapping waves of capital investment. The first wave of capital investment targets new and expanding oil and gas production areas. Sustained investment in the upstream sector – including wellheads, drilling and production – will be required to keep pace with increases in demand for the foreseeable future. The second wave of investment will focus on infrastructure to address new supply locations, delivering the product to market, and capitalizing on the near term opportunities arising from lower energy costs. Billions of dollars of investments specifically targeting capital projects in this wave are being announced weekly. Substantial investment in crude oil, natural gas and natural gas liquids pipelines will be required in order to build, expand, and reverse pipelines to address the new supply source locations. Natural gas processing plants that separate natural gas liquids (NGL) from natural gas will be required to address the growing production levels and new supply regions. In addition, LNG facilities will begin to export natural gas, and there is a potential opportunity for natural gas-to-diesel plants. In addition to these traditional areas of investment, creative market solutions are also emerging, such as rail transportation of crude oil. While railroads may serve primarily as a near to mid-term solution in the wake of long-lead time pipeline solutions, they are nimble competitors with small capital requirements that can be quickly deployed to utilize the country’s far-reaching rail networks. With only a few years needed to recover capital costs on investment, the competitive landscape changes and rail transportation rates could be reduced after pipelines enter the market to keep railroads competitive and still profitable. These factors suggest that railroads could be in the crude oil transportation business for the long haul. During this second wave, there will be amanufacturing resurgence, in part because of **lower** expected **energy** costs. Other macroeconomic factors will also be at work—including relative improvement in U.S. labor rates as labor markets tighten in China and other countries. Petrochemical plants will become cost effective competitors in the worldwide market and will be a significant component of the manufacturing investment story. Manufacturing facilities will be built to manufacture pipes, drill bits, valves and other required infrastructure materials. In addition, other manufacturing plants will likely be built solely as a play on the expectation of relatively low **energy** costs into the future. Such suspects could include those whose energy costs are large portion of production costs: semiconductors, plastics, and LCD televisions. The trend includes linking production and energy resources in an efficient manner, and moving production closer to market demand in order to minimize transportation related costs. The last wave of investment – which won’t begin to heat up for a few years – focuses on the consumers segment. In this wave, additional natural gas-fired power plants will be built to replace retiring coal plants and meet future increases in demand. Of course, new gas fired power plants will initially be built in regions with less excess capacity (post coal plant retirement). Another impact of U.S. unconventional oil and gas development will be increased in electricity demand (occurring more dramatically in various localized pockets), directly resulting from investment in waves one and two. New production areas and locations for processing and manufacturing plants will observe higher load growth. For example, localized areas within the Bakken region expect energy demand to double in the next five years. As a result of very specific changes to the economic activity and corresponding energy consumption levels, a more granular analyses will be required than is previously provided by traditional load forecasting methods. This third wave will also see a significant number of new heavy-duty natural gas vehicles, including bus and truck fleets. Greater reliance on natural gas-fueled light duty vehicles is possible but will require more time due to greater infrastructure requirements and technological innovation. Other creative opportunities being explored include natural gas pumps (hooked up to the home) to fuel natural gas vehicles, and light duty vehicles relying on fuel cells (which manufacturers hope to begin building by 2015). While it’s not currently clear who the winners will be, it’s safe to say that positive market forces and ample opportunity will lead to innovative solutions. The near-term outlook for total capital investment (from primarily first and second wave projects) is immense. The table below provides a snapshot analysis of the short term outlook (through 2020) for domestic (lower 48 state) based capital investment. These estimates are conservative and based largely on publicly reported company business plans. For example, Table 1 includes only a portion of expected U.S. LNG projects going forward, as compared to the full list of DOE applications. The estimate also excludes the massive $65 billion proposed Alaska pipeline/export facility project and third wave investments targeting natural gas fired power plants and natural gas vehicles. Even with just a portion of total investment included, the conservative estimate of short term investment reaches more than $300 billion. **Estimate of U.S. Unconventional Oil and Gas Capital Expenditures and Job Creation (Through 2020)** These investments have a huge economic impact on the U.S. economy—impacting jobs, economic growth and energy security. Some studies indicate that the U.S. has avoided retreating into an economic recession as a result of **activity in the** unconventional oil and gas sector. Production areas for unconventional oil and gas have observed very low unemployment and stronger GDP and tax revenues as compared to the rest of the U.S. As a result of the significant near term investments associated with unconventional oil and gas, it’s possible that up to 3.5 million jobs will be created from the infrastructure build out and related opportunities (including both direct and indirect jobs).

#### Domestic manufacturing is key to overall resilience

Ettlinger, 11 [Michael, Vice President for Economic Policy at the Center for¶ American Progress Prior to joining the Center, he spent six years at the Economic¶ Policy Institute directing the Economic Analysis and Research Network.¶ Previously, he was tax policy director for Citizens for Tax Justice and the Institute¶ on Taxation and Economic Policy for 11 years. He has also served on the staff of¶ the New York State Assembly. “The Importance and Promise¶ of American Manufacturing Why It Matters if We Make It in America and Where We Stand Today”, http://www.americanprogress.org/wp-content/uploads/issues/2011/04/pdf/manufacturing.pdf]

Manufacturing is critically important to the American economy. For generations,¶ the strength of our country rested on the power of our factory floors—both the¶ machines and the men and women who worked them. We need manufacturing¶ to continue to be a bedrock of strength for generations to come. Manufacturing¶ is woven into the structure of our economy: Its importance goes far beyond what¶ happens behind the factory gates. The strength or weakness of American manufacturing¶ carries implications for the entire economy, our national security, and the¶ well-being of all Americans.¶ Manufacturing today accounts for 12 percent of the U.S. economy and about¶ 11 percent of the private-sector workforce. But its significance is even greater¶ than these numbers would suggest. The direct impact of manufacturing is only a¶ part of the picture.¶ First, jobs in the manufacturing sector are good middle-class jobs for millions of¶ Americans. Those jobs serve an important role, offering economic opportunity to¶ hard-working, middle-skill workers. This creates upward mobility and broadens¶ and strengthens the middle class to the benefit of the entire economy.¶ What’s more, U.S.-based manufacturing underpins a broad range of jobs that¶ are quite different from the usual image of manufacturing. **These are higher-skill**¶ **service jobs** that include the accountants, bankers, and lawyers that are associated¶ with any industry, as well as a broad range of other jobs including basic research¶ and technology development, product and process engineering and design, operations¶ and maintenance, transportation, testing, and lab work.¶ Many of these jobs are critical to American technology and innovation leadership.¶ The problem today is this: Many multinational corporations may for a¶ period keep these higher-skill jobs here at home while they move basic manufacturing¶ elsewhere in response to other countries’ subsidies, the search for cheaper¶ labor costs, and the desire for more direct access to overseas markets, but eventually¶ many of these service jobs will follow. When the basic manufacturing leaves, the feedback loop from the manufacturing floor to the rest of a manufacturing¶ operation—a critical element in the innovative process—is eventually broken.¶ To maintain that feedback loop, companies need to move higher-skill jobs to¶ where they do their manufacturing. And with those jobs goes American leadership in technology and innovation. This¶ is why having a critical mass of both manufacturing and associated service jobs in¶ the United States matters. The “industrial commons” that comes from the crossfertilization¶ and engagement of a community of experts in industry, academia, and¶ government is vital to our nation’s economic competitiveness.¶ Manufacturing also is important for the nation’s economic stability. The experience¶ of the Great Recession exemplifies this point. Although manufacturing¶ plunged in 2008 and early 2009 along with the rest of the economy, it is on the¶ rebound today while other key economic sectors, such as construction, still¶ languish. Diversity in the economy is important—and manufacturing is a particularly¶ important part of the mix. Although manufacturing is certainly affected¶ by broader economic events, the sector’s internal diversity—supplying consumer¶ goods as well as industrial goods, serving both domestic and external markets—¶ gives it great potential resiliency.¶ Finally, supplying our own needs through a strong domestic manufacturing sector¶ **protects us from international** economic and political **disruptions**. This is most¶ obviously important in the realm of national security, even narrowly defined¶ as matters related to military strength, where the risk of a weak manufacturing¶ capability is obvious. But overreliance on imports and substantial manufacturing¶ trade deficits weaken us in many ways, **making us vulnerable** **to everything from**¶ **exchange rate fluctuations to** trade embargoes to **natural disasters**.

#### Economic collapse causes competition for resources and instability that escalates and goes nuclear

Harris and Burrows, 9 – \*counselor in the National Intelligence Council, the principal drafter of Global Trends 2025, \*\*member of the NIC’s Long Range Analysis Unit “Revisiting the Future: Geopolitical Effects of the Financial Crisis”, Washington Quarterly, http://www.twq.com/09april/docs/09apr\_burrows.pdf)

Increased Potential for Global Conflict

Of course, the report encompasses more than economics and indeed believes the future is likely to be the result of a number of intersecting and interlocking forces. With so many possible permutations of outcomes, each with ample opportunity for unintended consequences, there is a growing sense of insecurity. Even so, history may be more instructive than ever. While we continue to believe that the Great Depression is not likely to be repeated, the lessons to be drawn from that period include the harmful effects on fledgling democracies and multiethnic societies (think Central Europe in 1920s and 1930s) and on the sustainability of multilateral institutions (think League of Nations in the same period). There is no reason to think that this would not be true in the twenty-first as much as in the twentieth century. For that reason, the ways in which the potential for greater conflict could grow would seem to be even more apt in a constantly volatile economic environment as they would be if change would be steadier.

In surveying those risks, the report stressed the likelihood that terrorism and nonproliferation will remain priorities even as resource issues move up on the international agenda. Terrorism’s appeal will decline if economic growth continues in the Middle East and youth unemployment is reduced. For those terrorist groups that remain active in 2025, however, the diffusion of technologies and scientific knowledge will place some of the world’s most dangerous capabilities within their reach. Terrorist groups in 2025 will likely be a combination of descendants of long established groups inheriting organizational structures, command and control processes, and training procedures necessary to conduct sophisticated attacks and newly emergent collections of the angry and disenfranchised that become self-radicalized, particularly in the absence of economic outlets that would become narrower in an economic downturn.

The most dangerous casualty of any economically-induced drawdown of U.S. military presence would almost certainly be the Middle East. Although Iran’s acquisition of nuclear weapons is not inevitable, worries about a nuclear-armed Iran could lead states in the region to develop new security arrangements with external powers, acquire additional weapons, and consider pursuing their own nuclear ambitions. It is not clear that the type of stable deterrent relationship that existed between the great powers for most of the Cold War would emerge naturally in the Middle East with a nuclear Iran. Episodes of low intensity conflict and terrorism taking place under a nuclear umbrella could lead to an unintended escalation and broader conflict if clear red lines between those states involved are not well established. The close proximity of potential nuclear rivals combined with underdeveloped surveillance capabilities and mobile dual-capable Iranian missile systems also will produce inherent difficulties in achieving reliable indications and warning of an impending nuclear attack. The lack of strategic depth in neighboring states like Israel, short warning and missile flight times, and uncertainty of Iranian intentions may place more focus on preemption rather than defense, potentially **leading to escalating crises**.

Types of conflict that the world continues to experience, such as over resources, could reemerge, particularly if protectionism grows and there is a resort to neo-mercantilist practices. Perceptions of renewed energy scarcity will drive countries to take actions to assure their future access to energy supplies. In the worst case, this could result in interstate conflicts if government leaders deem assured access to energy resources, for example, to be essential for maintaining domestic stability and the survival of their regime. Even actions short of war, however, will have important geopolitical implications. Maritime security concerns are providing a rationale for naval buildups and modernization efforts, such as China’s and India’s development of blue water naval capabilities. If the fiscal stimulus focus for these countries indeed turns inward, one of the most obvious funding targets may be military. Buildup of regional naval capabilities could lead to increased tensions, rivalries, and counterbalancing moves, but it also will create opportunities for multinational cooperation in protecting critical sea lanes. With water also becoming scarcer in Asia and the Middle East, cooperation to manage changing water resources is likely to be increasingly difficult both within and between states in a more dog-eat-dog world.

#### Our impact has a strong statistical basis – rally around the flag

Royal 10 – Jedediah Royal, Director of Cooperative Threat Reduction at the U.S. Department of Defense, 2010, “Economic Integration, Economic Signaling and the Problem of Economic Crises,” in Economics of War and Peace: Economic, Legal and Political Perspectives, ed. Goldsmith and Brauer, p. 213-214

Less intuitive is how periods of economic decline may increase the likelihood of external conflict. Political science literature has contributed a moderate degree of attention to the impact of economic decline and the security and defence behaviour of interdependent states. Research in this vein has been considered at systemic, dyadic and national levels. Several notable contributions follow. First, on the systemic level, Pollins (2008) advances Modelski and Thompson's (1996) work on leadership cycle theory, finding that rhythms in the global economy are associated with the rise and fall of a pre-eminent power and the often bloody transition from one pre-eminent leader to the next. As such, exogenous shocks such as economic crises could usher in a redistribution of relative power (see also Gilpin. 1981) that leads to uncertainty about power balances, increasing the risk of miscalculation (Feaver, 1995). Alternatively, even a relatively certain redistribution of power could lead to a permissive environment for conflict as a rising power may seek to challenge a declining power (Werner. 1999). Separately, Pollins (1996) also shows that global economic cycles combined with parallel leadership cycles impact the likelihood of conflict among major, medium and small powers, although he suggests that the causes and connections between global economic conditions and security conditions remain unknown. Second, on a dyadic level, Copeland's (1996, 2000) theory of trade expectations suggests that 'future expectation of trade' is a significant variable in understanding economic conditions and security behaviour of states. He argues that interdependent states are likely to gain pacific benefits from trade so long as they have an optimistic view of future trade relations. However, if the expectations of future trade decline, particularly for difficult to replace items such as energy resources, the likelihood for conflict increases, as states will be inclined to use force to gain access to those resources. Crises could potentially be the trigger for decreased trade expectations either on its own or because it triggers protectionist moves by interdependent states.4 Third, others have considered the link between economic decline and external armed conflict at a national level. Blomberg and Hess (2002) find a strong correlation between internal conflict and external conflict, particularly during periods of economic downturn. They write: The linkages between internal and external conflict and prosperity are strong and mutually reinforcing. Economic conflict tends to spawn internal conflict, which in turn returns the favour. Moreover, the presence of a recession tends to amplify the extent to which international and external conflicts self-reinforce each other. (Blomberg & Hess, 2002. p. 89) Economic decline has also been linked with an increase in the likelihood of terrorism (Blomberg, Hess, & Weerapana, 2004), which has the capacity to spill across borders and lead to external tensions. Furthermore, crises generally reduce the popularity of a sitting government. "Diversionary theory" suggests that, when facing unpopularity arising from economic decline, sitting governments have increased incentives to fabricate external military conflicts to create a 'rally around the flag' effect. Wang (1996), DeRouen (1995). and Blomberg, Hess, and Thacker (2006) find supporting evidence showing that economic decline and use of force are at least indirectly correlated. Gelpi (1997), Miller (1999), and Kisangani and Pickering (2009) suggest that the tendency towards diversionary tactics are greater for democratic states than autocratic states, due to the fact that democratic leaders are generally more susceptible to being removed from office due to lack of domestic support. DeRouen (2000) has provided evidence showing that periods of weak economic performance in the United States, and thus weak Presidential popularity, are statistically linked to an increase in the use of force. In summary, recent economic scholarship positively correlates economic integration with an increase in the frequency of economic crises, whereas political science scholarship links economic decline with external conflict at systemic, dyadic and national levels.5 This implied connection between integration, crises and armed conflict has not featured prominently in the economic-security debate and deserves more attention.

### 1ac Please Don’t Read Ahead Yo

#### Advantage Two is Canada

#### Relations on the brink – striking a balance between energy independence and active engagement is key

Freeman, 1/18/13 [Sunny, Sunny Freeman is The Huffington Post Canada's national business reporter covering economics and business stories that make a difference in Canadians' lives. Sunny was previously a business reporter at The Canadian Press and has also worked at media outlets including The Toronto Star and The Vancouver Sun. You can find her on twitter @SunnyFreeman.

Canada Looks To Obama For Leadership On Oil, Environment, http://www.huffingtonpost.ca/2013/01/18/obama-canada-oil-environment\_n\_2467978.html]

Many Canadians -- including Harper, who has indicated that his climate change policy will follow the U.S. example -- are looking to Obama to lead thecharge. And the president has already hinted that addressing climate change is on his second-term agenda. For the six in 10 Canadians who, according to a recent Ipsos Reid poll, do not believe Harper is doing a good job protecting Canada’s environment, a renewed focus on environmental stewardship from the Obama administration would likely be viewed as long overdue. The events of 2012, now officially the hottest year on record -- from droughts in the U.S. to superstorm Sandy -- have sent American concern for the environment close to the level reported by Canadians, Scott says. “It’s becoming more clear this is the No. 1 issue,” he said. Scott, who believes Obama will reject Keystone to show that he is serious about the environment, is optimistic that the president will crack down on greenhouse-gas emissions, forcing Canada to develop its own clean energy strategy. “Canada’s oil-only policy isn’t going to fly anymore,” he said. “Canada’s going to have to move into the new economy and start thinking about energy efficiency and renewable energy and clean energy.” But Don Abelson, director of the Canada-U.S. Institute at Western University in London, Ontario, says there is room to strike a balance between energy and environmental imperatives. Energy independence, including through Keystone, can be achieved in an environmentally responsible way, according to Abelson. He believes that approval of Keystone, which would appease congressional Republicans, could actually give Obama leverage in pushing at least some of his environmental agenda through. Obama’s decision on Keystone will be among the first and most significant steps indicating his direction on an environmental policy that could change the North American economy. For now, however, most Canadians are focused on more immediate economic concerns. If there is no agreement in the U.S. on raising its debt ceiling or mitigating the impact of slated severe spending cuts, U.S. demand for Canadian exports could dry up. That would mean a severe hit to economic growth and Canadian jobs at a time of slowing domestic demand from debt-burdened consumers and a cooling housing market. A second recession in Canada would be possible. Foreign Affairs Minister John Baird’s office believes there is great opportunity ahead to expand the North American economy. “We will continue to engage constructively with the Obama administration as we look to create more jobs, hope and opportunity in our two great nations,” press secretary Rick Roth said. But, Abelson notes that even top government officials can do little more than urge the president and U.S. lawmakers to put aside their partisan differences and move ahead with crucial issues that will affect the Canadian economy. “We have to do our best to advance our concerns and to suggest areas of co-operation, but in the end we are the outsiders looking in,” he said.

#### Otherwise, lingering disagreements escalate ­– institutionalizing cooperation key

Bergh, 12 [SIPRI is an independent international institute dedicated to research into conflict, armaments, arms control and disarmament. Established in 1966, SIPRI provides data, analysis and recommendations, based on open sources, to policymakers, researchers, media and the interested public, THE ARCTIC POLICIES OF CANADA AND THE UNITED STATES: DOMESTIC MOTIVES AND INTERNATIONAL CONTEXT kristofer bergh, No. 2012/1\_July 2012]

V. Conclusions While Canada has fairly comprehensive strategies to deal with its own Arctic areas as well as wider foreign policy in the region, the presidential directive that guides US policy is quite limited. However, the scope of the two policy documents also testifies to the importance of the Arctic as a political issue in both countries. The Arctic has become a region of great political importance in Canada. However, the Canadian Government’s statements about identity and sov- ereignty may not be conducive to international cooperation. Although US public and political interest remains low and the USA’s capacity to operate in the region leaves much to be desired, changes are visible in terms of US foreign and defence policy. While the USA has not particularly distinguished itself in the inter- national cooperation over the Arctic—although it seems that this is now changing—Canada has repeatedly made clear that it is seeking a leadership role. The lingering disagreements between the two countries may, however undermine their ability to pursue their interests in the region. The future of the Arctic will require close cooperation between Canada and the USA, not least if human activity in the area increases as it becomes more accessible. Increased traffic in the Northwest Passage will present a challenge to both Canadian and US capacity to operate in the region, not least if responsibili- ties in the area are unclear. The two countries’ inability to agree on key issues such as the legal status of the Northwest Passage and the maritime bound- ary in the Beaufort Sea is affecting not only their domestic abilities but also their abilities to exercise international leadership in the region. In terms of boundary issues, for example, Norway and Russia, rather than Canada and the USA, have set a positive example and created a model for future delimita- tions. Canada and then the USA will chair the Arctic Council for two years each starting in 2013. Coordination between the two countries, along the lines of the common platform of the chairmanships of Norway, Denmark and Sweden, could be an attractive option for Canada and USA that would strengthen their positions in Arctic cooperation by formulating a North American Arctic policy. In order for this to happen, the two countries would have to approach each other on issues such as admitting observers to the Council and the role of the five Arctic littoral states. Moreover, they would have to agree on a common set of priorities to pursue in the Council for the coming years. The two countries’ abilities and willingness to address the challenges posed by the changing Arctic will depend on a range of circumstances, including geography and history; the shape of political systems; the presence of economic and strategic interests; and public engagement. The bilateral relationship between Canada and the USA will also be a key factor for the two countries’ abilities to meet the challenges in the rapidly changing region.

#### And, that makes cooperation ineffective

Meyer, 12 [Julia, Meyer, In Depth News, The Arctic: Simmering Tensions Between Canada and USA, <http://www.indepthnews.info/index.php/global-issues/1069-the-arctic-simmering-tensions-between-canada-and-usa>]

STOCKHOLM (IDN) - The focus of international attention on melting polar ice is hiding simmering tensions between Canada and the USA – two of the eight states with Arctic territory – which need be urgently resolved to avoid complications in a new emerging geopolitical situation, says a new study. "Both countries need to pay attention to the challenges in the Arctic but should also be wary of how their domestic posturing in the region is affecting their international relations, including with each other," says the study by the prestigious Stockholm International Peace Research Institute (SIPRI). Authored by Kristofer Bergh, the study says: "The abilities of Canada and the USA to pursue their interests in the region will rely on them cooperating closely, not least because from 2013 they will hold successive chairmanships of the Arctic Council. Canadian-US relations will thus be an important factor in the future of a changing Arctic. Resolving key disagreements and identifying common priorities would strengthen both countries’ positions in the region." Together with Denmark, Finland, Iceland, Norway, Russia, Sweden, Canada and the USA are members of the Arctic Council. The Council, which includes the representatives of the region's indigenous populations, has evolved into a decision-making organization with a permanent secretariat and budget. Subsequently it attracts more attention from the rest of the world.

#### Resource development is the best avenue to cooperative management

Jelinski, 10 [Cameron Jelinski, M.A, The University of British Columbia (Vancouver) Diplomacy and the Lomonosov Ridge: Prospects for International Cooperation in the Arctic, https://circle.ubc.ca/bitstream/handle/2429/28128/ubc\_2010\_fall\_jelinski\_cameron.pdf?sequence=1%29]

Possibilities for cooperation: Joint development zones While this paper focuses on interim solutions that may help lead to final delimitation of boundaries, it is important to mention in brief the possibilities for alternative solutions. As noted in the discussion above, the more conventional approach is for countries to enter into bilateral or multilateral delimitation negotiations in order to determine the final boundaries between them. As Vivian Forbes asserts, ―[t]he settlement of boundary disputes involving resources has traditionally centred on the demarcation of specific lines ... dividing the disputed resource area between the States involved.‖xcvi In addition to this approach, however, another option exists—one that has been adopted by several countries worldwide when faced with continental shelf delimitation disagreements. Specifically, it is possible for two or more states to effectively share jurisdiction indefinitely, by enacting arrangements that are variously called joint development zones, areas, or regimes. Joint development has been defined as ―cooperation between States with regard to the exploration for and exploitation of certain deposits ... of non-living resources, which ... lie in an area of overlapping claims.‖xcvii It is informative to examine in brief several existing examples of joint development before discussing the prospects of such a regime in the central Arctic Ocean. A number of joint development regimes exist in various situations of maritime or continental shelf delimitation disputes worldwide, such that Forbes posits that these regimes ―have gained universal acceptance. ‖xcviii An oft-cited example concerns the overlapping claims to the continental shelf that existed between Australia and Indonesia, and now between Australia and East Timor.xcix After years of disagreement over control of the 29 resources in this area, Australia and Indonesia reached in 1989 ―an elaborate compromise: the two sides set aside the question of permanent boundaries and agreed, instead, to the establishment of a zone of joint development‖ under which any government revenues from petroleum exploitation were equally shared by the two countries.c Thus, while this agreement did not determine final areas of exclusive sovereignty, it did effectively neutralize a longstanding dispute by creating an arrangement that could be adhered to indefinitely. In other words, while final delimitation was not achieved, delimitation was no longer seen as a pressing matter as long as the joint development agreement was respected. When East Timor gained independence from Indonesia, it renegotiated the treaty in such a way that the concept of joint development was maintained, albeit in a manner far more beneficial to this small developing country.ci In another example, Thailand and Malaysia formally created a Joint Development Area (JDA) in 1990.cii Forbes points out that the two countries’ belief that hydrocarbon resources existed in the area made delimitation more difficult, but that the perceived ―economic benefits‖ of exploitation was a driving factor behind the states’ willingness to pursue a joint development arrangement.ciii This factor may be relevant in the case of the central Arctic Ocean, as discussed below. Finally, a third example of joint development may be mentioned – this one on the southern fringes of the Arctic. In 1980, when negotiations on a maritime boundary between Iceland and Jan Mayen (Norway) failed to delimit the continental shelf, a Conciliation Commission recommended the creation of a joint development zone for ―an area of the shelf which had the greatest resource potential .‖civ Since adopting the recommendations, cooperation between the two states typically ―takes the form of joint venture contracts. ‖cv In short, then, the concept of joint development is well-established in 30 relations between countries, and in several cases has effectively removed from contention disputes over the continental shelf. In light of these concrete examples, it is possible to discuss the feasibility of a joint development regime as a method of defusing any disputes in the central Arctic Ocean. On the one hand, some of the factors that seem to facilitate joint development are present in the central Arctic Ocean, including areas of potentially overlapping claims, belief that resources may be found in these areas, and a history of some cooperation. Therefore, if eventual delimitation negotiations are found to be intractable, a joint development regime in the Arctic could attain the benefits that such regimes have facilitated elsewhere, particularly by providing ―a management tool in situations which otherwise would lead to disputes and confrontations. ‖cvi Such a regime could be established through a series of bilateral agreements, or through one multilateral agreement. On the other hand, however, it was noted above that the perceived economic benefits of joint exploitation were in at least one case a major factor behind thepush for a joint developmentarea**.** cvii Given that few oil and gas resources may exist in the area of potential overlap, and that their exploitation would be very costly, the drive for a joint development zone may be less urgent along the Lomonosov Ridge in the near term. It should be noted, however, that while resource exploitation is typically the main reason for joint development regimes of shared jurisdiction, other issues may be covered by such agreements. For example, Francisco Orrego Vicuna points out that some agreements on shared development jurisdiction ―have included clauses on cooperation regarding living resources, the environment, scientific research, search and rescue, and other issues.‖cviii Thus, even if 31 shared resource exploitation does not present an immediately compelling reason for pursuing a zone of joint jurisdiction, such an agreement could also increase the possibility of cooperation on other matters in the central Arctic Ocean. It should be noted as well that as in the case of a provisional delimitation arrangement, more information on the seabed may be needed in the central Arctic Ocean before the establishment of a joint development regime is feasible. In short, then, several potential forms of political cooperation could be pursued in the central Arctic Ocean. In an assertion that addresses potential concerns about the difficulties of diplomatic relations, Riddell-Dixon argues that ―[t]he prospects of dealing with [probable overlaps] in an orderly manner appear promising in light of the high degree of cooperation evident in Canada’s relations with Denmark, the United States, and Russia in the preparations of their respective submissions.‖cix While she does not advocate one form of cooperation or another, by formalizing such cooperation by means of a joint or coordinated submission, through a provisional delimitation agreement, or potentially through a joint development zone in the future, the concerned states could further enhance the prospects of dealing with overlaps peacefully and fairly.

#### Offshore gas production is key—unique spillover effects

Parfomak and Ratner, 11 [June 17, 2011 The U.S.-Canada Energy Relationship: Joined at the Well Paul W. Parfomak Specialist in Energy and Infrastructure Policy Michael Ratner Analyst in Energy Policy, <http://www.fas.org/sgp/crs/row/R41875.pdf>]

Summary The United States and Canada, while independent countries, effectively comprise a single integrated market for petroleum and natural gas. Canada is the single largest foreign supplier of petroleum products and natural gas to the United States—and the United States is the dominant consumer of Canada’s energy exports. The value of the petroleum and natural gas trade between the two countries totaled nearly $100 billion in 2010, helping to promote general economic growth and directly support thousands of energy industry and related jobs on both sides of the border. Increased energy trade between the United States and Canada—a stable, friendly neighbor—is viewed by many as a major contributor to U.S. energy security. The U.S.-Canada energy relationship is increasingly complex, however, and is undergoing fundamental change, particularly in the petroleum and natural gas sectors. Congress has been facing important policy questions in the U.S.-Canada energy context on several fronts, including the siting of major cross-border pipelines, increasing petroleum supplies from Canadian oil sands, increasing natural gas production from North American shales, and the construction of new facilities for liquefied natural gas (LNG) exports. Legislative proposals in the 112th Congress could directly influence these developments. These proposals include H.R. 1938, which would expedite consideration of the Keystone XL pipeline proposal, H.R. 909, which would encourage petroleum and natural gas production on the outer continental shelf and in the Arctic National Wildlife Refuge, and S. 304, which would support a program to train workers involved with oil and gas infrastructure in Alaska. Other proposals in Congress affecting hydraulic fracturing operations for natural gas production, offshore drilling, or U.S. oil shale development could also affect the U.S.-Canada energy relationship. Traditionally, the energy trade between the United States and Canada, while intertwined, has been uncomplicated—taking the form of a steadily growing southward flow of crude oil and natural gas to markets in the U.S. Midwest and Northeast. But recent developments have greatly complicated that energy relationship creating new competition and interconnections. Consequently, while energy policies in one country have always inevitably affected the other, their cross-cutting effects in the future may not be widely understood and, in some cases, may be largely unanticipated. For example, policies affecting U.S. shale gas production could affect North American natural gas prices overall, and thus, the costs of producing petroleum from oil sands (which requires large volumes of natural gas for heating). Changing oil sands costs could, in turn, affect Canadian petroleum supplies to the United States, affecting north-south pipeline use and changing U.S. petroleum import requirements from overseas. Changing natural gas prices would also change the economics of Arctic natural gas, however, and influence the development of the Arctic natural gas pipelines, which could provide an alternative source of economic natural gas for oil sands production in Alberta. How such scenarios could play out in reality is open to debate, but they illustrate the tangled web policymakers in both countries must navigate as they consider future energy, environmental, and transportation decisions. As Congress debates legislative proposals affecting the petroleum and natural gas industries, it may be helpful to consider these proposals in the broadest possible North American context, recognizing that the energy sector in Canada may be moved in one direction or another based on policies in Washington, DC. To date, the judgment of Congress has favored a growing U.S.- Canada energy partnership—but ensuring that this relationship continues to be as mutually beneficial as possible will likely remain a key oversight challenge for the next decades.

#### Relations key to cyber threat management

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Addressing the wide range of threats confronting America’s security interests in North America will require NORAD’s involvement. Umar Farouk Abdulmutallab’s failed attempt to blow up a U.S.-bound jetliner was al-Qaeda’s most recent effort to cause mass casualties in America.[[22]](http://www.heritage.org/research/reports/2010/07/expand-norad-to-improve-security-in-north-america" \l "_ftn22) In addition, threats to energy, communication, and computer networks persist. Malicious third parties can attack the United States through vulnerable intermediaries, such as Canada, which offers a huge backdoor into the U.S. computer networks. Much of the infrastructure of the two nations—from railroads to aviation to pipelines and electrical systems—is inextricably intertwined. Canada is also America’s largest trading partner, accounting for many links in U.S. supply chains. NORAD and NORTHCOM have partnered with a number of agencies—including the U.S. Defense Security Cooperation Agency, U.S. Department of Homeland Security, and U.S. Strategic Command— to protect U.S. networks. This cooperation will help NORAD to secure U.S. systems against potential attack, but NORAD does not currently have a lead cyber-security role.[23] The United States needs to deepen cooperation with its North American partners on cyber security. Both the Canadian and U.S. economies depend on a secure and functioning cyberspace. Computer systems and infrastructure in both countries are linked and a substantial amount of bilateral trade is conducted through the Internet. Since cyber terrorists and criminals can operate from anywhere, integration of cyber-security efforts is essential to protect computer infrastructure. Integration is especially necessary for Canada because its 200 law enforcement and 2,500 military personnel dedicated to cyber security are insufficient to prevent cyber attacks effectively. Through NORAD, Canada and the United States could coordinate cyber security with the various military commands and civilian agencies.[24] Cooperation with Mexico as its economy and cyber infrastructure develop is also vital, as the U.S. and Mexican governments acknowledged by creating the Working Group on Cyber-Security in 2004.[25]

#### Nuke war

**Tilford 12** Robert, Graduate US Army Airborne School, Ft. Benning, Georgia, "Cyber attackers could shut down the electric grid for the entire east coast" 2012, http://www.examiner.com/article/cyber-attackers-could-easily-shut-down-the-electric-grid-for-the-entire-east-coa

To make matters worse a cyber attack that can take out a civilian power grid, for example could also cripple the U.S. military.¶ The senator notes that is that the same power grids that supply cities and towns, stores and gas stations, cell towers and heart monitors also power "every military base in our country."¶ "Although bases would be prepared to weather a short power outage with backup diesel generators, within hours, not days, fuel supplies would run out", he said.¶ Which means military command and control centers could go dark.¶ Radar systems that detect air threats to our country would shut Down completely.¶ "Communication between commanders and their troops would also go silent. And many weapons systems would be left without either fuel or electric power", said Senator Grassley.¶ "So in a few short hours or days, the mightiest military in the world would be left scrambling to maintain base functions", he said.¶ We contacted the Pentagon and officials confirmed the threat of a cyber attack is something very real.¶ Top national security officials—including the Chairman of the Joint Chiefs, the Director of the National Security Agency, the Secretary of Defense, and the CIA Director— have said, "preventing a cyber attack and improving the nation~’s electric grids is among the most urgent priorities of our country" (source: Congressional Record).¶ So how serious is the Pentagon taking all this?¶ Enough to start, or end a war over it, for sure (see video: Pentagon declares war on cyber attacks http://www.youtube.com/watch?v=\_kVQrp\_D0kY%26feature=relmfu ).¶ A cyber attack today against the US could very well be seen as an "Act of War" and could be met with a "full scale" US military response.¶ That could include the use of "nuclear weapons", if authorized by the President.

#### Canadian relations solve global nuclear war

Lamont, 94 [Lansing, national political correspondent for Time Magazine’s Washington bureau from 1961-1968, chief Canada correspondent and United Nations bureau chief from 1971-1975, member of the Council on Foreign Relations “Breakup: The coming end of Canada and the stakes for America”, 1994, p. 233-5]

Of graver import would be the will and capability of Canada itself to continue supporting the North American defense structure. With its ongoing debt crisis, its traditional aversion to U.S. military initiatives, and the fading of the Soviet threat, Canada might reduce even further its NORAD and NATO commitments. It might choose to believe that through its control of territory crucial to the Western alliance, plus its vital natural resources, it could continue to wield disproportionate influence on international and continental security planning. More likely, if Ottawa continued to stint on its defense spending and became increasingly unable to patrol or secure its own borders, the United States would feel compelled to step in and do the job itself. In that event America would rekindle all the deepest passions about Canadian sovereignty, especially in the Arctic. Its development in the late 1980s proved a signal advance in continental security, although some Canadians believed that new radar technology would render the network obsolete by the end of the century. Others feared it would draw Canada further into the Star Wars strategizing of Pentagon planners. Paved Paws did not assuage the larger fear of military analysts that by the early 1990s, after the START Treaty had been signed by the United States and Russia, Canada the front line of any nuclear attack on North America, stood to face an expanded armory of Russian cruise missile which could be launched southward from the Arctic through Canadian airspace. A provision in the treaty to rescue both superpowers nuclear stockpiles ironically permitted the Russians, as part of a trade-off to increase their cruise missiles arsenal by nearly half. Thus, instead of landbased ICBMs, easier to track and shoot down with their predictable trajectories, Canada now faces the possibility of some day having to track one or more cigar-shaped cruises streaking at tree level over Canadian territory toward a designated target. That prospect, however dim at the moment, could take on sharper tones in the context of these possible developments: Quebec’s separation and the emergence to America’s north of a fragmented Canada, neither event enhancing the continent’s security; Canada’s military inadequacies and an erosion of Canada-U.S. relations, which might send signals inviting aggression by the Western alliance’s adversaries; or a political upheaval in the former Soviet Union, which would precipitate an interna­tional crisis. Any prolonged crisis, as security analysts know, involves not only heightened tensions and escalating suspicions but a shift in emphasis to preparing for a very rapid response if hostilities erupt. In such situations the usual safeguards are sometimes apt to be disregarded or even removed.

### 1ac Solvency

Offshore gas is abundant and ensures economic growth – permanently lifting the moratorium solves

Mason, 09 [Joseph R. Mason\*, Hermann Moyse Jr./Louisiana Bankers Association Endowed Chair of Banking, Louisiana State University, E. J. Ourso College of Business. The Economic Contribution of Increased¶ Offshore Oil Exploration and Production to Regional and National Economies, <http://www.americanenergyalliance.org/images/aea_offshore_updated_final.pdf>]

Until recently, Congressional and Presidential leasing¶ moratoria have withdrawn from production oil and¶ natural gas resources lying between 3 and 200 miles off¶ the coast of 20 U.S. states.1 These moratoria have recently¶ expired, however, and several policymakers have¶ argued that the federal moratoria should be renewed.¶ Before renewing those restrictions, however, it makes¶ sense to take a hard look at not only the resources that¶ are held back, but also at the total potential economic¶ growth that will be foregone.¶ The present study therefore estimates the total¶ economic benefits associated with allowing natural¶ resource production in previously unavailable Outer¶ Continental Shelf (“OCS”) Planning Areas. The study¶ uses data from the U.S. Commerce Department, the¶ U.S. Department of the Interior, and the U.S. Treasury¶ Department to estimate the total increase in output,¶ employment, and wages in both coastal states and the¶ entire U.S. that can be expected to result from increased¶ OCS production.¶ The estimates suggest that permanently lifting the¶ OCS moratoria would produce broad economic benefits.¶ Those benefits are analyzed on both short- and¶ long-term bases. Short-run effects are represented as¶ expected annual effects during the first years of the¶ investment (pre-production) phase; Long-run effects¶ are represented as expected annual effects during the¶ production phase. A summary of the estimated shortand¶ long-run effects is presented in Table 1.¶ Summarizing the results, increased offshore investment¶ and production would support hundreds of¶ thousands of new careers and provide billions of dollars¶ in new wages and tax revenues. By the present estimates,¶ increased production is likely to contribute an¶ additional 0.5 percent of GDP in immediate new economic¶ activity each year and will ultimately contribute¶ more than 2 percent of GDP each year for thirty or¶ more years of production. That magnitude of economic¶ growth is expected to contribute federal and¶ state and local tax revenue from production equivalent¶ to approximately $350 per person over the age of¶ eighteen per year over a similar time horizon. The total¶ incremental contribution of increased OCS Planning¶ Area production to GDP ismore than $8 trillion (in¶ current dollars), and total tax benefits amount to some¶ $2.2 trillion. Total royalty revenues amount to over¶ $400 billion.¶ Importantly, those benefits would be realized without¶ any increase in direct government spending. Rather, increased¶ OCS output would refill national, state, and local¶ government coffers—currently depleted by the real estate¶ and credit crises—without additional government¶ outlays. The effects of such a stimulus are particularly¶ attractive in the face of a severe economic downturn.¶ Table 1: Summary of Estimated Annual Effects¶ offshore oil and natural gas production has long been¶ recognized as a national imperative. In 2006, the U.S.¶ Minerals Management Service (MMS) reported to¶ Congress that “much of the growth in the Nation’s energy¶ demand will have to be met by OCS…if further increases¶ of imported supplies are to be avoided.”2 MMS¶ also estimated that “OCS oil production could account¶ for as much as 40 percent of domestic oil production¶ by 2010.”3 Furthermore, the MMS indicated that the¶ OCS natural gas resources would become an essential¶ source of energy as imports from other countries —¶ particularly Canada—decline.4¶ Apart from national energy concerns, however, economic¶ considerations also favor increased development¶ of OCS energy resources. Specifically, the boost¶ provided to local onshore economies by offshore¶ production would be particularly welcome in the present¶ economic climate. Similar to fiscal alternatives¶ currently being pursued, OCS development would provide¶ a long-run economic stimulus to the U.S. economy¶ because the incremental output, employment, and¶ wages provided by OCS development would be spread¶ over many years. Unlike those policies, however, this¶ stimulus would not require government expenditures¶ to support that long-term growth.¶ A. The Current State of Offshore¶ U.S. Oil and Gas Production¶ Despite its importance, U.S. oil and natural gas production¶ in offshore areas is currently limited to only a¶ few regions. At the present time, oil and gas is only¶ actively produced off the coast of six U.S. states:¶ Alabama, Louisiana, Mississippi, Texas, California, and¶ Alaska.5 The Energy Information Administration¶ (EIA) reports that Alabama, Louisiana, Mississippi,¶ and Texas are the only coastal states that provide¶ access to all or almost all of their offshore energy¶ resources. Only two additional states — Alaska and¶ California — are producing any offshore energy supplies.¶ All California OCS Planning Areas and most¶ Alaska OCS Planning Areas, however, were not open¶ to any new facilities until the recent end of the Congressional¶ and Presidential moratoria.6 The remaining¶ 16 coastal states are not open to new production and are¶ not currently extracting any offshore energy resources.7¶ Even without those remaining sixteen states, plus¶ California and Alaska, the OCS is already the most important¶ source of U.S. energy supplies. According to¶ the MMS, “the Federal OCS is a major supplier of oil¶ and natural gas for the domestic market, contributing¶ more energy (oil and natural gas) for U.S. consumption¶ than any single U.S. state or country in the¶ world.”8 That is, OCS production currently meets more¶ U.S. energy demand than any other single source,¶ including Saudi Arabia.¶ B. Offshore Oil Production¶ Stimulates Onshore Economies¶ Offshore oil and gas production has a significant effect¶ on local onshore economies as well as the national¶ economy. There are broadly three “phases” of development¶ that contribute to state economic growth: (1) the¶ initial exploration and development of offshore facilities;¶ (2) the extraction of oil and gas resources; and (3)¶ refining crude oil into finished petroleum products.¶ Industries supporting those phases are most evident in¶ the sections of the Gulf of Mexico that are currently¶ open to offshore drilling.¶ For example, the U.S. shipbuilding industry —¶ based largely in the Gulf region – benefits significantly¶ from initial offshore oil exploration efforts.9 Exploration¶ and development also requires specialized exploration¶ and drilling vessels, floating drilling rigs, and¶ miles and miles of steel pipe, as well as highly educated¶ and specialized labor to staff the efforts.¶ The onshore support does not end with production.¶ A recent report prepared for the U.S. Department of¶ Energy indicates that the Louisiana economy is “highly¶ dependent on a wide variety of industries that depend¶ on offshore oil and gas production”10 and that offshore¶ production supports onshore production in the chemicals,¶ platform fabrication, drilling services, transportation,¶ and gas processing.11 Fleets of helicopters and U.S.-¶ built vessels also supply offshore facilities with a wide¶ range of industrial and consumer goods, from industrial¶ spare parts to groceries. As explained in Section¶ IV.G, however, the distance between offshore facilities¶ and onshore communities can affect the relative¶ intensity of the local economic effects.¶ The economic effects in the refining phase are even¶ more diffuse than the effects for the two preceding¶ phases. Although significant capacity is located in California,¶ Illinois, New Jersey, Louisiana, Pennsylvania,¶ Texas, and Washington, additional U.S. refining capacity¶ is spread widely around the country.12 As a result,¶ refinery jobs, wages, and tax revenues are even more¶ Figure 1: Percent of Mortgages 90+ days Delinquent, by County, 2008Q2¶ likely to extend into other areas of the country, including¶ non-coastal states like Illinois.¶ C. Economic Stimulus from OCS Drilling¶ Can Significantly Benefit Coastal Economies¶ Stressed by the Mortgage Crisis and Recession¶ Figure 1 illustrates the percent of mortgages ninety or¶ more days delinquent by county in the third quarter¶ 2008. It is easy to see that most of the hard-hit regions¶ are in the coastal states, including especially those close¶ to restricted OCS resources. States like California and¶ Florida, especially hard hit with mortgage foreclosures¶ and facing fiscal crises resulting from decreased property,¶ sales, and income taxes, could benefit dramatically¶ from OCS development.¶ Even interior states like Illinois, Pennsylvania, and¶ Indiana stand to benefit, however, as those are home¶ to many refining and chemical industries that ride the¶ economic coattails of oil exploration and extraction. In¶ summary, the benefits of OCS development, while particularly¶ focused on coastal states, are to be found nationwide.¶ The rest of this paper is devoted to estimating¶ the magnitude of those benefits to provide valuable¶ economic estimates to be used in rational decision¶ making on the costs and benefits of OCS development.¶ III. Present Offshore Oil¶ and Gas Resource Estimates¶ To determine the economic effect of increased offshore¶ oil and gas production on each state, it is first necessary¶ to determine each state’s recoverable resources. The most¶ reliable estimates of total offshore recoverable resources¶ are provided by Energy Information Administration¶ (EIA). The EIA estimates these data for each Outer¶ Continental Shelf Planning Area. Because several OCS¶ Planning Areas adjoin more than one state, the EIA¶ does not provide state-by-state resource estimates.¶ This paper takes a two-step approach to estimating¶ state-by-state resources. First, OCS Planning Areas are¶ apportioned to the adjoining states by assuming that a¶ state’s share of oil and gas resources (and hence the¶ benefits of utilizing those resources) is proportional to¶ its share of the U.S. coastline that adjoins an OCS Planning¶ Area. Then, the value of the state resources are¶ estimated by applying the long-run average price of oil¶ and gas to each resource state’s share.¶ A. Estimating State Offshore Oil and Gas Resources¶ Significant oil and gas resources lie under the U.S. Outer¶ Continental Shelf. According to the EIA, the OCS (including¶ Alaskan OCS Planning Areas) contains approximately¶ 86 billion barrels of recoverable oil and¶ approximately 420 trillion cubic feet of recoverable natural gas.13 As noted by the White House, however, the OCS estimates are conservative.14 Of the total OCS resources,¶ a significant portion was unavailable to exploration until¶ recently. Specifically, Presidential and Congressional¶ mandates banned production from OCS Planning Areas¶ covering approximately 18 billion barrels of recoverable oil¶ and 77.61 trillion cubic feet of recoverable natural gas.15¶ These bans covered approximately 31 percent of the total¶ recoverable OCS oil resources and 25 percent of the total¶ recoverable OCS natural gas resources. Figure 2, which¶ was originally produced by the EIA, visually demonstrates¶ the areas (in blue) that were previously unavailable. As¶ noted previously, the estimated resources illustrated in¶ Figure 2 should be considered very conservative lower¶ bounds of recoverable energy resources.¶ To estimate the state-by-state impact of increased¶ oil and gas production in the OCS, the OCS Planning¶ Area resources are apportioned to each coastal state¶ based on the local communities that provide labor, materials,¶ and support services for offshore production.¶ The analysis of economic impact therefore hypothesizes¶ that the economic benefits associated with offshore¶ oil and gas production accrue onshore firstly in¶ the local communities that provide the most convenient¶ labor, materials, and support services for offshore¶ production. In other words, if distance is important,¶ communities closer to the oil or gas field are more¶ The Economic Contribution of Increased Offshore Oil Exploration and Production to Regional and National Economies • 5¶ likely to provide goods and services than are communities¶ further away. Thus, OCS Planning Area resources¶ — and the local economic benefits associated with¶ exploiting those resources — are apportioned by each¶ state’s share of the ocean coastline bordering an OCS¶ Planning Area.¶ State coastline data is available from the Congressional¶ Research Service (CRS).16 Based on this apportionment,¶ the available and total offshore resources¶ associated with each state are illustrated in Table 2. As¶ previously noted, a large portion of currently unavailable¶ resources in Figure 2 lie off the coast of states —¶ such as California and Florida — that have been hard¶ hit by the recent real estate crisis.¶ B. Estimating the Value of State¶ Offshore Oil and Gas Resources¶ An economic analysis of increased offshore oil and gas¶ production also requires estimates of the value of likely¶ resources. As noted above, economic benefits of utilizing¶ OCS resources accrue from three primary sources:¶ (1) exploration/platform investments; (2) production;¶ and (3) refining. Sources (1) and (3) produce initial¶ effects — that is, new industry expenditures — today;¶ in contrast, source (2) produces economic effects only¶ once production begins. The analysis therefore considers¶ “initial” economic effects as those that flow from¶ exploration or investments in new refining capacity¶ and long-term economic effects as those that flow from¶ production and ongoing refining.¶ 1. Exploration and Offshore Facility Development¶ In contrast to other industries, the high fixed investment¶ costs associated with offshore oil and gas production¶ produce large initial investments that reverberate¶ throughout the economy. Once oil or gas resources are¶ located, billions of additional dollars must be spent before¶ the well produces even $1 of revenue. For example,¶ oil exploration costs can amount to between $200,000¶ and $759,000 per day per site.17 Additional production¶ in the U.S. will also require a costly expansion in refining¶ capacity as well. Taken together, the fixed expenditures¶ that precede actual offshore oil and gas¶ production can amount to billions of dollars.¶ For example, Chevron’s “Tahiti” project in the Gulf¶ of Mexico is representative of the large investments¶ that firms must make before production is achieved. In¶ 2002, Chevron explored the Tahiti lease — which lies¶ 17. See Statement of John Hofmeister, President, Shell Oil Company, Before the U.S. House Select Committee on Energy Independence and Global¶ Warming, Apr. 1, 2008 [hereinafter Shell Testimony], at 7-8 (discussing the run-up in Gulf of Mexico exploration costs).¶ The Economic Contribution of Increased Offshore Oil Exploration and Production to Regional and National Economies • 7¶ 100 miles off the U.S. coast at a depth of 4,000 feet —¶ and found “an estimated 400 million to 500 million¶ barrels of recoverable resources.”18 Chevron estimates¶ that it will take seven years to build the necessary¶ infrastructure required to begin production at Tahiti.19¶ The firm estimates that its total development costs will¶ amount to “$4.7 billion — before realizing $1 of return¶ on our investment.”20¶ As a typical U.S. offshore project, the Tahiti project¶ provides a wealth of information regarding the¶ up-front investment costs, length of investment, and¶ lifespan of future OCS fields. As noted above, the Tahiti¶ field is estimated to hold between 400 million and 500¶ million barrels of oil and oil equivalents (primarily¶ natural gas) and is expected to require an initial fixed¶ investment of $4.7 billion. Using the mid-point resource¶ estimate of 450 million barrels of oil equivalent,¶ up-front development costs amount to approximately¶ $10.44 per barrel of oil resources or $1.86 per 1,000¶ cubic feet of natural gas resources.21 These costs will be¶ spread over 7 years, resulting in average up-front¶ development expenditures equal to $1.49 per barrel of¶ oil and $0.27 per 1,000 cubic feet of natural gas.22¶ Chevron also estimates that the Tahiti project will produce¶ for “up to 30 years”.23 Although investment and¶ production times vary widely,24 the analysis that¶ follows uses the Tahiti project numbers — an average¶ initial investment period of seven years followed by an¶ average production period of 30 years — as indicative¶ of the “typical” offshore project. I will thus assume an¶ average initial investment period of seven years followed¶ by an average production period of 30 years.¶ The speed of OCS development also factors into the¶ analysis. Because most areas of the U.S. OCS have been¶ closed to new exploration and production for almost¶ forty years, it is unclear how quickly firms would move¶ to develop new offshore fields. Given its large potential¶ resources, however, the OCS is sure to attract significant¶ investment. Without the benefit of government data, a¶ rough estimate suggests that annual total investment in¶ OCS fields would be $9.09 billion per year.25¶ Assuming a constant investment flow, the annual¶ investment costs in each state’s OCS planning area¶ share are illustrated in Table 3. Recall that these annual¶ expenditures are expected to last, on average, the full¶ seven years of the development phase. Notice in Table¶ 2 that additional investment in states that already support¶ significant production — Alabama, Louisiana,¶ Mississippi, and Texas — are limited. Some of the greatest¶ benefits accrue to areas that are home to enormous —¶ but unavailable — total resources: California and Florida.¶ While other states’ benefits appear small in comparison,¶ that is only because of the sheer magnitude of the benefits¶ available to California and Florida. North Carolina¶ would be associated with some half-billion dollars of¶ development expenditures per year for seven years, and¶ Virginia some quarter-billion dollars of development¶ expenditures. In aggregate, the annual expenditures¶ associated with developing new offshore resources in¶ the OCS amount to approximately $9.09 billion per¶ year for a seven-year development horizon.¶ 2. Production¶ The likely value of state recoverable oil and gas resources¶ is estimated using the likely lifetime revenue that could¶ be generated by the project. In that case, average¶ wholesale energy prices provide the information necessary¶ to translate resources into revenues. Taking the¶ simple average of the EIA’s latest inflation-adjusted¶ energy price forecasts through 2030 as provided by its¶ Annual Energy Outlook 2009, the average inflationadjusted¶ price of oil will be $110.64 per barrel and the¶ average inflation-adjusted price of natural gas will be¶ $6.83 per thousand cubic feet.26 At these prices, the¶ estimated state resources have the potential values¶ indicated in Table 4.¶ The value of each state’s available resources are¶ calculated as the sum of (1) its share of available OCS¶ Planning Area oil resources times $110.64 per barrel¶ and (2) its share of available OCS Planning Area natural¶ gas resources times $6.83 per thousand cubic feet. The¶ same method applies to the valuation of total state¶ OCS resources. At these prices, the OCS resources¶ apportioned to coastal states have the following dollar¶ values reported in Table 3.¶ As in Table 1, Table 4 is constructed to show both¶ states’ available resources and the total resources at¶ their disposal. By the estimates in Table 4, states such¶ Table 3: Annual Investment Costs and New Capacity in New OCS Resources¶ as California, facing a budget crisis in the current¶ recession, have an estimated $1.65 trillion in resources¶ available in nearby OCS planning areas. Florida, while¶ not facing as dire a fiscal crisis, has about $0.55 trillion¶ in resources available in nearby OCS planning¶ areas. Table 4 suggests that a permanent relaxation of¶ all federal OCS production moratoria would unlock¶ more than $3.4 trillion in new production among all¶ the coastal states.¶ 3. Investments in Incremental Refining Capacity¶ Since U.S. refineries are currently operating near maximum¶ capacity increased offshore oil and gas production¶ would also spur investment in new refineries. The¶ U.S. refining industry is presently operating at 97.9¶ percent of capacity27 and can no longer depend on¶ excess foreign refining to meet production shortfalls¶ arising from seasonality or repairs.28 In response, many¶ large refiners are already considering refinery expansions:¶ ConocoPhillips announced that it planned to¶ spend $6.5 billion to $7 billion on capacity expansion¶ at its U.S. facilities; Chevron has also considered a¶ major refinery expansion29; and while Shell is completing¶ a $7 billion expansion at its Port Arthur, Texas, refinery¶ it is considering further expansion elsewhere.30¶ Future refinery investments are likely to occur in¶ the few U.S. states that already host significant U.S.¶ refineries. This result is largely due to environmental¶ restrictions that severely limit the placement of new¶ refining capacity.31 Table 5 presents operating oil¶ refining capacity for each U.S. state and for the U.S. as¶ a whole.32 Note that capacity is primarily concentrated¶ in California, Louisiana, and Texas.¶ Table 5 suggests that any substantial increase in U.S.¶ offshore oil production would require a commensurate¶ increase in U.S. refining capacity. The U.S. presently¶ has an operating refining capacity of approximately¶ 6.287 billion barrels of crude oil per year. According to¶ the rough investment figures presented in Table 3,¶ which represent a conservative view of likely new¶ offshore development, new OCS capacity would add¶ approximately 3.773 billion barrels per year. That new¶ OCS production, which represents only a small fraction¶ of the total OCS resources, would amount to about¶ sixty percent of current U.S. operating refinery capacity.¶ Because some OCS refining production would most¶ likely substitute for foreign production, however, the¶ analysis conservatively assumes that only one-quarter¶ of this new OCS production necessitates additional¶ U.S. refinery capacity. That is, I estimate that U.S.¶ refinery demand would increase by 943.25 million barrels¶ per year, or 15 percent of current installed capacity.33¶ Even this modest capacity increase would require¶ substantial new investments. In response to existing¶ capacity constraints, Shell is already increasing the¶ capacity of its Port Arthur, Texas, refinery. This expansion¶ will take approximately two and one-half years to¶ complete and cost $7 billion. The facility will add¶ 325,000 barrels per day (or 118.6 million barrels per¶ year) in new capacity, at a cost of approximately $59.02¶ per barrel of new annual capacity.34,35¶ As noted above, since tough environmental regulations¶ effectively limit new refinery capacity to a few¶ states, refinery investments are likely to be limited to¶ only a few states with large existing capacity. These¶ states can be reasonably assumed to be the same states¶ the already have large installed refinery capacity.¶ Hence, incremental refinery capacity will be added predominantly¶ in states already home to large refining capacity—¶ those with a present capacity of more than 200¶ million barrels per year. There are seven such states:¶ California, Illinois, Louisiana, New Jersey, Pennsylvania,¶ Texas, and Washington. Assigning new capacity investments¶ proportionally based on their present capacity,¶ new refining capacity investments and associated¶ investment costs are illustrated in Table 6.¶ Based on this apportionment, expected increases in¶ offshore oil production will induce approximately $22¶ billion in refining capacity investments each year for¶ two and one half years. California, Texas, and Louisiana¶ will receive the bulk of this investment, but investments¶ of more than $1 billion annually can be expected in¶ Illinois, New Jersey, Pennsylvania, and Washington.¶ IV. Increased Investments in Offshore Oil¶ and Gas Production Will Cause Substantial¶ Increases in Wages, Employment, and Taxes,¶ and Profound Effects on Communities¶ Throughout the Nation¶ Onshore state and local economies benefit from the development¶ of OCS resources by providing goods and¶ services to offshore oil and gas extraction sites. Onshore¶ communities provide all manner of goods and¶ services required by offshore oil and gas extraction. A¶ variety of industries are involved in this effort: shipbuilders¶ provide exploration vessels, permanent and¶ movable platforms, and resupply vessels; steelworkers¶ fashion the drilling machinery and specialized pipes¶ required for offshore resource extraction; accountants¶ and bankers provide financial services; and other¶ onshore employees provide groceries, transportation,¶ refining, and other duties. These onshore jobs, in turn,¶ support other jobs and other industries (such as retail¶ and hospitality establishments).¶ The statistical approach known as an “input-output”¶ analysis measures the economic effects associated¶ with a particular project or economic development¶ plan. This approach, which was pioneered by Nobel¶ Prize winner Wassily Leontif, has been refined by the¶ U.S. Department of Commerce. The most recent version¶ of the Commerce Department’s analysis is known¶ as the Regional Input-Output Modelling System, or¶ “RIMS II.” The RIMS II model provides a variety of¶ multipliers that measure how an economic development¶ project — such as offshore drilling — would “trickle down” through the economy providing new jobs,¶ wages, and government revenues. This analysis can be¶ broken down into two parts: (1) a “direct” analysis¶ measuring the benefits that arise from industries that¶ directly supply offshore oil and gas exploration and (2)¶ the “final” analysis that measures the direct and indirect¶ benefits associated with offshore exploration.¶ The RIMS II model is the standard method¶ governmental authorities use to evaluate the benefits¶ associated with an economic development project.¶ According to the Commerce Department, the RIMS II¶ model has been used to evaluate the economic effects¶ of many projects, including: opening or closing military¶ bases, tourist expenditures, new energy facilities,¶ opening or closing manufacturing plants, shopping¶ malls, sports stadiums, and new airport or port facilities.¶ 36 State and local governments have also used the¶ RIMS II model to perform economic analyses. For¶ example, the Kansas Geological Survey (KGS) used the¶ RIMS II model to evaluate the impact of oil and gas¶ production on the Kansas economy.37 Using the RIMS¶ II multipliers for Kansas, the KGS estimated that the¶ increased value of oil and gas production between 1998¶ and 2001 induced $500 million in new output, generated¶ $64.3 million in new earnings, and produced¶ 4,742 new jobs in the state of Kansas.38¶ The following analysis mirrors the KGS study by¶ using Commerce Department multipliers to perform¶ an economic analysis of the benefits associated with¶ increased offshore oil and gas production. Unlike some¶ other studies, the effects estimated here are net effects.¶ Specifically, the BEA multipliers used here ensure that¶ the approach provides the total net increase in wages,¶ employment, and government revenues.39¶ A. The Bureau of Economic Analysis Multipliers¶ Allow Researchers to Estimate the Economic¶ Effects of Industry Growth¶ The Bureau of Economic Analysis RIMS II model provides¶ multipliers that allow researchers to consider two¶ types of effects of any industry or growth: (1) the initial¶ (“direct”) effects and (2) the comprehensive (“final-demand”)¶ effects. The two types of analysis require¶ different information. For example, the initial effect on¶ income or employment can be measured if the user has¶ information regarding the income or employment that¶ is expected to be created by a given economic development¶ project.40 In contrast, the comprehensive effect¶ on output, income, or employment can be measured if¶ the user has information on changes in final demand.41¶ Because specific extraction projects have not been¶ developed for currently unavailable OCS resources, no¶ data presently exist that can be used to estimate the¶ initial (“direct”) effects associated with increased OCS¶ extraction. The straightforward estimates of the total¶ value of the resources, however, can be used as a measure¶ of the increase in final demand that would occur¶ over the lifetime of all currently unavailable OCS oil¶ and gas fields.¶ Three final demand multipliers are applied to the¶ resource estimates in Table 4. First, BEA output multipliers¶ measure the total increase in economic activity —¶ including the effect on all other industries — resulting¶ from $1 of new industrial activity in a particular¶ geographic region.42 Next, BEA earnings multipliers¶ measure the increase in wages resulting from $1 of new¶ industrial activity.43 Finally, BEA employment multipliers¶ measure the increase in employment (in fulltime¶ equivalent jobs) associated with a $1,000,000¶ increase in industrial activity.44 Important to understanding¶ the results that follow, each BEA multiplier¶ measures the changes that are expected to occur within¶ one year.45¶ The BEA multipliers are based on actual changes in¶ output, wages, and employment that result from¶ changes in economic activity.46 If a state does not have¶ any expenditures for a particular industry — such as¶ oil and gas extraction — the BEA calculates a multiplier¶ of zero.47 Although the BEA suggests that a “billof-¶ goods” approach can be applied instead to¶ accurately predict changes in output,48 this approach¶ requires very specific data for each and every project¶ in each state. Because specific bill-of-goods data is not¶ available for future OCS oil and gas extraction projects,¶ a bill-of-goods approach cannot be applied here.¶ To circumvent this limitation, the present analysis¶ estimates a RIMS II multiplier for each state with a¶ BEA value of zero by applying the simple average¶ multiplier for all other coastal states with valid BEA¶ multipliers. This approach is not meant to be definitive;¶ rather, it is an attempt to roughly estimate the¶ effect that new industry would have on states that do¶ not presently have any oil and gas extraction industries.¶ This treatment is applied to five coastal states¶ that adjoin OCS Planning Areas: Georgia, Maine, New¶ Hampshire, Rhode Island, and Washington. The final¶ demand multipliers used for the analysis are presented¶ in Appendix Table A3.¶ The direct effect associated with additional oil and¶ gas extraction varies by state. For example, in Delaware¶ an extra $1,000,000 of oil and gas extraction translates¶ into $1,437,700 of additional annual output, $339,300¶ in additional annual wage income, and approximately¶ 4.5 additional full-time jobs for the year. In Texas, however,¶ the same $1,000,000 translates into $2,072,100¶ in additional output, $508,500 in additional wage income,¶ and approximately 8.25 additional full-time¶ jobs. To determine the economic effect of providing¶ new refining capacity, I use the BEA multipliers for the¶ seven affected states (see Appendix Table A4). In the¶ following sections, I apply these two multipliers to¶ their respective investment costs to determine the¶ state-by-state and overall effect of increased offshore¶ oil and natural gas production on the U.S. economy.¶ B. Opening OCS Planning Areas Would Unleash¶ More Than $11 Trillion in Economic Activity¶ The broadest measure of the incremental effect of¶ increased OCS oil and natural gas extraction is the¶ effect on total economic output. Output is generally¶ expressed as Gross Domestic Product (GDP), which¶ measures the total production of goods and services in¶ a given country. The corollary at the state level is¶ known as Gross State Product (GSP). BEA’s final¶ demand output multipliers can be used to perform two¶ analyses. First, the multipliers are applied to initial¶ investment costs in Table 3 to determine the likely¶ annual benefits that would accrue in the first years the¶ OCS is open to development. Then, the multipliers are¶ applied to the resource value estimates in Table 4 to¶ measure the expected total increase in output over the¶ lifetime of the projects. Estimates are provided for both¶ coastal states and the U.S., as a whole. In total, the¶ investment and production phases together can be¶ expected to contribute over $11 trillion in GDP over the¶ project lifespan.¶ Until OCS production begins, onshore communities¶ will realize only the benefits associated with offshore¶ investment. These benefits take two forms: (1) the¶ development of the offshore facilities themselves and¶ (2) the expansion of onshore refining capacity. These¶ two effects, taken together, provide a rough approximation¶ of the additional output that would be created¶ by allowing greater access to offshore resources. Using¶ the investment estimates from Table 3 and Table 6 and¶ BEA multipliers in Table A3 above, the estimated¶ increase in coastal state economic output is presented¶ in Table 7.¶ The figures in Table 7 only provide the increase in¶ output that is generated in the same state as the¶ increase in production. As an integrated economy, however,¶ output in one state is tied to output in other states.¶ For example, Alabama workers building a facility off the¶ Alabama shore might use steel produced in Illinois and¶ fabricated into pipes in Missouri. These effects may be¶ considered “secondary” effects because they spread¶ from one state to other states. Using the individual multiplier¶ for Alabama would thus under-report the total¶ effect associated with production off the coast of¶ Alabama. Using the total U.S. multipliers (2.2860 for¶ refining and 2.3938 for extraction), the total increase¶ in U.S. output is estimated to be about $0.5 trillion, or¶ approximately $73 billion per year for the first seven¶ years the OCS is open. For comparative purposes, a $73¶ billion stimulus amounts to approximately 0.5 percent¶ ondary effects, being greater than any of the individual¶ state multipliers.50 As a result, the state-by-state analysis¶ in Table 8 misses approximately $2.45 trillion in secondary¶ output. The total increase in output in the United¶ States is estimated to total approximately $8.2 trillion or¶ about $273 billion per year, which amounts to just over¶ two percent of GDP.¶ C. Opening OCS Planning Areas Could¶ Create Millions of New Jobs¶ An economic expansion tied to increased OCS resource¶ production would also create millions of new jobs both¶ in the extraction industry and in other sectors that¶ serve as suppliers or their employees. The analysis¶ below estimates employment increases that can be¶ expected from opening up previously unavailable OCS¶ Planning Areas. As before, effects are estimated for¶ coastal states and the nation using the applicable BEA¶ multipliers. Following that analysis, the paper compares¶ the types of jobs that will be created in terms of¶ the wage structure and seasonality relative to other¶ existing jobs in coastal states.¶ 1. BEA Multiplier Analysis¶ As above, the analysis estimates both the immediate and¶the total economic effects associated with increased OCS¶ oil and gas production. Using the investment multipliers¶ (denominated in job-years per $1 million change in¶ final demand) in Table A3 and total investment costs in¶ Table 3, the expected coastal state changes in employment¶ are represented in Table 9.51 The annual increase¶ in coastal state employment from initial investments in¶ previously unavailable OCS planning areas and additional¶ refining capacity is estimated to be 185,320 fulltime¶ jobs per year.¶ Again, this number does not consider the secondary¶ effects of investment in productive capacity and refining¶ to other U.S. states. To estimate the total increase¶ in employment tied to production in previously unavailable¶ OCS Planning Areas, the BEA’s final-demand¶ employment multiplier is applied to the estimated total¶ resource value estimates in Table 4. The total increase¶ in U.S. employment from the investment phase is¶ approximately 271,570 full-time jobs per year.¶ Applying the BEA multipliers to the estimated production¶ value results in the employment estimates in¶ Table 10.52 According to Table 10, approximately 870,000¶ Table 10: Increase in Annual Coastal State Employment¶ from ¶ coastal state jobs would be created in addition to the jobs¶ created during the initial investment phase.¶ Again, the state BEA multipliers do not account for¶ increases in employment outside of the target state. As¶ a result, secondary jobs created in one state based on¶ OCS production in another state are omitted from the¶ totals in Table 10. The total increase in U.S. employment¶ in all states that results from increased OCS¶ production is estimated by applying the overall U.S.¶ employment multiplier (10.4152 job-years per $1 million)¶ to the total value of the additional OCS resources¶ ($3,427,667,487,135), suggesting that approximately¶ 35,700,000 total job-years would be created over the¶ course of production in newly opened OCS Planning¶ Areas. If we again assume a 30 year production horizon,¶ approximately 1,190,000 jobs would be sustained for¶ the entire production period, approximately 340,000¶ of which are secondary jobs outside the coastal regions.¶ 2. Evaluation of the Types of New Employment¶ The BEA data also allow an analysis of the types of¶ employment that would be supported by increased¶ offshore oil and gas extraction. Increased investment and¶ production in previously unavailable OCS oil and gas¶ extraction and the ancillary industries that support the¶ offshore industry would produce thousands of new jobs¶ in stable and valuable industries. As above, the immediate¶ and the long-run benefits are considered separately.¶ The benefits are broken down using specific BEA multipliers¶ for each industry, which can be used to determine¶ which industries will benefit the most from increased offshore¶ oil and gas production. Table 11 reports the expected¶ total increase in annual employment over the first years¶ of the investment phase using the multipliers in Table A5.¶ Table 11 gives a sense of the distribution of the 271,572¶ jobs created in the investment phase and sustained during¶ Table 12: Changes in Annual Employment from¶ the first seven years of the investment cycle. The majority¶ of new positions (162,541 jobs, or 60 percent) would be¶ created in high-skills fields, such as health care, real estate,¶ professional services, manufacturing, administration,¶ finance, education, the arts, information, and management.¶ Table 12 reports the increase in annual employment¶ over the life of the production phase. That is, the jobs¶ in Table 12 would be created in the first year of production¶ and maintained for 30 years. These gains thus¶ represent new full-time careers rather than just one¶ new job for one year.¶ Although the largest total increase in employment¶ would occur (quite naturally) in the mining industry,¶ significant numbers of jobs would be created in other¶ industries. Again, many of these new jobs would be¶ created in high-skills fields. These high-skills sectors¶ represent approximately 49 percent of all new jobs and¶ approximately 61 percent of all new non-mining jobs.53¶ D. Opening OCS Planning Areas Can Release Trillions¶ of Dollars of Wages to Workers Hit by Recession¶ The BEA multipliers also allow an analysis of the effect¶ Table 13: Increase in Annual Wages from¶ of increased OCS production on wages in affected¶ states. To estimate how initial investments increase¶ wages, the BEA’s final demand earnings (wage) multipliers¶ are applied to the investment estimates. Table 13¶ reports the results.¶ As Table 13 indicates, initial increases in investment¶ would yield approximately $10.7 billion in new wages¶ each year for the first few years of investment.¶ To estimate the total wage effects associated with OCS¶ oil and gas production over a thirty-year period, the BEA¶ multipliers in Table A3 are applied to the total value of¶ the incremental OCS resources that would be newly¶ opened to production. Table 14 reports the results.¶ Table 14 indicates that increased OCS production¶ would yield approximately $1.406 trillion in additional wage income to workers in coastal states over the lifetime¶ of the fields (or $46 billion per year over 30 years).¶ The estimates in Tables 13 and 14 again do not capture¶ secondary effects. Applying the total U.S. wage¶ multipliers to the initial investment, suggests that the¶ increased investment would generate approximately¶ $15.7 billion in additional annual wages per year for¶ the first seven years. Applying the total U.S. wage multiplier¶ (0.6109) to the total value of applicable OCS¶ resources ($3.4 trillion), suggests that the increased¶ production would generate approximately $70 billion¶ per year for the next thirty years, or approximately $2.1¶ trillion in additional wage income.54¶ As with employment, the increase in wages can also¶ be understood by examining specific industries that¶ would benefit from increased offshore oil and gas production.¶ Tables 11 and 12 indicated millions of new jobs¶ would be created and that most of those would be in¶ professional fields. The U.S. Bureau of Labor Statistics¶ (BLS) 2007 Occupational Employment and Wage Estimates¶ suggest that the new employment in the Oil¶ and Gas Extraction Industry would generally pay¶ higher wages than similar occupations in other industries.¶ As Table 15 indicates, the average wage in the Oil¶ and Gas Extraction industry is 64 percent higher than¶ the average U.S. wage. Furthermore, the Oil and Gas¶ Extraction industry pays higher average wages for 16¶ of the 17 job classifications.¶ BLS data also suggest that all four broad industry¶ classifications related to oil and gas extraction pay¶ higher wages and similar jobs in other industries. Table¶ 16 shows that jobs in: (1) Oil and Gas Extraction, (2)¶ Pipeline Transportation of Crude Oil, (3) Petroleum¶ and Coal Products Manufacturing, and (4) Support¶ Activities for Mining, indicated in Table 16, typically¶ pay higher wages than the average American job.¶ Taking this broader measure,55 the average job created¶ by increased offshore oil and gas production pays¶ approximately 28 percent more than the average U.S. job.¶ E. Opening OCS Planning Areas Can Contribute Trillions¶ of Dollars in Taxes and Other Public Revenues to¶ Local, State, and Federal Governments¶ Greater output, more jobs, and higher wages translate¶ into higher tax collections and increases in other sources¶ of public revenues. The MMS Report to Congress suggests¶ that public revenues derived from OCS extraction¶ are significant — the U.S. federal government has collected¶ more than $156 billion in lease and levy payments¶ for OCS oil and natural gas production.56 Note that this¶ amount counts only lease and royalty payments and¶ thus does not include any sales and income taxes paid by¶ firms or workers supported by OCS production.¶ The present analysis expands the MMS’s analysis by¶ taking a broad measure of the total tax revenues (from¶ all sources) that federal, state, and local governments¶ would enjoy from increased OCS oil and natural gas¶ production. Conservative estimates suggest that seven¶ years of initial annual exploration and refining investments¶ would produce approximately $4.8 billion annually¶ in coastal state and local tax revenue and $11.1¶ billion in U.S. federal tax income.57 Over thirty years of¶ production, I estimate that the extraction phase of OCS¶ development would yield approximately $561 billion¶ ($18.7 billion per year) in coastal state and local tax¶ revenue and approximately $1.64 trillion ($54.7 billion¶ per year) in new U.S. federal tax income.¶ To estimate the increase in state and local tax revenue¶ attributable to expanded OCS production, the¶ analysis follows the approach outlined by the Federal¶ Reserve Bank of Boston to determine annual state and¶ local tax burdens as a share of Gross State Product¶ (GSP).58 For each state and the District of Columbia,¶ the state and local tax burden can be calculated by¶ dividing annual state and local tax revenue by annual¶ Gross State Product. Data for state and local tax revenues¶ are released by the U.S. Census Bureau annually¶ with a two year lag. As such, the state and local tax burden¶ calculations are based on the most recent available¶ fiscal year, 2006.59 Those data produce the average¶ state and local tax burden in 2006 in each state. To¶ simplify the analysis, it is assumed that these state and¶ local tax rates continue at the 2006 level indefinitely¶ into the future. The effective tax burdens are applied¶ to both the initial investments and to the total lifetime¶ production support revenues.¶ Initially, state and local tax revenues will flow from¶ investments in new offshore facilities and onshore¶ refineries. Applying the state and local tax burdens to¶ the investment figures, incremental annual state and¶ local tax revenues are reported in Table 17.¶ Table 17 indicates that states and localities would¶ receive approximately $4.8 billion in annual incremental¶ tax revenues during the first few years of the investment¶ stage. As before, those tax revenues do not include taxes¶ levied on “secondary” revenues.60¶ Additional tax revenues will flow from the extraction¶ phase of production. Applying the same state and¶ local effective tax rates to the estimates of the total¶ change in Gross State Product, the analysis estimates¶ 60. It is impossible to quantify these benefits because state and local taxes differ from state to state and because the BEA does not provide a means to¶ allocate the secondary revenues to particular states. To be conservative, the analysis estimates only the revenues that can be accurately assigned¶ and measured.¶ that oil and natural gas extraction in previously¶ unavailable OCS Planning Areas will generate approximately¶ $18.7 billion in annual incremental coastal¶ state and local tax revenue, or over $545 billion over¶ the thirty-year extraction period, as indicated in Table¶ 18. Again, note that this tax revenue is the incremental¶ tax revenue produced by allowing resource extraction¶ in previously unavailable OCS Planning Areas. That is,¶ $0 in additional state and local tax revenue would be¶ created if the recent moratoria are extended indefinitely.¶ As above, the state and local tax estimates in¶ Table 18 do not include taxes levied on secondary¶ revenues. The estimates thus represent a lower bound¶ 22 • The Economic Contribution of Increased Offshore Oil Exploration and Production to Regional and National Economies¶ on potential state and local tax revenues generated¶ from increasing offshore oil and gas production.¶ The increase in economic activity generated by OCS¶ exploration and drilling would also produce significant¶ additional federal tax revenues. According to the IRS,¶ the average effective tax rate in the United States in¶ FY2007 was 20.02 percent of GSP. 61 Applying this rate¶ to the total annual investment expenditures ($55.5 billion)¶ suggests that U.S. federal tax receipts would increase by¶ $11.1 billion per year during the seven years of the investment¶ phase. Applying the same rate to the total increase¶ in U.S. output ($8.2 trillion) suggests that increased offshore¶ oil and gas extraction would yield approximately¶ $54.7 billion in annual incremental federal tax receipts,¶ totaling about $1.64 trillion in additional federal tax¶ revenue over the lifetime of the applicable fields.¶ In total, therefore, opening OCS planning areas to¶ exploration and drilling can generate initial tax revenues¶ of about $16 billion per year, rising to almost $75¶ billion per year in the production phase. Dividing the¶ benefit equally among all US taxpayers (population 18¶ years of age or older) yields an immediate benefit of¶ about $75 annually per taxpayer, rising to almost $350¶ per taxpayer in the production phase. Unlike typical¶ U.S. tax “rebates,” however, this tax reduction does not¶ come at the expense of increased U.S. borrowing.¶ Rather, these amounts represent net tax reductions.¶ Increased offshore oil and gas production would also¶ increase federal lease and royalty payments. The U.S. Department¶ of the Interior enforces a royalty rate on OCS¶ oil and gas projects that generally varies between 12.5¶ percent and 18.75 percent.62 Conservatively applying the¶ lower bound of this range, 12.5 percent, to the value of¶ incremental resources implies that total future royalty¶ payments would amount to approximately $428.5 billion.¶ 63 Amortized over a 30 year period, these payments¶ would amount to an additional $14.3 billion per year in¶ federal royalty revenue.64 If the federal royalty revenue is¶ considered with the federal tax receipts, increased offshore¶ oil and gas extraction would yield about $2.07 trillion¶ in additional federal revenue, or an extra $69 billion¶ each year for 30 years.¶ A portion of federal lease and royalty payments are¶ reserved for environmental and historical causes.¶ Specifically, MMS disburses revenues from offshore oil¶ and gas production to states under the Coastal Impact¶ Assistance Program (CIAP), to the Land and Water¶ Conservation Fund (LWCF), and to the National Historic¶ Preservation Fund (HPF). Payments to all three¶ organizations are constant each year: CIAP receives¶ $250 million, the LWCF receives $900 million, and¶ the HPF receives $150 million.65 Although these payments¶ are capped at the moment, a portion of the¶ incremental federal revenue derived from increased¶ OCS production could be added to future CIAP, LWCF,¶ If the federal royalty revenue is considered with¶ the federal tax receipts, increased offshore oil and¶ gas extraction would yield about $2.07 trillion¶ in additional federal revenue, or an extra¶ $69 billion each year for 30 years.¶ The Economic Contribution of Increased Offshore Oil Exploration and Production to Regional and National Economies • 23¶ and HPF funds. Incremental federal revenue could¶ also be used to increase the payments presently made¶ to states that adjoin OCS territories.66¶ F. Communities Nationwide Will Benefit¶ from Increased Health, Education, Welfare,¶ and Social Services¶ Communities around the country would also realize¶ knock-on effects associated with increased offshore oil¶ and gas production. These effects flow from the increase¶ in high-wage, high-skills employment associated with¶ the expansion. For example, a new offshore facility may¶ induce the development of onshore support facilities¶ such as shipyards and refineries. Employees in these¶ new industries, in turn, would increase community¶ demand for health care, education, and other community¶ services that are available to all residents (whether¶ they are employed by the offshore industry or not), as¶ well as tax revenues to fund those expansions.¶ The estimated increase in employment in the health¶ and education fields is but one indication of the tertiary¶ effects associated with increased offshore oil and¶ gas production. As indicated in Table 11, an increase in¶ offshore oil and gas production would initially support¶ 20,760 new health care providers and 5,149 new teachers¶ per year. Over the long term, offshore production¶ would produce 3,762,893 new health care job-years¶ and 950,492 new education job-years (Table 12).¶ Assuming a 30 year production span, increased offshore¶ production would yield 125,000 new health care¶ providers and 32,000 new teachers per year. Considering¶ that many of these jobs would be based in small¶ coastal towns like Port Fourchon, Louisiana (which is¶ home to substantial resources serving Gulf of Mexico¶ offshore production), these estimates represent large¶ relative increases.67 Indeed, in some communities the¶ increase in demand associated with new jobs tied to¶ offshore production may mean the difference between¶ having a local hospital and school or driving several¶ hours to a facility in the next town or the next county.¶ G. The Economic Effects Associated with¶ Increasing U.S. Offshore Oil and Gas Production¶ Vary by Drilling Distance from Shore¶ Government sources indicate that the economic effects¶ associated with increased OCS oil and gas production¶ are likely to vary with the distance from shore. This¶ dynamic has important implications for the analysis¶ because increasing OCS development includes a mix¶ of both shallow and deep water projects. Deep water¶ projects are far more expensive than shallow water¶ projects, however, so far fewer are undertaken.68¶ According to the MMS, the cost of developing a¶ deep water field can exceed $1 billion.69 This cost far¶ exceeds the cost of developing a shallow field, which¶ the MMS places at approximately $100 million.70¶ While some argue that deep water fields are significantly¶ larger than shallow water fields, that is based on¶ an observational bias arising in part because firms will¶ only bear the high cost of development for sufficiently¶ large fields.71 Nonetheless, while it is estimated that¶ Applied to the total volume of incremental¶ OCS resources, total future lease and royalty payments¶ could amount to approximately $169 billion¶ in additional revenue. Amortized over a 30-year¶ period, this revenue would amount to an additional¶ $5.6 billion in federal revenue per year.¶ 24 • The Economic Contribution of Increased Offshore Oil Exploration and Production to Regional and National Economies¶ deep and ultra deep water oil resources are some 35-60¶ times the magnitude of shallow water resources, the¶ economics of exploration and development, as well as¶ production, dictate that deep and ultra deep projects¶ will not generate sufficient production to relieve the¶ importance of shallow water projects any time soon.¶ As Table 19 indicates, while deep water oil production¶ accounted for an increased share of total U.S. offshore¶ production in recent years, the trend is likely to subside¶ as expensive projects are curtailed in the current¶ low oil price environment.¶ The increased cost and offshore distance associated¶ with deep water operations has several implications for¶ the above economic analysis. While the increased cost¶ of development translates into increased purchases of¶ goods and services in local communities, as distance¶ increases shore operations can be more easily centralized¶ into a few communities that serve many deep¶ water fields. Thus the local economic effects associated¶ with deep water production are likely to be greater and¶ more concentrated than they are for shallow water production.¶ Port Fourchon, Louisiana, is a leading indicator of¶ how deep water production may concentrate economic¶ benefits into a few communities. The Greater¶ Lafourche Port Commission was first organized in¶ 1960.72 At that time, the surrounding Lafourche Parrish¶ had a population of 55,381.73 Since then, the port and¶ the surrounding area have experienced significant¶ growth tied to Port Fourchon’s central role in offshore¶ oil and gas production. Today, Port Fourchon services¶ half of all drilling rigs presently operating in the Gulf of¶ Mexico.74 Furthermore, current plans call for more¶ than half of all new deep water drilling platforms in the¶ Eastern and Central Gulf of Mexico to use Port Fourchon¶ as their service base.75 Economic development¶ has swollen the population of Lafourche Parrish, to¶ 95,554 in 2006.76 Over the period 1960-2006, the¶ Lafourche Parrish population grew by 72.5 percent¶ whereas the State of Louisiana population grew 31.6¶ percent.77 Given the concentration of deep water Gulf¶ of Mexico operations at Port Fourchon, it is reasonable¶ to assume that similar deep water service concentrations¶ may arise in other areas.¶ Furthermore, the costs of deep water exploration¶ and drilling continue to be subsidized by the U.S.¶ government in its deep water royalty relief program.78¶ Federal subsidies diminish the potential public¶ revenue gains from opening OCS Planning Areas and¶ subtract from wage, employment, and quality of life¶ gains to citizens that can be expected to arise as a result¶ of such development.¶ Over the life span of development, OCS planning¶ areas will contribute approximately $8.7 trillion¶ dollars to U.S. economic growth, of which some $2.2¶ trillion can be expected to be paid out in wages to employees¶ in almost 38 million annual jobs, many in¶ high-paying professional career fields.¶ That economic growth will also generate more than¶ $1.6 trillion in Federal tax revenues, almost $0.6 trillion¶ in state and local tax revenue, and $0.4 trillion in royalty¶ revenue that will be split between federal and state¶ governments. Those revenues will contribute to schools,¶ health centers, and infrastructure projects that will¶ contribute substantially to the quality of life in not only¶ coastal regions directly affected by the development,¶ but nationwide. Immediate revenues from exploration¶ can also help many coastal states weather the effects¶ of the present recession and mortgage crisis without¶ Federal aid.¶ While some are suggesting limiting OCS Planning¶ Area development to areas located more than one hundred¶ miles offshore, it is important to point out that¶ such limitations substantially curtail the benefits of¶ OCS development. Not only are the costs of such deep¶ and ultradeep water development often prohibitive,¶ but production in such areas is more volatile as a¶ result and Federal subsidies substantially diminish the¶ potential public revenue gains from opening OCS¶ Planning Areas.¶ In summary, investment and development in OCS¶ Planning Areas can increase economic growth with¶ attendant effects on jobs, wages, taxes, and other public¶ revenues, helping to both invigorate and stabilize¶ economic growth while reducing oil price volatility.¶ The resulting economic growth and public revenues¶ are particularly attractive to local economies close to¶ previously prohibited OCS planning areas like those off¶ the coasts of California and Florida, which are experiencing¶ the full force of recession and mortgage¶ foreclosures. Jobs in these areas can be particularly¶ powerful in resuscitating the economy and restoring¶ economic growth. It makes no sense to consciously¶ choose to forego such a substantial source of economic¶ growth in a recession.¶ In closing, a caveat. The present analysis is only¶ meant to be a starting point for discussing the economic¶ effects of unavailable OCS resources rather than¶ an exact estimate of the economic effects of OCS Planning¶ Area development and operation. Clearly there¶ will be debate about many of the parameters used in¶ the analysis. No amount of debate, however, should¶ detract from the simple reality that reaffirming the¶ OCS moratoria will leave valuable economic growth¶ opportunities on the table precisely at a time when the¶ country owes its citizens access to jobs and wages that¶ can help them weather the current recession.¶ V. Summary and Conclusions¶ This paper estimates the net local and national economic effects that can be expected from opening OCS Planning Areas.¶ In contrast to previous analyses of offshore development, this study estimates economic growth and output associated¶ with the production phase, but also estimates the economic effects of the exploration and development phases as well.¶ In truth, exploration and development involve a great deal of economic activity, suggesting that opening OCS Planning¶ areas can increase economic growth, provide jobs, increase aggregate wages, and add to public revenues both today and¶ for years in the future.

#### 85% of gas is off limits now

Luthi, 11/9/12 [Luthi is the president of the National Ocean Industry Association, representing more than 275 companies engaged in all aspects of the exploration and production of both traditional and renewable energy resources on the nation’s outer continental shelf, “Let's find agreement on new offshore access”, http://thehill.com/blogs/congress-blog/energy-a-environment/267089-lets-find-agreement-on-new-offshore-access]

Now that the election is (finally) behind us, President Obama has an opportunity to set the nation more forcefully on the road to energy independence. We’re well on our way thanks in large part to new techniques and technologies that have unlocked vast deposits of shale oil and natural gas. But we could and should be doing much more. Back in June, the Interior Department issued its five-year Outer Continental Shelf (OCS) oil and gas leasing plan. Despite high expectations encouraged by President Obama’s self-described “all-of-the-above” approach to the nation’s energy policy and the absence of long-standing Administrative and Congressional exploration bans that were lifted in 2008, theplan failed to open any new offshore areas to oil and natural gas exploration and production. The industry is still limited to the same 15 percent of the acreage on the OCS that’s been available for decades, leaving 85 percent untouchable. Don’t get me wrong. That 15 percent has been incredibly productive. In fact, the Gulf of Mexico region, which is the heart of America’s offshore oil and gas industry, has yielded six times more oil than 1980s resource estimates predicted it held. Production in the Gulf is finally ramping back up now that permitting rates are bouncing back from historic lows following the Macondo spill in 2010. We have every reason to believe that the areas where we can explore and produce will continue to support and create jobs and contribute to America’s energy security for years and even decades to come. For this reason, we will continue to advocate that the Obama Administration streamline and accelerate permitting on these acres of the OCS. We will also fight to put to rest once and for all the erroneous claims that the industry is “sitting on” offshore tracts, a red herring that surfaced again during the presidential debates. In fact, the success industry has crafted out of the 15 percent of the OCS currently open to exploration and production underscores why the Interior Department’s 5-Year Leasing Plan was so disappointing. Think of how much energy awaits us in the 85 percent of the offshore areas where we currently cannot explore or produce. One report by the Interstate Oil and Gas Compact Commission, conducted several years ago, estimates recoverable resources in “U.S. moratorium areas” of 19.29 billion barrels of oil and 83.5 trillion cubic feet of natural gas. If history is any guide, these estimates will prove to be very conservative. The frustrating truth is we have no idea how much is waiting for us there, because we’re not allowed to go look.

#### And, the plan creates certainty for offshore production—balances supply

Griles 3 [Lisa, Deputy Secretary, Department of the Interior, “Energy Production on Federal Lands,” Hearing before the Committee on Energy and Natural Resources, United States Senate]

Mr. GRILES. America’s public lands have an abundant opportunity for exploration and development of renewable and nonrenewable energy resources. Energy reserves contained on the Department of the Interior’s onshore and offshore Federal lands are very important to meeting our current and future estimates of what it is going to take to continue to supply America’s energy demand. Estimates suggest that these lands contain approximately 68 percent of the undiscovered U.S. oil resources and 74 percent of the undiscovered natural gas resources. President Bush has developed a national energy policy that laid out a comprehensive, long-term energy strategy for America’s future. That strategy recognizes **we need to raise domestic production of energy**, both renewable and nonrenewable, to meet our dependence for energy. For oil and gas, the United States uses about 7 billion barrels a year, of which about 4 billion are currently imported and 3 billion are domestically produced. The President proposed to open a small portion of the Arctic National Wildlife Refuge to environmentally responsible oil and gas exploration. Now there is a new and environmentally friendly technology, similar to directional drilling, with mobile platforms, self-containing drilling units. These things will allow producers to access large energy reserves with almost no footprint on the tundra. Each day, even since I have assumed this job, our ability to minimize our effect on the environment continues to improve to where it is almost nonexistent in such areas as even in Alaska. According to the latest oil and gas assessment, ANWR is the largest untapped source of domestic production available to us. The production for ANWR would equal about 60 years of imports from Iraq. The National Energy Policy also encourages development of cleaner, more diverse portfolios of domestic renewable energy sources. The renewable policy in areas cover geothermal, wind, solar, and biomass. And it urges research on hydrogen as an alternate energy source. To advance the National Energy Policy, the Bureau of Land Management and the DOE’s National Renewable Energy Lab last week announced the release of a renewable energy report. It identifies and evaluates renewable energy resources on public lands. Mr. Chairman, I would like to submit this for the record.\* This report, which has just come out, assess the potential for renewable energy on public lands. It is a very good report that we hope will allow for the private sector, after working with the various other agencies, to where can we best use renewable resource, and how do we take this assessment and put it into the land use planning that we are currently going, so that right-of-ways and understanding of what renewable resources can be done in the West can, in fact, have a better opportunity. The Department completed the first of an energy inventory this year. Now the EPCA report, which is laying here, also, Mr. Chairman, is an estimate of the undiscovered, technically recoverable oil and gas. Part one of that report covers five oil and gas basins. The second part of the report will be out later this year. Now this report, it is not—there are people who have different opinions of it. But the fact is we believe it will be a good guidance tool, as we look at where the oil and gas potential is and where we need to do land use planning. And as we update these land use plannings and do our EISs, that will help guide further the private sector, the public sector, and all stakeholders on how we can better do land use planning and develop oil and gas in a sound fashion. Also, I have laying here in front of me the two EISs that have been done on the two major coal methane basins in the United States, San Juan Basis and the Powder River Basin. Completing these reports, which are in draft, will increase and offer the opportunity for production of natural gas with coal bed methane. Now these reports are in draft and, once completed, will authorize and allow for additional exploration and development. It has taken 2 years to get these in place. It has taken 2 years to get some of these in place. This planning process that Congress has initiated under FLPMA and other statutes allows for a deliberative, conscious understanding of what the impacts are. We believe that when these are finalized, that is in fact what will occur. One of the areas which we believe that the Department of the Interior and the Bureau of Land Management is and is going to engage in is coordination with landowners. Mr. Chairman, the private sector in the oil and gas industry must be good neighbors with the ranchers in the West. The BLM is going to be addressing the issues of bonding requirements that will assure that landowners have their surface rights and their values protected. BLM is working to make the consultation process with the landowners, with the States and local governments and other Federal agencies more efficient and meaningful. But we must assure that the surface owners are protected and the values of their ranches are in fact assured. And by being good neighbors, we can do that. In the BLM land use planning process, we have priorities, ten current resource management planning areas that contain the major oil and gas reserves that are reported out in the EPCA study. Once this process is completed, then we can move forward with consideration of development of the natural gas. We are also working with the Western Governors’ Association and the Western Utilities Group. The purpose is to identify and designate right-of-way corridors on public lands. We would like to do it now as to where right-of-way corridors make sense and put those in our land use planning processes, so that when the need is truly identified, utilities, energy companies, and the public will know where they are Instead of taking two years to amend a land use plan, hopefully this will expedite and have future opportunity so that when the need is there, we can go ahead and make that investment through the private sector. It should speed up the process of right-of-way permits for both pipelines and electric transmission. Now let me switch to the offshore, the Outer Continental Shelf. It is a huge contributor to our Nation’s energy and economic security. The CHAIRMAN. Mr. Secretary, everything you have talked about so far is onshore. Mr. GRILES. That is correct. The CHAIRMAN. You now will speak to offshore. Mr. GRILES. Yes, sir, I will. Now we are keeping on schedule the holding lease sales in the areas that are available for leasing. In the past year, scheduled sales in several areas were either delayed, canceled, or put under moratoria, even though they were in the 5-year plan. **It** undermined certainty. It made investing, particularly in the Gulf, more risky. We have approved a 5-year oil and gas leasing program in July 2002 that calls for 20 new lease sales in the Gulf of Mexico and several other areas of the offshore, specifically in Alaska by 2007. Now our estimates indicate that these areas contain resources up to 22 billion barrels of oil and 61 trillion cubic feet of natural gas. We are also acting to raise energy production from these offshore areas by providing royalty relief on the OCS leases for new deep wells that are drilled in shallow water. These are at depths that heretofore were very and are very costly to produce from and costly to drill to. We need to encourage that exploration. These deep wells, which are greater than 15,000 feet in depth, are expected to access between 5 to 20 trillion cubic feet of natural gas and can be developed quickly due to existing infrastructure and the shallow water. We have also issued a final rule in July 2002 that allows companies to apply for a lease extension, giving them more time to analyze complex geological data that underlies salt domes. That is, where geologically salt overlays the geologically clay. And you try to do seismic, and the seismic just gets distorted. So we have extended the lease terms, so that hopefully those companies can figure out where and where to best drill. Vast resources of oil and natural gas lie, we hope, beneath these sheets of salt in the OCS in the Gulf of Mexico. But it is very difficult to get clear seismic images. We are also working to create a process of reviewing and permitting alternative energy sources on the OCS lands. We have sent legislation to Congress that would give the Minerals Management Service of the Department of the Interior clear authority to lease parts of the OCS for renewable energy. The renewables could be wind, wave, or solar energy, and related projects that are auxiliary to oil and gas development, such as offshore staging facilities and emergency medical facilities. We need this authority in order to be able to truly give the private sector what are the rules to play from and buy, so they can have certainty about where to go.

#### And, restrictions key – alters market dynamics

Medlock, 8 [Medlock is a fellow in Energy Studies at Rice University's James A Baker III Institute for Public Policy and an adjunct assistant professor in the [Economics Department](http://www.chron.com/?controllerName=search&action=search&channel=opinion%2Foutlook&search=1&inlineLink=1&query=%22Economics+Department%22) at Rice, “Open outer continental shelf”, http://www.chron.com/opinion/outlook/article/Open-outer-continental-shelf-1597898.php]

A confluence of factors is responsible for the recent price run-up at the pump. One important factor behind the strength of oil prices is the expectation of inadequate oil supply in the future. This has led to a debate regarding the removal of drilling access restrictions in the U.S. Outer Continental Shelf (OCS). According to the Department of Interior's Minerals Management Service (MMS), the OCS in the Lower 48 states currently under moratorium holds 19 billion barrels of technically recoverable oil. Some analysts claim that opening the OCS will not matter that much, as the quantity of oil is only about two years of U.S. consumption. But a more appropriate way to look at the issue is this: If the OCS could provide additional production of 1 million barrels per day of oil, our import dependence on Persian Gulf crude oil would be reduced by about 40 percent. Moreover, at 1 million barrels per day, the currently blocked OCS resource would last about 50 years. Of course, opening the OCS will not bring immediate supplies because it would take time to organize the lease sales and then develop the supply delivery infrastructure. However, as development progressed, the expected growth in supply would have an effect on market sentiment and eventually prices. Thus, opening the OCS should be viewed as a relevant part of a larger strategy to help ease prices over time because an increase in activity in the OCS would generally improve expectations about future oil supplies. Lifting the current moratorium in the OCS would also provide almost 80 trillion cubic feet of technically recoverable natural gas that is currently off-limits. A recent study by the Baker Institute indicates that removing current restrictions on resource development in the OCS would reduce future liquefied natural gas import dependence of the United States and lessen the influence of any future gas producers' cartel.

#### And, that sustains low prices and ensures adequate supply

Hastings, 12 [House Representative Doc, Republican Washington, President Obama's offshore drilling plan must be replaced, http://thehill.com/blogs/congress-blog/energy-a-environment/239529-president-obamas-offshore-drilling-plan-must-be-replaced]

Though President Obama uses lofty rhetoric to claim support for American oil and natural gas production, the administration chose to bury the announcement of this plan under mountains of news coverage. It’s no surprise that during an election year the president doesn’t want to hype a plan that represents a giant step backwards for American energy production and keeps 85 percent of our offshore areas off-limits. Fortunately, Congress now has the responsibility to act and make clear that the president’s plan is inadequate to meet the United States’ energy needs. Under current law, the president must submit the five-year plan to Congress for a mandatory 60-day review before it goes into effect. While in the past, this 60-day review has been treated as just a formality, it is an opportunity to reject the president’s plan and offer a better alternative for job creation and energy production. H.R. 6082, the Congressional Replacement of President Obama’s Energy-Restricting and Job-Limiting Offshore Drilling Plan, would replace President Obama’s plan with an environmentally responsible, robust plan that supports new offshore drilling. This plan passed out of the House Natural Resources Committee with bipartisan support and will be considered by the full House this week. It sets up a clear choice between the president’s drill-nowhere-new plan and the Congressional replacement plan to responsibly expand offshore American energy production. President Obama’s plan **doesn’t open one new area for** leasing and energy production. The Atlantic Coast, the Pacific Coast and most of the water off Alaska are all placed off-limits. This is especially frustrating for Virginians who had a lease sale scheduled for 2011, only to have it canceled by President Obama. The president added further insult to injury by not including the Virginia lease sale in his final plan, meaning the earliest it could happen is late 2017. The president’s plan only offers 15 lease sales limited to the Gulf of Mexico and, very late in the plan, small parts of Alaska. It doesn’t open one new area for leasing and energy production. According to the non-partisan Congressional Research Service, President Obama’s 15 lease sales represent the lowest number ever included in an offshore leasing plan. President Obama rates worse than even Jimmy Carter. Thanks to President Obama, it’s as if the bipartisan steps to lift the drilling moratoria in 2008 never happened. Crippling $4 gasoline prices sparked Americans’ outrage and pressured the Democrat-controlled Congress to allow legislation to pass opening up new offshore areas to drilling. Unfortunately, four years later, American families and small businesses are experiencing the pain of higher gasoline prices and yet no progress has been made to expand production of our offshore resources. The Congressional moratorium on drilling has simply been replaced by the “Obama moratorium” on drilling. Gasoline prices were $1.89 when President Obama took office, and prices today are nearly double. Americans will continue to face volatile price spikes as long as we continue to keep the United States’ energy resources under lock-and-key. In stark contrast to the president, the Congressional replacement plan includes 29 lease sales and opens new areas previously under moratoria. It’s a targeted effort towards those areas where we know we have the most oil and natural gas resources – like the mid-Atlantic, the Southern California Coast and Alaska. This is a drill smart plan that would create thousands of new American jobs, help lower prices at the pump and strengthen our national and economic security. Congress has a choice – to either support the president’s plan that re-imposes the drilling moratorium and places the vast majority of offshore areas off-limits, or support using American energy to create American jobs and strengthen America’s economy.

#### Only offshore development can keep domestic prices down

Pirog, 12 [Robert Pirog Specialist in Energy Economics CRS, http://assets.opencrs.com/rpts/R40645\_20120210.pdf]

Natural gas markets differ from the oil market in that they are not global, but regional. As shown¶ in Table 6, above, virtually all U.S. natural gas consumption comes from U.S. or Canadian¶ sources. The only link between regional natural gas markets is through LNG, but the rapidly¶ growing market for LNG predicted earlier in this decade has failed to materialize. LNG is still¶ largely characterized by long-term, two-party supply and purchase agreements. In the North¶ American market, LNG plays the role of making up marginal short-falls in the demand and¶ supply balance. As production from domestic onshore shale gas deposits increases, the role of¶ LNG in the U.S. market will likely be small.¶ In this regional market structure, the development of new, offshore U.S. supplies could have a¶ significant impact on the domestic price of natural gas, as well as contributing to U.S. energy¶ independence of this fuel. Although the price of natural gas has not shown the same degree of¶ volatility as oil, the United States has been **among the highest-priced regions in the world**. High¶ prices have caused residential consumers to allocate a greater portion of their budgets to home¶ heating expenses. Industrial users either lose sales to overseas competitors, or cease U.S.¶ production when domestic natural gas prices rise too much beyond those observed in other¶ regions of the world.¶ The development of offshore natural gas resources is likely to further retard the development of a¶ growing LNG system in the United States. Terminals for the re-gasification of LNG have proven¶ to be difficult to site and permit, and expensive to build. If domestic natural gas resources, close¶ to existing collection and distribution systems, at least in the Gulf of Mexico, could be developed,¶ the LNG terminals might prove to be redundant, depending on the volumes of natural gas that¶ ultimately might be recovered. Offshore natural gas development, though commonly associated with offshore oil production, will likely be less competitive in a market environment dominated¶ by onshore shale gas development.

#### Nearly 100 new projects are capable of development

Paul Hillegeist et al (President and COO at Quest Offshore Resources, Inc, Sean Shafer, Project Director, Andrew Jackson, Project Manager, Leslie Cook , Senior Research Consultant) December 2011 “The State of the Offshore U.S. Oil and Gas Industry” http://energytomorrow.org/images/uploads/Quest\_2011\_December\_29\_Final.pdf

If drilling permits going forward were to be issued at pre‐moratorium rates, the number of shallow water projects delayed could be significantly reduced from 85 under the current path to 37 over the 2012 to 2015 period, and from 48 to 9 for the deepwater. The increased number of projects would increase investment in the Gulf of Mexico offshore oil and gas industry by over $15.6 billion dollars from 2012‐2015. This additional investment would increase average annual U.S. employment between 17,000 and 49,000 thousand jobs per year over that time period. Offshore oil production would be higher over the next decade, for example, by 2017 offshore oil production would rise by approximately 13 percent relative to its current projected path. A regulatory environment that eliminates unnecessary permitting delays and maintains competitiveness with development opportunities in other regions of the world would provide a first step to revitalizing the offshore oil and gas industry. Additional access to offshore areas currently off‐limits remains a key missing component of U.S. energy policy, and would provide substantial additional gains to the nation in terms of energy security, employment and government revenue.

#### OCS doubles our capacity

Baker Institute, ‘8 (Baker Institute for Public Policy, Rice University, Baker Institute Policy Report, January 2008, “Natural Gas in North America: Markets and Security,” http://connection.ebscohost.com/c/articles/30064519/study-lift-u-s-drilling-restrictions-avoid-international-lng-cartel)//CC

As might be expected, the lower requirements for LNG under this scenario stem from larger, lowcost U.S. Lower 48 natural gas production. Modeling predicts that lifting access restrictions would lead to an increase overall in Lower 48 production of about 1.5 tcf in 2015 (or a 7.5 percent increase), increasing to 3.1 tcf greater production (or a 10.1 percent increase) in every year from 2015 through 2030. More specifically, OCS production would total 5.0 tcf in 2015 and 6.1 tcf in 2025 as compared to only 3.5 tcf in 2015 and 3.9 tcf in 2025 if the restrictions remain in place. Lifting restrictions in the Rocky Mountains adds another 0.10 tcf by 2015 and 0.93 tcf by 2025.

#### Otherwise, restrictions crush predictability and timing of projects

Curry L. Hagerty (Specialist in Energy and Natural Resources Policy at the Congressional Research Service) June 15, 2010 “Outer Continental Shelf Moratoria on Oil and Gas Development” http://crs.ncseonline.org/nle/crsreports/10Jul/R41132.pdf

One legacy of congressional moratoria is their impact on the timing of possible OCS development. From a developer’s point of view, predictability in the pace, timing, and sequence of OCS development projects is key to strategic business decisions. From a regulator’s standpoint, agency discretion for OCS development is tied to program planning horizons set by statutory or regulatory timetables. Features of the annual congressional moratoria varied from year to year, and from region to region, as reflected in Table 1, and the resultant uncertainty had a disruptive effect on the pace of OCS activity, which was viewed negatively by those in favor of OCS drilling. Among those opposed to OCS drilling, the disruptive effect was considered a positive outcome.23 Changes to the specific provisions of annual moratoria measures created tensions due to the unpredictability of the bans on leasing activities, timeframes, and locations.24 It was not uncommon for developers to engage in litigation against the federal government and to claim damages related to reliance on leases and federal OCS policies that were disrupted by the annual congressional moratoria.25 Although observers agreed that appropriations measures were out of sync with the timetable used to coordinate federal OCS planning functions, proponents of annual congressional moratoria provisions countered that restrictions were defensible in the absence of more permanent alternatives for similar leasing prohibitions

### 2ac topicality restriction

#### We meet---OCS moratorium are restrictions

Hagerty 10 Curry, Specialist in Energy and Natural Resources Policy, “ Outer Continental Shelf Moratoria on Oil and Gas Development” CRS 2010

Outer Continental Shelf (OCS) moratoria provisions, enacted as part of the Department of the Interior appropriations over the last 26 years, prohibited federal spending on oil and gas development in certain locations and for certain activities. Annual **congressional moratoria restrictions** expired on September 30, 2008. While the expiration of this restriction does not make leasing and drilling permissible in all offshore areas, it is a significant development in conjunction with other changes in offshore leasing activity. Change in moratoria policy signals a shift in policy that may affect other OCS policies as well.

#### C/I – Restrictions make production more difficult or expensive

LVMI 96 Ludwig Von Mises Institute Original Book by Ludwig Von Mises, Austrian Economist in 1940, Evidence is cut from fourth edition copyright Bettina B. Greaves, “Human Action”<http://mises.org/pdf/humanaction/pdf/ha_29.pdf>

Restriction of production means that the government either forbids or makes more difficult or more expensive the production, transportation, or distribution of definite articles, or the application of definite modes of production, transportation, or distribution. The authority thus eliminates some of the means available for the satisfaction of human wants. The effect of its interference is that people are prevented from using their knowledge and abilities, their labor and their material means of production in the way in which they would earn the highest returns and satisfy their needs as much as possible. Such interference makes people poorer and less satisfied.

#### That’s what the restrictions are

Hartley and Medlock 7 (Dr. Peter, Professor of Economics – Rice University, Rice Scholar – Baker Institute for Public Policy, and Dr. Kenneth B., Fellow in Energy Policy – Baker Institute for Public Policy, Adjunct Assistant Professor of Economics – Rice University, “North American Security of Natural Gas Supply in a Global Market,” James A. Baker III Institute for Public Policy, November, <http://www.bakerinstitute.org/programs/energy-forum/publications/energy-studies/docs/natgas/ng_security-nov07.pdf>)

**Access restrictions** in the United States are in place due to explicit federal prohibition of drilling in environmentally sensitive areas or burdensome conditions required to secure drilling permits in other areas. In this section, we discuss the nature of such restrictions in the Outer Continental Shelf (OCS) and the Rocky Mountain region (RMR), and the quantity of resources that are effectively off-limits. Figure 1 and Table 1 illustrate the geographic extent, with the exception of Alaska, and the quantity of resources that are effectively stranded. It is these quantities that we either include or remove from consideration in the scenario analyses outlined below.

2ac topicality energy

#### Default to reasonability---prevents race to the bottom to arbitrarily limit out the aff and is preferable in restrictions context

MME 12 Mexican Ministry of Economy, “Other Appellant Submission of Mexico”, UNITED STATES – CERTAIN COUNTRY OF ORIGIN LABELLING REQUIREMENTS, March, http://www.economia.gob.mx/files/comunidad\_negocios/comercio\_exterior/solucion\_controversias/EDO.EDO/ORGANIZACION%20MUNDIAL%20DE%20COMERCIO/Participaci%C3%B3n%20de%20M%C3%A9xico%20como%20reclamante/EU\_COOL/20COMUNICACIONDELOTROAPELANTEDEMEXICO.pdf

52. The ordinary meaning of “restrictive” is “imposing restrictions”63 “[i]mplying, conveying or expressing restriction or limitation” and “[h]aving the nature or effect of a restriction; imposing a restriction.”64 The term “restriction” is defined as “the act or an instance of restricting; the state of being restricted”65 and as “[a] thing which restricts someone or something, a limitation on action, a limiting condition or regulation.”66 The term “restrict” is defined as “confine, bound, limit”.67 53. The meaning of “restriction” has been elaborated upon in jurisprudence concerning other WTO provisions. The term “restriction” should not be given a narrow meaning.68 A “disguised restriction” in the context of Article XX of the GATT 1994 has been interpreted to include “disguised discrimination in international trade”.69 In the context of Article XI and other non-discrimination provisions of the GATT 1994, it has been found that GATT disciplines on the use of restrictions are not meant to protect “trade flows”, but rather the “competitive opportunities of imported products”.70 In Argentina – Hides and Leather, the Panel found that in determining whether a measure makes effective a restriction in the context of Article I, II, III and XI:1 of the GATT 1994 the focus is on the competitive opportunities of imported products, not the trade effects. That panel considered that the complaining party claiming the existence of a restriction need not prove actual trade effects.

### 2ac production

#### And, drilling is production

CMP No Date (Conservation Measures Partnership, “3 Energy Production & Mining,” *Threats & Actions Taxonomies*, http://www.conservationmeasures.org/initiatives/threats-actions-taxonomies/threats-taxonomy/3-energy-production-mining)

3 Energy Production & Mining

Definition: Threats from production of non-biological resources

Exposition: Various forms of water use (for example, dams for hydro power) could also be put in this class, but these threats seemed more related to other threats that involve alterations to hydrologic regimes. As a result, they should go in 7.2 Dams & Water Management/Use.

3.1 Oil & Gas Drilling

Definition: Exploring for, developing, and producing petroleum and other liquid hydrocarbons

Exposition: Oil and gas pipelines go into 4.2 Utility & Service Lines. Oil spills that occur at the drill site should be placed here; those that come from oil tankers or pipelines should go in 4. Transportation & Service Corridors or in 9.2 Industrial & Military Effluents, depending on your perspective.

Examples:

oil wells

deep sea natural gas drilling

3.2 Mining & Quarrying

Definition: Exploring for, developing, and producing minerals and rocks

Exposition: It is a judgment call whether deforestation caused by strip mining should be in this category or in 5.3 Logging & Wood Harvesting – it depends on whether the primary motivation for the deforestation is access to the trees or to the minerals. Sediment or toxic chemical runoff from mining should be placed in 9.2 Industrial & Military Effluents if it is the major threat from a mining operation.

Examples:

coal strip mines

alluvial gold panning

gold mines

rock quarries

sand/salt mines

coral mining

deep sea nodules

guano harvesting

dredging outside of shipping lanes

3.3 Renewable Energy

Definition: Exploring, developing, and producing renewable energy

Exposition: Hydropower should be put in 7.2 Dams & Water Management/Use.

Examples:

geothermal power production

solar farms

wind farms (including birds flying into windmills)

tidal farms

#### Counter interp–production is the extraction or capture of energy from natural sources

DOCC 8 (Australian Government’s Department of Climate Change, “National Greenhouse and Energy Reporting Guidelines,” http://www.climatechange.gov.au/government/initiatives/~/media/publications/greenhouse-report/nger-reporting-guidelines.ashx)

Energy Production

‘Energy production’ is defined in r. 2.23:

Production of energy, in relation to a facility, means any one of the following:

a. the extraction or capture of energy from natural sources for final consumption by or from the operation of the facility or for use other than in operation of the facility; 11

b. the manufacture of energy by the conversion of energy from one form to another form for final consumption by

or from the operation of the facility or for use other than in the operation of the facility.

Energy consumption

‘Energy consumption’ is defined in r. 2.23:

Consumption of energy, in relation to a facility, means the use or disposal of energy from the operation of the

facility including own-use and losses in extraction, production and transmission.

#### Lease restrictions are on natural gas production

NaturalGas.org, no date (NaturalGas.org, “Natural Gas Supply,” http://www.naturalgas.org/business/analysis.asp)  
The production of natural gas in the United States is based on competitive market forces: inadequate supply at any one time leads to price increases, which signal to production companies the need to increase the supply of natural gas to the market. Supplying natural gas in the United States in order to meet this demand, however, is dependent on a number of factors. These factors may be broken down into two segments: general barriers to increasing supply, and those factors that affect the short term supply scenario. Short Term Supply Barriers In a perfect world, price signals would be recognized and acted upon immediately, and there would be little lag time between increased demand for natural gas, and an increase in supplies reaching the market. However, in reality, this lag time does exist. There are several barriers to immediate supply increases which affect the short term availability of natural gas supply. They include: Availability of Skilled Workers - The need to train and hire skilled workers results in lag times between times of increased demand and an increase in production. For example, from 1991 to 1999, a prolonged period of relatively low prices indicated adequate supplies of natural gas existed, and the exploration and production industry contracted in response. During this period, the U.S. Bureau of Labor Statistics recorded a 26 percent average decrease in employment in the oil and gas extraction industry. Some of these workers left the industry altogether rather than remain unemployed. When production companies began to react to higher prices in late 1999, the need to find and train skilled workers contributed to a slower increase in activity than would have been the case if skilled workers were plentiful. To counter this problem, many production companies offer increasingly high wages, as well as scholarships and educational contributions to attract professionals to the industry. Availability of Equipment - Drilling rigs are very expensive pieces of equipment. Price volatility in the industry makes it very difficult for producers, as well as production equipment suppliers, to plan the construction and placement of drilling rigs far in advance. Prolonged periods of low prices results in reduction of the number of available rigs. When prices respond to increase demand, and drilling activity increases, time is required to build and place an adequate number of drilling rigs. For this reason, drilling rig counts are a good indication of the status of the oil and natural gas production industry. As can be seen in the graph, an increase in operational rigs lags behind period of high prices. For more information on rig counts, click here. Permitting and Well Development - Before a natural gas well actually begins producing, there are several time consuming procedures and development activities that must take place. In order to begin drilling, exploration activities must take place to pinpoint the location of natural gas reserves. Once a suitable field has been located, production companies must receive the required approval from the landowner (which in many cases is the government) to install drilling equipment and begin to drill the well. The Bureau of Land Management is responsible for issuing permits for onshore development, and the Minerals Management Service is responsible for offshore development areas. Once drilling is completed, extraction and field processing equipment must be set up, as well as gathering systems. In all, the between the location of natural gas deposits and the beginning of production can range from as little as a few months to as much as ten years. Weather and Delivery Disruptions - Although unrelated to natural gas prices or demand increases and decreases, weather patterns and anomalies can have a significant impact on natural gas production. For example, hurricanes can have an impact on the offshore production of natural gas, as safety measures require the temporary shut down of offshore drilling and production platforms. In addition, while the safety record of the natural gas industry is extremely good, malfunctions and accidents may occur from time to time that disrupt the delivery of natural gas. For example, a compressor malfunction in a large pipeline serving a major hub could temporarily disrupt the flow of natural gas through that important market center. While the effects of weather and delivery disruptions are most often of short duration, they can still have an effect on the expeditious production of natural gas. General Barriers to Increasing Supply In addition to the short term impediments to increasing natural gas supply, there exist other more general barriers to the increased supply of natural gas in the United States. These include: Land Access - The U.S. government owns more than 29 percent of all the land in the country, and an estimated 40 percent of undiscovered natural gas exists on this land. In several areas, the government has restricted access to federal lands. 59 percent of undiscovered gas resources are on federal lands and offshore waters. Outside of the western Gulf of Mexico, production companies are prohibited access to virtually all federal lands offshore the Lower 48 states. About 9 percent of resource-bearing land in the Rockies is also off limits, and access to another 32 percent is significantly restricted. The National Petroleum Council in 1999 estimated that 213 Tcf of natural gas exists in areas under federal access restrictions. This restriction is the result of presidential and congressional leasing moratoria, and affects the amount of natural gas resources that may be extracted to increase supply. Pipeline Infrastructure - The ability to transport natural gas from producing regions to consumption regions also affects the availability of supplies to the marketplace. The interstate and intrastate pipeline infrastructure can only transport so much natural gas at any one time, and in essence provides a 'ceiling' for the amount of natural gas that can reach the market. Although the current pipeline infrastructure is significant, with the EIA estimating daily delivery capacity of the pipeline grid to be 119 Bcf. However, natural gas pipeline companies must continue to continually expand the pipeline infrastructure in order to meet growing demand. To learn more about the natural gas pipeline infrastructure in the United States, click here. The Financial Environment - Exploring for and producing natural gas is a very capital intensive endeavor. In fact, the National Petroleum Council estimated in 1999 that production companies will have to invest $1.44 trillion in capital between 1999 and 2015 in order to keep pace with demand growth. This puts significant pressures on production companies, particularly small, privately owned firms, to raise the capital necessary to increase production. While efficient and transparent financial markets in the U.S. do offer options for raising capital effectively, the rate at which production companies may do so can serve as a limiting factor in the increasing availability of supplies reaching the market.

### Canada

#### Keystone will be approved now

Commodities Now (market news publication) February 4, 2013 “Keystone XL approval likely despite objections by Kerry” http://www.commodities-now.com/news/power-and-energy/13750-keystone-xl-approval-likely-despite-objections-by-kerry.html

Lugar on Platts Energy Week – The Obama Administration will likely grant a permit for the construction of TransCanada's Keystone XL pipeline despite any personal objections new Secretary of State John Kerry has with the controversial project, a former Senate colleague of Kerry's said Sunday on Platts Energy Week, an all-energy news and talk show program.¶ Richard Lugar, an Indiana Republican who left the Senate last month after 36 years, believes the United States' desire to keep Western Canadian oil out of China's hands will trump any environmental concerns that administration officials, like Kerry, may have.¶ "He may offer in internal counsel...some objections to this, but on the other hand, on balance, I believe the administration is going to proceed with this because logically the oil is not going to disappear from the Earth...," Lugar said on Platts Energy Week. "The Canadians have said 'OK, if you Americans are not interested, we'll send it to China.'"¶ Kerry, during his Senate confirmation hearing, held his views on Keystone XL close to the vest, saying he'd make the "appropriate judgments" when the time comes. He easily won Senate confirmation last week and was sworn in February 1.¶ Lugar, a Senate colleague of Kerry for 28 years, many of those on the Foreign Relations Committee, called the Keystone ruling a "crucial decision" that will have "great ramifications" on the U.S.' relations with Canada.

Ben Geman (writer for The Hill) January 15, 2013 “Scientists: Backing Keystone pipeline would ‘undermine’ Obama’s climate legacy” http://thehill.com/blogs/e2-wire/e2-wire/277149-scientists-backing-keystone-pipeline-would-undermine-obamas-climate-legacy

A group of prominent climate scientists say President Obama’s legacy is on the line as he mulls whether to approve the Keystone XL oil sands pipeline.¶ “We hope, as scientists, that you will demonstrate the seriousness of your climate convictions by refusing to permit Keystone XL; to do otherwise would be to undermine your legacy,” the 18 scientists wrote in a public letter to Obama released Tuesday.¶ Scientists signing the letter include James Hansen of Columbia University and NASA, Stanford University’s Ken Caldeira, Scripps Institution of Oceanography Emeritus Professor Richard Somerville and Penn State’s Michael Mann.¶ The full list is available here.¶ Environmentalists are pressing the White House to scuttle TransCanada Corp.’s proposed pipeline to bring oil from Canadian oil sands projects to Gulf Coast refineries.¶ They oppose Keystone due to greenhouse gas emissions from oil sands production and use, damage to forests from the massive projects and fears of spills along the route.¶ Business groups and a number of major unions are pressing the White House to approve Keystone. They call it a way to create jobs and improve energy security by strengthening ties to Canada, which is already the biggest supplier of oil to the U.S.¶ The letter, organized by the environmental group 350.org, cites recently unveiled federal data showing that 2012 was the hottest year on record in the contiguous U.S.¶ “You take office for the second time at a critical moment. As you may know, the U.S. has just recorded the hottest year in its history, beating the old mark by a full degree; the same year that saw the deep Midwest drought, and the fury of Hurricane Sandy, also witnessed the rapid and unprecedented melt of the Arctic ice pack,” they write.¶ The State Department is weighing whether to grant TransCanada a permit for the project, but Obama has indicated that he will ultimately be the decider on Keystone.

#### Threat real – outweighs their DA’s

Bremmer, 1/25/13 [Javier Solana is president of the Centre for Global Economy and Geopolitics of ESADE Ian Bremmer is president of Eurasia Group © Project Syndicate, 2013, A new year of global conflict, http://www.europeanvoice.com/article/2013/january/a-new-year-of-global-conflict/76260.aspx]

Perhaps the lowest-cost way to undermine rivals and attack enemies is to launch attacks in cyberspace. That is why so many deep-pocketed governments – and some that are not so rich – are investing heavily in the technology and skills needed to enhance this capability.¶ This form of warfare is especially worrisome for two reasons. First, unlike the structure of Cold War-era ‘mutually assured destruction', cyber weapons offer those who use them an opportunity to strike anonymously. Second, constant changes in technology ensure that no government can know how much damage its cyber-weapons can do or how well its deterrence will work until they use them.¶ As a result, governments now probe one another's defences every day, increasing the risk of accidental hostilities. If John Kerry and Chuck Hagel are confirmed as US secretaries of state and defence, respectively, the Obama administration will feature two prominent sceptics of military intervention. But high levels of US investment in drones, cyber-tools, and other unconventional weaponry will most likely be maintained.¶ These technological advances create the backdrop for the competition and rivalries roiling the two most important geopolitical hotspots. In the Middle East, US and European officials will continue to resist deeper involvement in regional turmoil this year, leaving local powers – Turkey, Iran, and Saudi Arabia – to vie for influence. Confrontations between moderates and militants, and between Sunni and Shi'ite factions, are playing out in several North African and Middle Eastern countries.¶ US officials have reason to believe that, over time, they will be able to worry less about the region and its problems. According to current projections, technological innovations in unconventional energy will allow the US to meet more than 80% of its oil demand from sources in North and South America by 2020. China, on the other hand, is set to become more dependent on Middle Eastern output.¶ Meanwhile, East Asia will remain a potential trouble-spot in 2013. Many of China's neighbours fear that its ongoing economic and military expansion poses a growing threat to their interests and independence, and are reaching out to the US to diversify their security partnerships and hedge their bets on China's benign intentions. The US, eager to boost its economy's longer-term prospects by engaging new trade partners in the world's fastest-growing region, is shifting resources to Asia – though US (and European) policymakers would be wise to move forward with a transatlantic free-trade agreement as well.¶ There is a growing risk that the new Chinese leadership will interpret a heavier US presence in the region as an attempt to contain China's rise and stunt its growth. We have already seen a series of worrisome confrontations in the region, pitting China against Vietnam and the Philippines in the South China Sea, and against Japan in the East China Sea. While these disputes are unlikely to provoke military hostilities this year, the use of drones and cyber weapons remains a real threat.¶

### Manufacturing

#### Historical data proves – causes insecure supply and cost increases

Pittinger and Berman, 11 [August 5th, Arthur E. Berman and Lynn F. Pittinger Lynn Pittinger is a consultant in petroleum engineering with 30 years of industry experience. He managed economic and engineering evaluations for Unocal and Occidental Oil & Gas, and has been an independent consultant since 2008. He has collaborated with Berman on all shale play evaluation projects since 2009 AND, Arthur, lecturer at Rice Graduate School of Management, geological consultant with 32 years of experience in petroleum exploration and production, M.S. Geology Colorado School of Mines, B.A Amherst College, published 50 articles on geology, member of the National Petroleum Council and on the Board of Directors of ASPO USA editorial board of The Oil Drum, and an associate editor of the AAPG (American Association of Petroleum Geologists), <http://www.theoildrum.com/node/8212>]

Summary and Conclusions

We have shown that the true structural cost of shale gas production is higher than present prices can support ($4.15/mcf average price for the year ending July 30, 2011), and that per-well reserves are about one-half of the volumes claimed by operators. Relatively long-lived production history data in the Barnett and Fayetteville shale plays is compelling. A shorter production history for the Haynesville Shale play permits more latitude in forecasting projections. There is, however, sufficient data to conclude that **results for the play are disappointing.** ¶ Our work on the three most mature shale plays has profound implications. Facts indicate that most wells are not commercial at current gas prices and require prices at least in the range of $8.00 to $9.00/mcf to break even on full-cycle prices, and $5.00 to $6.00/mcf on point-forward prices. Our price forecasts ($4.00-4.55/mcf average through 2012) are below $8.00/mcf for the next 18 months. It is, therefore, possible that some producers will be unable to maintain present drilling levels from cash flow, joint ventures, asset sales and stock offerings. ¶ Decline rates indicate that a decrease in drilling by any of the major producers in the shale gas plays would reveal the insecurity of supply. This is especially true in the case of the Haynesville Shale play where initial rates are about three times higher than in the Barnett or Fayetteville. Already, rig rates are dropping in the Haynesville as operators shift emphasis to more liquid-prone objectives that have even lower gas rates. This might create doubt about the paradigm of cheap and abundant shale gas supply and **have a cascading effect on confidence and capital availability.**¶On the other hand, major oil companies, foreign investors and overseas energy companies have shown a surprising appetite for joint ventures and acquisitions of producers in these plays. Although this trend might result in a different cast of players, it may also introduce a stabilizing effect on the distress scenario described in the previous paragraph. The entry of better-capitalized producers does not change the economic fundamentals of shale gas, but it suggests that there may be strategic reasons for large companies to pursue market share in the North American gas arena.¶ We suspect that the current euphoria about shale gas will follow the path of other energy panaceas including coal-bed methane and tight sandstone gas. Shale gas will remain an important part of the North American energy landscape but its costs will almost certainly be higher, and its abundance less than many now believe. Producer behavior will be modified by the effect of changing perceptions on capital availability and the entry of new, more substantial players.

#### And new restrictions prevent future Fracking

Plumer 12 (Brad, “How states are regulating fracking (in maps)”, 2012, <http://www.washingtonpost.com/blogs/ezra-klein/wp/2012/07/16/how-states-are-regulating-fracking-in-maps/>

Armed with new drilling techniques, companies are spreading out across the United States, cracking open shale rock in search of vast new stores of natural gas. It’s not an exaggeration to say that hydraulic fracturing, or “fracking,” has revolutionized the U.S. energy industry. Cheap natural gas has become America’s top source for electricity, displacing coal and bringing back jobs to once-decaying states like Ohio.But the fracking boom has also led to plenty of environmental concerns. Local communities are worried that the chemicals used to pry open the shale rock can contaminate nearby drinking water supplies. (So far, there’s scant evidence this is happening in places like Pennsylvania, but the science is still in its infancy.) Excess gas is often vented off, producing air pollution. And the disposal of fracking wastewater underground appears to be linked to earthquakes in places like Ohio. Confronted with these worries, **states have responded with** a patchwork of different regulations. But there’s a lot of variation between different states. And here’s a good way to track what’s going on: A helpful series of new maps, put together by Resources for the Future (RFF), gives an overview of how 31 states with significant shale gas reserves are treating different aspects of fracking. Here, for instance, is a look at which states require companies to disclose the chemicals they use in drilling. (Fracking is exempt from federal disclosure rules under the Safe Water Drinking Act.) Some states, like Pennsylvania — which sits above the gas-rich Marcellus shale formation — now require a full disclosure of chemicals. By contrast, Kansas, which is just beginning to see widespread fracking activity, is further behind: Meanwhile, the map below details how different states treat the “venting” or release of excess gas into the air. Just 22 of the 31 gas states have restrictions on this process, which can release both heat-trapping methane into the atmosphere as well as “volatile organic compounds” such as benzene that can produce smog and trigger health problems. Some states ban this practice entirely; others restrict it to emergencies or require that operators not harm public health: There are many more maps on RFF’s Web site, which is worth poking around on. In an introductory essay, RFF’s Nathan Richardson notes that these maps still provide just a partial picture — the details of laws matter, and more importantly, different states may enforce their rules with different levels of vigor. But it’s an invaluable resource all the same. The regulation of fracking has become a low-level campaign issue, as well. The Obama administration is gradually putting forward federal regulations. The Department of Interior **is drafting rules for fracking on publicly-owned lands** (where about 38 percent of the country’s gas reserves sit, according to the American Petroleum Institute). The Environmental Protection Agency, meanwhile, is slowly getting in on regulation and has proposed rules that will require all producers to phase out venting by 2015 and capture their waste methane instead. Mitt Romney, by contrast, has criticized the federal approach. In his “Believe in America” economic plan (pdf), he warns that the EPA should not “pursue overly aggressive interventions designed to discourage fracking altogether.” By contrast, Romney praises states for having “carefully and effectively regulated the process for decades.” Indeed, many Republicans believe that fracking regulations should be mainly left to the states, which can issue rules more speedily and can tailor regulations to the specific needs of their communities. Environmentalists, by contrast, worry that this will create a race to the bottom whereby states pare back their rules — or enforce them weakly — in order to compete for business. Both sides agree that addressing the public health and environmental aspects of fracking isn’t costless. The International Energy Agency recently estimated that addressing all of the various concerns could boost the price of natural gas by roughly 7 percent. Yet the IEA also warned that if these rules weren’t adopted, public outcry and protests could stop the shale gas boom altogether. Anti-fracking protests like those in New York state could become the norm. And that, the IEA notes, could prove even more costly to the gas industry

#### Independently manufacturing solves all war

**Paone 2k9** (Chuck, 66th Air Base Wing Public Affairs for the US Air Force, 8-10-09, “Technology convergence could prevent war, futurist says,” http://www.af.mil/news/story.asp?id=123162500)

The convergence of "exponentially advancing technologies" will form a "super-intelligence" **so formidable that it could avert war**, according to one of the world's leading futurists. Dr. James Canton, CEO and chairman of the Institute for Global Futures, a San Francisco-based think tank, is author of the book "The Extreme Future" and an adviser to leading companies, the military and other government agencies. He is consistently listed among the world's leading speakers and has presented to diverse audiences around the globe. He will address the Air Force Command and Control Intelligence, Survelliance and Reconnaissance Symposium, which will be held Sept. 28 through 30 at the MGM Grand Hotel at Foxwoods in Ledyard, Conn., joining Air Force Chief of Staff Gen. Norton Schwartz and a bevy of other government and industry speakers. He offered a sneak preview of his symposium presentation and answered various questions about the future of technology and warfare in early August. "**The superiority of convergent technologies will prevent war,"** Doctor Canton said, claiming **their power would present an overwhelming deterrent to potential adversaries**. While saying that the U.S. will build these super systems faster and better than other nations, he acknowledged that a new arms race is already under way. "It will be a new MAD for the 21st century," he said, referring to the Cold War-era acronym for Mutually Assured Destruction, the idea that a nuclear first strike would trigger an equally deadly response. It's commonly held that this knowledge has essentially prevented any rational state from launching a nuclear attack. Likewise, Doctor Canton said he believes rational nation states, considering this imminent technology explosion, will see the futility of nation-on-nation warfare in the near future. Plus there's the "socio-economic linking of the global market system." "The fundamental macroeconomics on the planet favor peace, security, capitalism and prosperity," he said. Doctor Canton projects that nations, including those not currently allied, will work together in using these smart technologies to prevent non-state actors from engaging in disruptive and deadly acts. As a futurist, Doctor Canton and his team study and predict many things, but their main area of expertise -- and the one in which he's personally most interested -- is advanced and emerging technology. "I see that as the key catalyst of strategic change on the planet, and it will be for the next 100 years," he said. **He focuses on six specific technology areas: "nano, bio, IT, neuro, quantum and robotics;"** those he expects to converge in so powerful a way. Within the information technology arena, Doctor Canton said systems must create "meaningful data," which can be validated and acted upon. "Knowledge engineering for the analyst and the warfighter is a critical competency that we need to get our arms around," he said. "Having an avalanche of data is not going to be helpful." Having the right data is. "There's no way for the human operator to look at an infinite number of data streams and extract meaning," he said. "The question then is: How do we augment the human user with advanced artificial intelligence, better software presentation and better visual frameworks, to create a system that is situationally aware and can provide decision options for the human operator, faster than the human being can?" He said he believes the answers can often be found already in what he calls 'edge cultures.' "I would look outside of the military. What are they doing in video games? What are they doing in healthcare? What about the financial industry?" Doctor Canton said he believes that more sophisticated artificial intelligence applications will transform business, warfare and life in general. Many of these are already embedded in systems or products, he says, even if people don't know it.

### 2ac navy

#### manufacturing capabilities key to technology necessary for U.S. deterrence

**O’Hanlon et al 2k12** (Mackenzie Eaglen, American Enterprise Institute Rebecca Grant, IRIS Research Robert P. Haffa, Haffa Defense Consulting Michael O'Hanlon, The Brookings Institution Peter W. Singer, The Brookings Institution Martin Sullivan, Commonwealth Consulting Barry Watts, Center for Strategic and Budgetary Assessments “The Arsenal of Democracy and How to Preserve It: Key Issues in Defense Industrial Policy January 2012,” pg online @ <http://www.brookings.edu/~/media/research/files/papers/2012/1/26%20defense%20industrial%20base/0126_defense_industrial_base_ohanlon> //um-ef)

The current wave of defense cuts is also different than past defense budget reductions in their likely industrial impact, as **the U.S. defense industrial base is in a much different place than it was in the past**. Defense industrial issues are too often viewed through the lens of jobs and pet projects to protect in congressional districts. **But the overall health of the firms that supply the technologies our armed forces utilize does have national security resonance**. Qualitative superiority in weaponry and other key military technology has become an essential element of American military power in the modern era—**not only for winning wars but for deterring them**. **That requires world-class** scientific and **manufacturing capabilities—**which in turn can also generate civilian and military export opportunities for the United States in a globalized marketplace.

#### Our fleet can take anyone’s—no challengers

Robert O. Work 12, United States Under Secretary of the Navy and VP of Strategic Studies @ Center for Strategic and Budgetary Assessments, "The Coming Naval Century," May, Proceedings Magazine - Vol. 138/5/1311, US Naval Institute, www.usni.org/magazines/proceedings/2012-05/coming-naval-century

For those in the military concerned about the impact of such cuts, I would simply say four things:¶ • Any grand strategy starts with an assumption that all resources are scarce, requiring a balancing of commitments and resources. As political commentator Walter Lippmann wrote: “The nation must maintain its objectives and its power in equilibrium, its purposes within its means, and its means equal to its purposes.”¶ • The upcoming defense drawdown will be less severe than past post–World War II drawdowns. Accommodating cuts will be hard, but manageable.¶ • At the end of the drawdown, the United States will still have the best and most capable armed forces in the world. The President well appreciates the importance of a world-class military. “The United States remains the only nation able to project and sustain large-scale military operations over extended distances,” he said. “We maintain superior capabilities to deter and defeat adaptive enemies and to ensure the credibility of security partnerships that are fundamental to regional and global security. In this way our military continues to underpin our national security and global leadership, and when we use it appropriately, our security and leadership is reinforced.”¶ • Most important, as the nation prioritizes what is most essential and brings into better balance its commitments and its elements of national power, we will see the beginning of a Naval Century—**a new golden age of American sea power**.¶ The Navy Is More Than Ships¶ Those who judge U.S. naval power solely by the number of vessels in the Navy’s battle force are not seeing the bigger picture. Our battle force is just one component—albeit an essential one—of a powerful National Fleet that includes the broad range of capabilities, capacities, and enablers resident in the Navy, Marine Corps, and Coast Guard. It encompasses our special-mission, prepositioning, and surge-sealift fleets; the ready reserve force; naval aviation, including the maritime-patrol and reconnaissance force; Navy and Marine special operations and cyber forces; and the U.S. Merchant Marine. Moreover, it is crewed and operated by the finest sailors, Marines, Coast Guardsmen, civilian mariners, and government civilians in our history, and supported by a talented and innovative national industrial base.¶ If this were not enough, the heart of the National Fleet is a Navy–Marine Corps team that is transforming itself from an organization focused on platforms to a total-force battle network that interconnects sensors, manned and unmanned platforms with modular payloads, combat systems, and network-enabled weapons, as well as tech-savvy, combat-tested people into a cohesive fighting force. This Fleet and its network would make short work of any past U.S. Fleet—and of any potential contemporary naval adversary.

#### Sea power is irrelevant for future conflicts

**Jarkowsky, 2** (Lt. Col. Jeffrey Jarkowsky, US Army War College, “’Boots on the Ground’–Will US Landpower still be decisive in future conflicts?” Stinet)

The role of seapower is unlikely to change from the vision expressed in current naval doctrine and vision. With no naval competitor in sight, the U.S. Navy's focus on projection of U.S. power ashore, and protection of global trade, fits the conditions expected in the future. The opening round of OPERATION ENDURING FREEDOM has demonstrated the capability and contribution of seapower to America's future conflicts. The nature of the conflict will determine whether seapower can be decisive. Quite obviously, in a limited seaborne conflict, such as protecting shipping in the Straits of Hormuz, seapower was and can be the decisive element. In more general conflicts of the type we have recently seen and are likely to deal with again, although a key contributor, seapower is not likely to be the sole decisive force in achieving the conflict's objectives

#### Plan doesn’t affect military activity

Klas 10

[Mary Ellen Klas, Tampa Bay Times, “Military brass: Gulf drilling won't harm training”, 1/19/10, http://www.tampabay.com/blogs/the-buzz-florida-politics/content/military-brass-gulf-drilling-wont-harm-training]

In an attempt to knock down one of the most powerful arguments against oil drilling off Florida's coasts, a coalition of military brass and Sen. Byron Dorgan, D-ND, released a report today saying that a new look at the issue shows there's less impact than previously believed. The report by Securing American's Future Energy, a non-profit pro-drilling organization, concluded: there aren't as many military missions occurring in areas where drilling has been prohibited, that the type of potential encroachment from oil and gas drilling on military operations is minimal, and that oil drilling and military operations are able to co-exist. "Even with additional training missions in that area, the impact of oil and gas exploration is not going to be significant and it should not decrease the readiness military units get in that area,'' said Col. Martin Sullivan, a retired commander in the U.S. Marine Corps, who produced the report for Commonwealth Consultaing Corp. Sullivan dismissed the testimony of officials from Eglin Air Force base who spoke to a state House committee last week, warning that the legislature's plan to bring oil drilling as close as three miles off Florida's coast would prove to be an obstacle to flight testing and missle exercises.The report did not consider the impact on military operations of oil and gas drilling within 10 miles in, he said. "What you have to consider is any squadron commander and any ship captain would be a little bit upset...with constrains on his training or testing,'' Sullivan said, noting they are not likely to support anything that would "creat additional problems for them. But, in essence, both the Air Force and Navy say there's less operations in the Gulf than there were in the past.''

#### Key to global econ

**Navarro, ‘8** Professor of Economics and Public Policy at the Paul Merage School of Business, University of California, Irvine and holds a Ph.D. in Economics from Harvard University (Peter Navarro, SFGate, 15 August 2008, “California nightmare for the global economy?” http://www.sfgate.com/opinion/article/California-nightmare-for-the-global-economy-3273234.php)//CC

Will the California budget crisis tip the United States into recession? The California economy is certainly large enough to inflict such damage. It's the seventh-largest economy in the world and home to close to 38 million Americans. California's budget deficit is by any reasonable measure enormous. This budget deficit is estimated at $17.2 billion and represents more than 17 percent of the state's general fund expenditures (about $101 billion). In contrast, New York, which faces the second-worst budget gap in the nation for fiscal year 2009, has a gap of about $5 billion, which represents less than 10 percent of its budget. In closing its past budgetary gaps, California has acted more like the federal government rather than merely one of 50 states. Indeed, unlike the federal government (or sovereign nations), each state is required to balance its budget each year; and no state, at least in principle, has the authority to engage in the kind of discretionary deficit spending both the federal government and nations around the world routinely use to stimulate their economies. In the past, a profligate California has gotten around this balanced-budget requirement by using a technique that effectively allows the Golden State to administer its own fiscal stimulus. In particular, California - under both Democratic and Republican governors - has simply issued new bonds every time that it has spent far beyond its means. California's problem this time, however, is that its deficit is so big, its balance sheet is so bad, and world credit markets are so tight that issuing new bonds alone is no longer a viable option. Instead, California's politicians are inexorably being forced toward a solution that will prominently feature both a large tax increase and significant spending cuts. Indeed, this is not a partisan matter of choosing one's poison. The budget deficit is so large that it cannot be eliminated without raising taxes, anathema to the state's Republicans, and spending cuts, equally unpalatable to California Democrats. Of course, the faster the state Legislature accepts this harsh reality, the faster the deadlock can be broken. Viewed from a macroeconomic perspective, there is an even harsher reality. Increased taxes and reduced spending will send a very nasty contractionary shock through a California economy that is already reeling from a housing market meltdown and punishing gas prices. Should Gov. Arnold Schwarzenegger's budgetary medicine - including firing many state employees - trigger a recession, this may well serve as a tipping point for a national recession and, in the worst case scenario, even a global recession. In considering these dangers, it is worth noting that California provides close to 13 percent of America's real GDP growth. In contrast, the second-largest contributor to U.S. gross domestic product is Texas, and it provides only half that stimulus. It also worth noting that California is an important destination for both U.S. manufactured goods and world imports, particularly from Asia. Already, California's unemployment rate is more than 6.8 percent and well above the national average of 5.7 percent. At least some economists believe California may already be experiencing negative growth. The economy is likely to get a lot worse before its gets better. If there is any one civics lesson to be learned from this fine mess, it is that the state's politicians must learn to resist overspending in good times so that the state won't face bankruptcy when bad times hit. It should be equally clear that any damn fool can issue bonds to balance a budget. However, it takes real political courage and economic foresight to put a state budget on an even keel through fiscally conservative tax-and-spend policies. At this juncture, California is nowhere close to that - and the rest of the country, and perhaps the world, may soon pay the Golden State's piper.

### 2ac environment da

#### No impact to the environment

**Boucher 98** (Doug, "Not with a Bang but a Whimper," Science and Society, Fall, http://www.driftline.org/cgi-bin/archive/archive\_msg.cgi?file=spoon-archives/marxism-international.archive/marxism-international\_1998/marxism-international.9802&msgnum=379&start=32091&end=32412)

The political danger of catastrophism is matched by the weakness of its scientific foundation. Given the prevalence of the idea that the entire biosphere will soon collapse, it is remarkable how few good examples ecology can provide of this happening m even on the scale of an ecosystem, let alone a continent or the whole planet. Hundreds of ecological transformations, due to introductions of alien species, pollution, overexploitation, climate change and even collisions with asteroids, have been documented. They often change the functioning of ecosystems, and the abundance and diversity of their animals and plants, in dramatic ways. The effects on human society can be far-reaching, and often extremely negative for the majority of the population. But one feature has been a constant, nearly everywhere on earth: life goes on. Humans have been able to drive thousands of species to extinction, severely impoverish the soil, alter weather patterns, dramatically lower the biodiversity of natural communities, and incidentally cause great suffering for their posterity. They have not generally been able to prevent nature from growing back. As ecosystems are transformed, species are eliminated -- but opportunities are created for new ones. The natural world is changed, but never totally destroyed. Levins and Lewontin put it well: "The warning not to destroy the environment is empty: environment, like matter, cannot be created or destroyed. What we can do is replace environments we value by those we do not like" (Levins and Lewontin, 1994). Indeed, from a human point of view the most impressive feature of recorded history is that human societies have continued to grow and develop, despite all the terrible things they have done to the earth. Examples of the collapse of civilizations due to their over- exploitation of nature are few and far between. Most tend to be well in the past and poorly documented, and further investigation often shows that the reasons for collapse were fundamentally political.

#### Oceans resilient

**Kennedy 2** (Victor, Coastal and Marine Ecosystems and Global Climate Change, http://www.pewclimate.org/projects/marine.cfm)

There is evidence that marine organisms and ecosystems are resilient to environmental change. Steele (1991) hypothesized that the biological components of marine systems are tightly coupled to physical factors, allowing them to respond quickly to rapid environmental change and thus rendering them ecologically adaptable. Some species also have wide genetic variability throughout their range, which may allow for adaptation to climate change.

#### Recent Cuban drilling

Cuba Standard December 16, 2012 “Cuba announces start of more offshore drilling” http://www.cubastandard.com/2012/12/16/cuba-announces-start-of-more-offshore-drilling/

A Norwegian-owned platform will begin drilling in “the next few days” off North-Central Cuba, state oil company CubaPetróleo (Cupet) announced in a note published by official daily Granma Dec. 15. According to Russian officials, the semi-submersible has been in Cuban waters since mid-November. The Songa Mercur, a shallow-water platform, will perform drills for Zarubezhneft apparently in one of four blocks leased by the Russian state oil company near some of Cuba’s most popular beach resorts through the next six months. It will begin with exploratory well L-01X, Cupet said, without giving its location. The well, according to Cupet, will be 6,500 meters (21,300 feet) deep. Songa Offshore AS, the Oslo-based company that owns the platform, announced earlier this year that the Songa Mercur was chartered by Zarubezhneft for 325 days. The company said earlier it will be drilling in block L (see map), the easternmost of four blocks Zarubezhneft leased in 2009. Block L is located off the keys of Villa Clara province, near Cayo Santa María, a new beach tourism destination Cuba has been developing over the past 10 years. “The new well has the objective to determine the oil and gas potential of that sector in our country,” the Cupet note said. “Its results must contribute to the knowledge of the area where it will be drilled, as well as all of North-Central Cuba.” The platform was inspected by Cuban officials to ensure the safety of operations, Cupet said. In addition, ModuSpec, a Netherlands-based company, inspected the Songa Mercur to confirm that less than 10 percent of the platform’s content includes U.S. parts. U.S. embargo regulations impose penalties on companies that do not comply with this restriction. Zarubezhneft will spend close to $126 million on near-shore exploration, a Russian official said during a visit to the island in November. The Songa Mercur, a Soviet-built and Norwegian-owned semi-submersible, arrived Nov. 15 in Cuban waters from Trinidad & Tobago, Russian Comptroller Sergei Stepashin said, according to Russian news service rt.com. In November, a delegation of Russian and Cuban officials, including Stepashin, Zarubezhneft CEO Nikolay Brunich, and Russia’s ambassador to Havana, Mikhail Kamyshin, toured the platform.

#### Israeli offshore drilling efforts

Chen Pundak (writer for Ynet News) December 30, 2012 “Green groups aim to stop offshore drilling project” http://www.ynetnews.com/articles/0,7340,L-4325667,00.html

The Society for Protection of Nature in Israel, the Israel Nature and National Parks Service and several other green groups have filed petitions against a gas exploration project planned off the coast of Herzliya, saying it will disrupt a maritime reservation. The petitions, filed with the Tel Aviv Zoning Committee – which has jurisdiction in the matter – say that the company heading the project, which has been dubbed "Gabriella," has failed to explore all other alternatives. "On the surface, the Gabriella project is cut from the same cloth as dozens of other exploration projects taking place off Israel's shores, but it is different since it aims to drill in the midst of an area which has been earmarked as a maritime reservation," the Society for Protection of Nature in Israel's petition said. The company, it argued, opted for the "easy drilling option, rather than explore alternatives that would protect the environment." According to SPNI's brief, "The Environmental Protection Ministry's environmental impact reports were set aside in favor of a Water and Energy Ministry report, which failed to explore any alternatives." Attorney Noa Yayon of SPNI said that "The entire ocean has been divvied up… but we have to decide that we want to protect the ocean's ecosystems as well – Israel is obligated to do so under several international treaties." "This isn't just a question of placing a reef versus stock prices," NNPS marine ecologist Dr. Ruth Yahel added. "The State of Israel cannot afford not to declare and protect maritime reservations." The Zalul environmental group also filed a petition against the project, focusing on both the damaged to the area's ecosystem and the fact that the government has yet to put in place a contingency in case of a leak. The petitions urge the committee to defer giving the project a permit pending the exploration of all alternative in the matter.

#### Link turn – offshore drilling helps environment

**Allen 09** – Bruce Allen is co-founder of SOS California, an environmental and energy non-profit (Bruce, November 30, 2009, “How Offshore Oil and Gas Production Benefits the Economy and the Environment,” Heritage, <http://www.heritage.org/research/reports/2009/11/how-offshore-oil-and-gas-production-benefits-the-economy-and-the-environment>)

Drilling restrictions in general are imposed due to environmental concerns, despite the fact that offshore environmental damage has been greatly reduced by technologies that minimize the risk of oil spills and other hazards to the environment. In fact, offshore oil production has lowered the amount of oil released into the ocean by reducing natural seepage of oil, especially in areas with active offshore oil seeps, such as California's Santa Barbara coast.¶ Natural hydrocarbon seeps have historically been used to locate the world's usable sources of oil and tar. Papers published by British Petroleum in the early 1990s[1] show that over 75 percent of the world's oil basins contain surface oil seeps. Most seeps emit small volumes of oil and gas that do not significantly deplete hydrocarbon reservoirs over the short term, but can add up to significant depletion of oil and gas over the longer term.¶ The knowledge that surface seepage has a direct link to subsurface oil and gas accumulations is not new and has been the impetus for many of the world's early major oil and gas discoveries by pioneers of oil production -- as far back as ancient China, and more recently the 1860s in Pennsylvania and the 1890s in Azerbaijan. Natural seeps were the impetus for early exploration of oil in Iran and Iraq in the early 1900s.¶ Natural hydrocarbon seeps continue to be an important indicator of economic oil and gas resources. The high cost of deep-water offshore oil and gas exploration has made the identification of hydrocarbon seeps an important consideration in oil-exploration risk-reduction methods.[2]¶ Natural Seeps: The Largest Source of U.S. Marine Hydrocarbon Pollution¶ Natural hydrocarbon seeps generally result from pressurized hydrocarbon reservoirs that force oil and gas up through fissures to the earth's surface either on land or the seabed floor where the hydrocarbons escape in the form of oil, tar, and methane-rich gases.¶ It is a widely overlooked fact that natural hydrocarbon seeps generally have a larger impact on the marine environment than do oil and gas exploration and production. According to the National Academy of Sciences, 63 percent of hydrocarbon pollution in U.S. waters stems from natural seeps, while only 1 percent is due to offshore drilling and extraction.[3] Geologists believe that over the course of millions of years, more oil has seeped naturally into the earth's environment than currently exists in all conventional oil reservoirs combined.¶ The Gulf of Mexico, for instance, is a major U.S. offshore oil and gas producing region where the environmental impact of natural hydrocarbon seepage appears to far exceed the environmental impact of accidental oil releases due to commercial extraction and transportation.[4]¶ Onshore hydrocarbon seeps are also pervasive in many areas of the world, and are a source of contamination for many streambeds and rivers. The Santa Susanna Mountains in California are estimated to contain 22,000 active oil seeps that are associated with significant streambed contamination.[5]¶ One of the most studied offshore oil and gas seep regions over the last 40 years is the Santa Barbara coast of California, which has the world's second most prolific oil seepage areas, extending for about 80 miles along the coastline.[6] The offshore Santa Barbara oil seepage zones result in about 70,000 barrels per year of oil and tar seepage into the Pacific, much of which washes up on California beaches.[7] Every four years, the amount of offshore Santa Barbara oil seepage exceeds the 240,000 barrels that spilled from the Exxon Valdez in 1989. By comparison, according to the U.S. Minerals and Management Service, the total amount of oil spilled in California coastal waters due to offshore oil production since 1970 has been less than 870 barrels.[8] Far more birds and wildlife have been killed in the last 40 years by California's offshore oil seepage than by all previous California offshore oil production spills combined, including the 1969 spill.[9]¶ Seeps are also one of the world's largest methane gas emission sources,[10] and are a major source of air pollution in Santa Barbara County.[11] These coastal California seeps release oil and tar that washes ashore along nearly half the coastline of California, with the highest concentrations in Santa Barbara County. In the winter, the Davidson current washes seep oil and tar ashore as far north as the beaches of Santa Cruz and San Francisco.[12]¶ The California Department of Fish Game often receives public calls reporting a possible oil spill on California central coast beaches, which is invariably determined to be natural seepage. The California Department of Fish Game requires that seep oil and tar collected on California beaches be treated as hazardous waste, the same as for industrial oil spills.¶ Offshore Production: Significant Reductions in Oil Pollution on California Beaches¶ One of the side affects of offshore oil production has been the reduction of oil and gas seepage due to decreases in subsea oil-reservoir pressure. Seep oil is chemically the same as commercially extracted oil, although the seep oil and tar have often undergone partial oxidation by the time they move into the water or onshore.¶ The seepage reductions due to offshore oil and gas extraction have, in some cases, resulted in significant reductions in natural oil and gas seep pollution over the last 40 years.[13]¶ There are also anecdotal observations and research indicating that oil production around the world is responsible for ongoing reductions in hydrocarbon seepage pollution.[14]¶ Ironically, the decreased oil and gas reservoir pressure due to ongoing "legacy" offshore oil and gas production (which continued even after the state-wide offshore moratorium was imposed) near the site of the famous 1969 Santa Barbara oil spill is resulting in reductions in California's coastal seepage pollution. California beaches have become significantly cleaner over the last 50 years due to offshore oil and gas production.

#### Methane release inevitable – only extraction solves extinction

**Light 12** (Malcolm P.R. Light, Center for Polar Observation and Modeling, University of London, polar climate modeling and methane hydrates in the permafrost and submarine Arctic, “Charting Mankind’s Arctic Methane Emission Exponential Expressway to Total Extinction in the Next 50 Years,” Arctic News, August 10, 2012, http://arctic-news.blogspot.com/2012/08/charting-mankinds-expressway-to-extinction.html)

**If left alone** the subsea Arctic **methane hydrates will explosively destabilize on their own due to global warming and produce a massive** Arctic wide **methane “blowout” that will lead to** humanity’s **total extinction,** probably before the middle of this century (Light 2012 a, b and c). AIRS atmospheric methane concentration data between 2008 and 2012 (Yurganov 2012) show that the Arctic has already entered the early stages of a subsea methane “blowout” so we need to step in as soon as we can (e.g. 2015) to prevent it escalating any further (Light 2012c). The Arctic Natural Gas Extraction, Liquefaction & Sales (ANGELS) Proposal aims to reduce the threat of large, abrupt releases of methane in the Arctic, by extracting methane from Arctic methane hydrates prone to destabilization (Light, 2012c). After the Arctic sea ice has gone (probably around 2015) we propose that a large consortium of oil and gas companies/governments set up drilling platforms near the regions of maximum subsea methane emissions and drill a whole series of shallow directional production drill holes into the subsea subpermafrost “free methane” reservoir in order to depressurize it in a controlled manner (Light 2012c). This methane will be produced to the surface, liquefied, stored and transported on LNG tankers as a “green energy” source to all nations, totally replacing oil and coal as the major energy source (Light 2012c). The subsea methane reserves are so large that they can supply the entire earth’s energy needs for several hundreds of years (Light 2012c). By sufficiently depressurizing the Arctic subsea subpermafrost methane it will be possible to draw down Arctic ocean water through the old eruption sites and fracture systems and destabilize the methane hydrates in a controlled way thus shutting down the entire Arctic subsea methane blowout (Light 2012c).

### 2ac immigration da

#### US-Indian relations low but will never collapse

**Padukone 12** (Neil Padukone is the Felow for geopolitics at the Takshashila Institution, 6/19/2012, "Natural Allies?", pragati.nationalinterest.in/2012/06/natural-allies/)

In the late 1990s, the United States and India embarked on a partnership based largely on three strategic issues: markets, counter-terrorism, and balancing China. With the opening of India’s economy in 1991, the United States saw India’s billion-strong population as a massive market for its businesses. In the wake of 9/11, Washington came to see India’s travails against Islamist militants in Kashmir and Afghanistan through the lens of its War on Terror and increased counter-terrorism cooperation with New Delhi. And as India’s and China’s strategic spaces began to overlap, managing China’s rise became a common concern for both New Delhi and Washington. With that in mind, the United States and India reversed decades of enmity and, through the 2006 nuclear deal, embarked upon a symbolic commitment to what heads of state of both countries have called a “natural alliance.” Yet with all the fanfare- particularly after U.S. President Barack Obama voiced his support for a permanent Indian seat on the UN Security Council in his 2010 Lok Sabha speech- bilateral ties have recently been marked by considerable drift: India has not fallen in line on the issue of Iran, Washington is only slowly coming around on Pakistani militancy, the countries’ UN voting records do not mesh, and trade disagreements abound. Questions have been raised over why U.S.-India relations have cooled, or whether they were over hyped in the first place. The U.S. Department of Defense’s “strategic pivot” toward Asia is one way to shore up relations and realign the Indo-U.S. partnership. India’s geostrategic location at the centre of the Indian Ocean- along with its naval expansion toward the southern Indian Ocean and its Port Blair naval base at the Andaman Islands- enable New Delhi to manage China’s presence in the region. Indeed, India and America’s navies have been more coordinated than any other bureaucracy since 2000. But the implications of this shared Beijing-centric orientation will only come about in the medium-term. One dimension of these ties, the sale of defence technologies, is another place where India has not yet delivered: the recent Medium Multi-Role Combat Aircraft (MMRCA) competition failed to award contracts to American companies. And in the middle of a global recession in which all countries are hunkering down, and domestic inflation and unemployment- not to mention concerns over doing business in India, such as retroactive taxation and tax avoidance measures- have grown, economic reforms that would further open India’s markets have slowed. U.S. Secretary of State Hillary Clinton’s recent visit to Kolkata was largely an effort to encourage India to increase the speed of its market liberalisation, particularly in the retail sector. This may be a prospect for the future, but is doubtful today given India’s economic slowdown and the attendant drop in employment. Yet perhaps the main reason for this strategic drift is that America’s key concern in South Asia these days is Afghanistan. President Obama delivered on his campaign promise to refocus efforts on the war in that country, and from 2009, his administration’s “AfPak” strategy took a regional perspective that originally sought to bring India into the equation. The thinking behind this, as Amitai Etzioni writes, is that “for Pakistanis, conflict (with India) poses an ominous existential challenge that drives their behaviour on all things,” including “their approach to the West and the war in Afghanistan… If the India-Pakistan confrontation could be settled, chances for progress on other fronts would be greatly enhanced.” The implication was that Washington ought to hyphenate India and Pakistan, to see the two as part of the same regional tussle, and try to settle the Kashmir dispute in order to make progress in Afghanistan. This was something New Delhi vehemently opposed and in fact, it sought de-hyphenation from Pakistan – engagement with New Delhi and Islamabad on separate and unconnected tracks. So when the office of the late US Special Adviser on Pakistan and Afghanistan Richard Holbrooke sought to include India and Kashmir in its purview, New Delhi successfully lobbied against it. This effort served one of India’s aims, insofar as it keeps Kashmir out of America’s area of direct intervention. Yet it also takes India, its assets, and its clout out of the broader Afghan resolution. Among these assets is the Indian-constructed Chabahar Road that connects Iran’s eastern Chabahar Port on the Gulf of Oman to western Afghanistan. The road ends Pakistan’s monopoly on seaborne trade to Afghanistan, which has long allowed Islamabad’s pernicious dominance of Kabul’s economic and political life. In light of America’s confrontation with Iran and efforts to sanction the latter’s energy sector, however, Washington opposes India’s use of Chabahar, particularly to import Iranian oil and natural gas. Indeed another goal of Secretary Clinton’s visit was to try to shore up India’s support for sanctions against Iran- to which end India is reducing its dependence on Iranian energy as it awaits an exemption on sanctions from the US State Department. But when New Delhi recently used its Chabahar road to send 100,000 tons of wheat to Kabul, its full potential vis-à-vis Afghanistan became evident. And this food aid was on top of India’s additional commitments to Afghanistan: constructing the Zaranj-Delaram highway in western Afghanistan that connects Chabahar to the Afghan ring road, the development of the Ayni Air base in Tajikistan (originally designed to treat wounded Afghan soldiers), building Afghanistan’s parliament building, exploring the Hajigak iron mine, and even commitments to train the Afghan National Police and Army- all of which amount to pledges of over $1 billion since 2001. Washington has been wary of encouraging India’s presence in Afghanistan citing Islamabad’s fear of encirclement. But, even without American attention, a refutation of Pakistan’s “India Threat” narrative is already underway. In order to remain focused on strategic horizons beyond South Asia, India is reorienting its defence apparatus away from Pakistan and towards China and the southern Indian Ocean; even the Ayni Base and Chabahar Road can be seen as elements of this strategic shift beyond the subcontinent. Together with Pakistan’s focus on the Durand Line and events within its own borders, political breathing space between Islamabad and New Delhi has opened up. India-Pakistan talks have already produced a number of important breakthroughs that portend better bilateral days to come: the granting of Most-Favoured Nation status, enhanced trade measures, as well as discussions on the specific parameters of a Kashmir peace based on economic integration. Specifically regarding the Indo-Pak dynamic in Afghanistan, things are less zero-sum than they appear. Important as the Chabahar route is, the combination of road, sea, and even rail links still comes with massive transport costs for India-Afghanistan trade. As S Verma, chairman of Steel Authority of India and the head of a consortium of Indian industries engaged in Afghanistan’s Hajigak iron mine, put it, “over the longer term,” transporting Afghan minerals over Pakistani territory “will be a productive investment. Not just for us, but others in the region including Pakistan. There are license fees, logistics, and so forth.” Meanwhile, Kaustav Chakrabarti of the Observer Research Foundation has suggested “deploying joint Indo-Pak nation building teams” in Afghanistan that include advisors, military trainers, bureaucrats, developments experts, medical crews and NGOs. These teams would “provide additional resources, bridge political polarities, foster cooperation between India and Pakistan and devise means to verify each other’s role, and ultimately, present a long-term mechanism,” guaranteed by India and Pakistan’s geographic proximity, “to ensure Afghanistan’s neutrality.” He cites as a precedent the collaboration between Indian and Pakistani armed forces in “UN peacekeeping missions in hot spots like Somalia.” Full realisation of any Indo-Pak promise will require more space, and time, between the two countries. The interim period, meanwhile, may indeed take a cooling period between the United States and India, who are unlikely to become allies in the fullest sense due to differing tactical approaches. But the strategic fundamentals of the Indo-American rapport- balancing China, expanding trade, and stabilising South Asia- remain intact.

#### Spitzer: And regulation is effectively a silent taxation policy. So instituting that in the face of the pocketbook issues that people are dealing with is going to be tough.

#### CIR would create the mother of all backlogs – impossible to solve

David North, former Assistant to the U.S. Secretary of Labor and Center for Immigration Studies Fellow, April 7, 2010, “Would Legalization Backlogs Delay Other USCIS Applications? Probably,” Center for Immigration Studies, http://cis.org/north/legalization-backlogs

An interesting question has arisen as a result of a congressional hearing: would a massive legalization program, as many advocates want, slow the processing of applications filed routinely by citizens and legal aliens wanting immigration benefits? The numbers are daunting. U.S. Citizenship and Immigration Services (USCIS) currently faces six million applications a year according to one news story. The estimates of the number of illegal aliens in the nation runs to 11 or 12 million. Could USCIS handle both these multi-million caseloads with its current paper-based systems? There are many complaints that the backlogs are currently too long on the normal collection of six million cases a year. The government's expert on such things, Frank W. Deffer, Assistant Inspector General for Information Technology in the Department of Homeland Security, told a congressional committee on March 23: "adding 12 million more people to the system would be the mother of all backlogs. Clearly to us the systems could not handle it now."

#### Political capital not sufficient to secure passage

Victoria M. DeFrancesco Soto (NBC Latino and MSNBC contributor, Senior Analyst for Latino Decisions and Fellow at the Center for Politics and Governance at the LBJ School of Public Affairs at the University of Texas, at Austin) January 4, 2013 “Opinion: Immigration reform will not be easy, but it’s not impossible” http://nbclatino.com/2013/01/04/opinion-immigration-reform-will-not-be-easy-but-its-not-impossible/

Unlike in his first administration, the president seems to be on board and ready for rolling up his sleeves and getting into immigration reform, but that won’t cut it. The problem for immigration reform in 2013 is rooted in Capital Hill. The president’s support is a necessary condition for any major policy overhaul, but it is not a sufficient condition. Let’s just assume the president can arm-wrestle the Senate Democrats and a few Senate Republicans into supporting his immigration reform. Two out of three won’t cut it. The Republican-controlled House is what stands in the way of immigration reform. More specifically, the GOP’s split mindset regarding Latinos and immigration is what will likely prevent the president from crossing off immigration reform from his 2013 to-do list. There are moderate GOP voices, such as that of Jeb Bush, that are calling for Republicans to not just go along, but lead in an immigration overhaul effort. These are the folks who see the demographic handwriting on the wall and recognize that the Republican Party cannot survive by alienating the fastest-growing segment of the electorate. However, those voices are few and far between.

#### No vote on immigration reform until August – even then its just the Senate

Julie Pace and Erica Werner (writers for the Associated Press) January 25, 2013 “White House, senators starting push on immigration” http://www.keyc.tv/story/20707198/white-house-senators-starting-push-on-immigration

The proposals will commence what is sure to be a contentious and emotional debate following 2012 election results that saw Latino voters turn out in large numbers to re-elect Obama - a signal to many Republican leaders that the party needs to change its posture on immigration.¶ The aim of the Senate group is to draft an immigration bill by March and pass legislation in the Senate by August, said the aide, who was not authorized to discuss private deliberations and requested anonymity. The Republican-controlled House would also need to pass the legislation before it went to the White House for the president's signature.

#### Obama XO’s have already poisoned the well

Joel Gehrke (Commentary writer for the Washington Examiner) January 3, 2013 “Obama unilaterally rewrites immigration law again” http://washingtonexaminer.com/obama-unilaterally-rewrites-immigration-law-again/article/2517460#.UOaJz3frorg

President Obama issued a rule yesterday through the Department of Homeland Security to put illegal immigrants who have United States citizens in their immediate families on the fast track to permanent legal status. “This final rule facilitates the legal immigration process and reduces the amount of time that U.S. citizens are separated from their immediate relatives who are in the process of obtaining an immigrant visa,” DHS Secretary Janet Napolitano said in a statement. The Illegal Immigration Reform and Immigrant Responsibility Act, which Bill Clinton signed in 1996 in order to deter illegal immigration, requires illegal immigrants who have overstayed their visa to leave the country while applying for a new one. “Someone who has overstayed a visa for more than six months is barred from reentering the U.S. for three years; those who overstay more than a year are barred for 10 years,” the Los Angeles Times explained yesterday. “The final rule establishes a process that allows certain individuals to apply for a provisional unlawful presence waiver before they depart the United States to attend immigrant visa interviews in their countries of origin,” DHS explained. This change would allow people to live in the United States while pursuing an immigrant visa, although they would still have to return to their original country to pick up that visa. “The change will have a significant impact on American families by greatly reducing the time family members are separated from those they rely upon,” United States Citizenship and Immigration Services Director Alejandro Mayorkas said in a statement. Even if the policy could have bipartisan support, the unilateral nature of the maneuver could complicate negotiations over changing immigration law. “If Obama continues to force his preferred policies on the country without discussion or legislation, and simply on the basis of his personal agenda, he is unlikely to find willing partners when it comes time for significant immigration action,” a Senate Republican aide told The Washington Examiner.

#### CIR doesn’t solve backlogs

David North, former Assistant to the U.S. Secretary of Labor and Center for Immigration Studies Fellow, April 7, 2010, “Would Legalization Backlogs Delay Other USCIS Applications? Probably,” Center for Immigration Studies, http://cis.org/north/legalization-backlogs

An interesting question has arisen as a result of a congressional hearing: would a massive legalization program, as many advocates want, slow the processing of applications filed routinely by citizens and legal aliens wanting immigration benefits? The numbers are daunting. U.S. Citizenship and Immigration Services (USCIS) currently faces six million applications a year according to one news story. The estimates of the number of illegal aliens in the nation runs to 11 or 12 million. Could USCIS handle both these multi-million caseloads with its current paper-based systems? There are many complaints that the backlogs are currently too long on the normal collection of six million cases a year. The government's expert on such things, Frank W. Deffer, Assistant Inspector General for Information Technology in the Department of Homeland Security, told a congressional committee on March 23: "adding 12 million more people to the system would be the mother of all backlogs. Clearly to us the systems could not handle it now."

#### Political capital is irrelevant and academically bankrupt – but winners win

Michael Hirsch (chief correspondent for National Journal, previously served as the senior editor and national economics correspondent for Newsweek, based in its Washington bureau) February 7, 2013 “There’s No Such Thing as Political Capital” <http://www.nationaljournal.com/magazine/there-s-no-such-thing-as-political-capital-20130207>

On Tuesday, in his State of the Union address, President Obama will do what every president does this time of year. For about 60 minutes, he will lay out a sprawling and ambitious wish list highlighted by gun control and immigration reform, climate change and debt reduction. In response, the pundits will do what they always do this time of year: They will talk about how unrealistic most of the proposals are, discussions often informed by sagacious reckonings of how much “political capital” Obama possesses to push his program through.¶ Most of this talk will have no bearing on what actually happens over the next four years.¶ Consider this: Three months ago, just before the November election, if someone had talked seriously about Obama having enough political capital to oversee passage of both immigration reform and gun-control legislation at the beginning of his second term—even after winning the election by 4 percentage points and 5 million votes (the actual final tally)—this person would have been called crazy and stripped of his pundit’s license. (It doesn’t exist, but it ought to.) In his first term, in a starkly polarized country, the president had been so frustrated by GOP resistance that he finally issued a limited executive order last August permitting immigrants who entered the country illegally as children to work without fear of deportation for at least two years. Obama didn’t dare to even bring up gun control, a Democratic “third rail” that has cost the party elections and that actually might have been even less popular on the right than the president’s health care law. And yet, for reasons that have very little to do with Obama’s personal prestige or popularity—variously put in terms of a “mandate” or “political capital”—chances are fair that both will now happen.¶ What changed? In the case of gun control, of course, it wasn’t the election. It was the horror of the 20 first-graders who were slaughtered in Newtown, Conn., in mid-December. The sickening reality of little girls and boys riddled with bullets from a high-capacity assault weapon seemed to precipitate a sudden tipping point in the national conscience. One thing changed after another. Wayne LaPierre of the National Rifle Association marginalized himself with poorly chosen comments soon after the massacre. The pro-gun lobby, once a phalanx of opposition, began to fissure into reasonables and crazies. Former Rep. Gabrielle Giffords, D-Ariz., who was shot in the head two years ago and is still struggling to speak and walk, started a PAC with her husband to appeal to the moderate middle of gun owners. Then she gave riveting and poignant testimony to the Senate, challenging lawmakers: “Be bold.”¶ As a result, momentum has appeared to build around some kind of a plan to curtail sales of the most dangerous weapons and ammunition and the way people are permitted to buy them. It’s impossible to say now whether such a bill will pass and, if it does, whether it will make anything more than cosmetic changes to gun laws. But one thing is clear: The political tectonics have shifted dramatically in very little time. Whole new possibilities exist now that didn’t a few weeks ago.¶ Meanwhile, the Republican members of the Senate’s so-called Gang of Eight are pushing hard for a new spirit of compromise on immigration reform, a sharp change after an election year in which the GOP standard-bearer declared he would make life so miserable for the 11 million illegal immigrants in the U.S. that they would “self-deport.” But this turnaround has very little to do with Obama’s personal influence—his political mandate, as it were. It has almost entirely to do with just two numbers: 71 and 27. That’s 71 percent for Obama, 27 percent for Mitt Romney, the breakdown of the Hispanic vote in the 2012 presidential election. Obama drove home his advantage by giving a speech on immigration reform on Jan. 29 at a Hispanic-dominated high school in Nevada, a swing state he won by a surprising 8 percentage points in November. But the movement on immigration has mainly come out of the Republican Party’s recent introspection, and the realization by its more thoughtful members, such as Sen. Marco Rubio of Florida and Gov. Bobby Jindal of Louisiana, that without such a shift the party may be facing demographic death in a country where the 2010 census showed, for the first time, that white births have fallen into the minority. It’s got nothing to do with Obama’s political capital or, indeed, Obama at all.¶ The point is not that “political capital” is a meaningless term. Often it is a synonym for “mandate” or “momentum” in the aftermath of a decisive election—and just about every politician ever elected has tried to claim more of a mandate than he actually has. Certainly, Obama can say that because he was elected and Romney wasn’t, he has a better claim on the country’s mood and direction. Many pundits still defend political capital as a useful metaphor at least. “It’s an unquantifiable but meaningful concept,” says Norman Ornstein of the American Enterprise Institute. “You can’t really look at a president and say he’s got 37 ounces of political capital. But the fact is, it’s a concept that matters, if you have popularity and some momentum on your side.”¶ The real problem is that the idea of political capital—or mandates, or momentum—is so poorly defined that presidents and pundits often get it wrong. “Presidents usually over-estimate it,” says George Edwards, a presidential scholar at Texas A&M University. “The best kind of political capital—some sense of an electoral mandate to do something—is very rare. It almost never happens. In 1964, maybe. And to some degree in 1980.” For that reason, political capital is a concept that misleads far more than it enlightens. It is distortionary. It conveys the idea that we know more than we really do about the ever-elusive concept of political power, and it discounts the way unforeseen events can suddenly change everything. Instead, it suggests, erroneously, that a political figure has a concrete amount of political capital to invest, just as someone might have real investment capital—that a particular leader can bank his gains, and the size of his account determines what he can do at any given moment in history.¶ Naturally, any president has practical and electoral limits. Does he have a majority in both chambers of Congress and a cohesive coalition behind him? Obama has neither at present. And unless a surge in the economy—at the moment, still stuck—or some other great victory gives him more momentum, it is inevitable that the closer Obama gets to the 2014 election, the less he will be able to get done. Going into the midterms, Republicans will increasingly avoid any concessions that make him (and the Democrats) stronger.¶ But the abrupt emergence of the immigration and gun-control issues illustrates how suddenly shifts in mood can occur and how political interests can align in new ways just as suddenly. Indeed, the pseudo-concept of political capital masks a larger truth about Washington that is kindergarten simple: You just don’t know what you can do until you try. Or as Ornstein himself once wrote years ago, “Winning wins.” In theory, and in practice, depending on Obama’s handling of any particular issue, even in a polarized time, he could still deliver on a lot of his second-term goals, depending on his skill and the breaks. Unforeseen catalysts can appear, like Newtown. Epiphanies can dawn, such as when many Republican Party leaders suddenly woke up in panic to the huge disparity in the Hispanic vote.¶ Some political scientists who study the elusive calculus of how to pass legislation and run successful presidencies say that political capital is, at best, an empty concept, and that almost nothing in the academic literature successfully quantifies or even defines it. “It can refer to a very abstract thing, like a president’s popularity, but there’s no mechanism there. That makes it kind of useless,” says Richard Bensel, a government professor at Cornell University. Even Ornstein concedes that the calculus is far more complex than the term suggests. Winning on one issue often changes the calculation for the next issue; there is never any known amount of capital. “The idea here is, if an issue comes up where the conventional wisdom is that president is not going to get what he wants, and he gets it, then each time that happens, it changes the calculus of the other actors” Ornstein says. “If they think he’s going to win, they may change positions to get on the winning side. It’s a bandwagon effect.”¶ ALL THE WAY WITH LBJ¶ Sometimes, a clever practitioner of power can get more done just because he’s aggressive and knows the hallways of Congress well. Texas A&M’s Edwards is right to say that the outcome of the 1964 election, Lyndon Johnson’s landslide victory over Barry Goldwater, was one of the few that conveyed a mandate. But one of the main reasons for that mandate (in addition to Goldwater’s ineptitude as a candidate) was President Johnson’s masterful use of power leading up to that election, and his ability to get far more done than anyone thought possible, given his limited political capital. In the newest volume in his exhaustive study of LBJ, The Passage of Power, historian Robert Caro recalls Johnson getting cautionary advice after he assumed the presidency from the assassinated John F. Kennedy in late 1963. Don’t focus on a long-stalled civil-rights bill, advisers told him, because it might jeopardize Southern lawmakers’ support for a tax cut and appropriations bills the president needed. “One of the wise, practical people around the table [said that] the presidency has only a certain amount of coinage to expend, and you oughtn’t to expend it on this,” Caro writes. (Coinage, of course, was what political capital was called in those days.) Johnson replied, “Well, what the hell’s the presidency for?”¶ Johnson didn’t worry about coinage, and he got the Civil Rights Act enacted, along with much else: Medicare, a tax cut, antipoverty programs. He appeared to understand not just the ways of Congress but also the way to maximize the momentum he possessed in the lingering mood of national grief and determination by picking the right issues, as Caro records. “Momentum is not a mysterious mistress,” LBJ said. “It is a controllable fact of political life.” Johnson had the skill and wherewithal to realize that, at that moment of history, he could have unlimited coinage if he handled the politics right. He did. (At least until Vietnam, that is.)¶ And then there are the presidents who get the politics, and the issues, wrong. It was the last president before Obama who was just starting a second term, George W. Bush, who really revived the claim of political capital, which he was very fond of wielding. Then Bush promptly demonstrated that he didn’t fully understand the concept either.¶ At his first news conference after his 2004 victory, a confident-sounding Bush declared, “I earned capital in the campaign, political capital, and now I intend to spend it. That’s my style.” The 43rd president threw all of his political capital at an overriding passion: the partial privatization of Social Security. He mounted a full-bore public-relations campaign that included town-hall meetings across the country.¶ Bush failed utterly, of course. But the problem was not that he didn’t have enough political capital. Yes, he may have overestimated his standing. Bush’s margin over John Kerry was thin—helped along by a bumbling Kerry campaign that was almost the mirror image of Romney’s gaffe-filled failure this time—but that was not the real mistake. The problem was that whatever credibility or stature Bush thought he had earned as a newly reelected president did nothing to make Social Security privatization a better idea in most people’s eyes. Voters didn’t trust the plan, and four years later, at the end of Bush’s term, the stock-market collapse bore out the public’s skepticism. Privatization just didn’t have any momentum behind it, no matter who was pushing it or how much capital Bush spent to sell it.¶ The mistake that Bush made with Social Security, says John Sides, an associate professor of political science at George Washington University and a well-followed political blogger, “was that just because he won an election, he thought he had a green light. But there was no sense of any kind of public urgency on Social Security reform. It’s like he went into the garage where various Republican policy ideas were hanging up and picked one. I don’t think Obama’s going to make that mistake.… Bush decided he wanted to push a rock up a hill. He didn’t understand how steep the hill was. I think Obama has more momentum on his side because of the Republican Party’s concerns about the Latino vote and the shooting at Newtown.” Obama may also get his way on the debt ceiling, not because of his reelection, Sides says, “but because Republicans are beginning to doubt whether taking a hard line on fiscal policy is a good idea,” as the party suffers in the polls.¶ THE REAL LIMITS ON POWER¶ Presidents are limited in what they can do by time and attention span, of course, just as much as they are by electoral balances in the House and Senate. But this, too, has nothing to do with political capital. Another well-worn meme of recent years was that Obama used up too much political capital passing the health care law in his first term. But the real problem was that the plan was unpopular, the economy was bad, and the president didn’t realize that the national mood (yes, again, the national mood) was at a tipping point against big-government intervention, with the tea-party revolt about to burst on the scene. For Americans in 2009 and 2010—haunted by too many rounds of layoffs, appalled by the Wall Street bailout, aghast at the amount of federal spending that never seemed to find its way into their pockets—government-imposed health care coverage was simply an intervention too far. So was the idea of another economic stimulus. Cue the tea party and what ensued: two titanic fights over the debt ceiling. Obama, like Bush, had settled on pushing an issue that was out of sync with the country’s mood.¶ Unlike Bush, Obama did ultimately get his idea passed. But the bigger political problem with health care reform was that it distracted the government’s attention from other issues that people cared about more urgently, such as the need to jump-start the economy and financial reform. Various congressional staffers told me at the time that their bosses didn’t really have the time to understand how the Wall Street lobby was riddling the Dodd-Frank financial-reform legislation with loopholes. Health care was sucking all the oxygen out of the room, the aides said.¶ Weighing the imponderables of momentum, the often-mystical calculations about when the historic moment is ripe for an issue, will never be a science. It is mainly intuition, and its best practitioners have a long history in American politics. This is a tale told well in Steven Spielberg’s hit movie Lincoln. Daniel Day-Lewis’s Abraham Lincoln attempts a lot of behind-the-scenes vote-buying to win passage of the 13th Amendment, banning slavery, along with eloquent attempts to move people’s hearts and minds. He appears to be using the political capital of his reelection and the turning of the tide in the Civil War. But it’s clear that a surge of conscience, a sense of the changing times, has as much to do with the final vote as all the backroom horse-trading. “The reason I think the idea of political capital is kind of distorting is that it implies you have chits you can give out to people. It really oversimplifies why you elect politicians, or why they can do what Lincoln did,” says Tommy Bruce, a former political consultant in Washington.¶ Consider, as another example, the storied political career of President Franklin Roosevelt. Because the mood was ripe for dramatic change in the depths of the Great Depression, FDR was able to push an astonishing array of New Deal programs through a largely compliant Congress, assuming what some described as near-dictatorial powers. But in his second term, full of confidence because of a landslide victory in 1936 that brought in unprecedented Democratic majorities in the House and Senate, Roosevelt overreached with his infamous Court-packing proposal. All of a sudden, the political capital that experts thought was limitless disappeared. FDR’s plan to expand the Supreme Court by putting in his judicial allies abruptly created an unanticipated wall of opposition from newly reunited Republicans and conservative Southern Democrats. FDR thus inadvertently handed back to Congress, especially to the Senate, the power and influence he had seized in his first term. Sure, Roosevelt had loads of popularity and momentum in 1937. He seemed to have a bank vault full of political capital. But, once again, a president simply chose to take on the wrong issue at the wrong time; this time, instead of most of the political interests in the country aligning his way, they opposed him. Roosevelt didn’t fully recover until World War II, despite two more election victories.¶ In terms of Obama’s second-term agenda, what all these shifting tides of momentum and political calculation mean is this: Anything goes. Obama has no more elections to win, and he needs to worry only about the support he will have in the House and Senate after 2014. But if he picks issues that the country’s mood will support—such as, perhaps, immigration reform and gun control—there is no reason to think he can’t win far more victories than any of the careful calculators of political capital now believe is possible, including battles over tax reform and deficit reduction.¶ Amid today’s atmosphere of Republican self-doubt, a new, more mature Obama seems to be emerging, one who has his agenda clearly in mind and will ride the mood of the country more adroitly. If he can get some early wins—as he already has, apparently, on the fiscal cliff and the upper-income tax increase—that will create momentum, and one win may well lead to others. “Winning wins.”

#### Keystone thumps

David Lewis (writer for The Energy Collective) February 4, 2013 “Rethinking Opposition to Keystone XL” http://theenergycollective.com/david-lewis/180651/rethinking-opposition-keystone-xl

The Keystone Pipeline is the environmental litmus test for this President, for the new generation, the rising generation of environmentalists in particular. This is their first big fight on the environment. It was their first big victory more than a year ago. If the President takes that victory away from them, he is going to break the hearts of an entire generation of young people, whom he’s expecting to stay in his coalition through the midterms and beyond, and I think he should do the right thing by them, but also, frankly, do the right thing not just by the young people today, but by their children and their grandchildren. The tar sands are the dirtiest, most dangerous fuels on Earth. They should not come out of the ground. They certainly should not come through the United States. It’s not just a litmus test issue, it’s a leadership issue. Is he willing to match his rhetoric with deeds? And we’ll see very soon if he is." (transcript and audio of the complete interview is available here).¶ If the "movement" succeeds in persuading Obama he needs to spend some of his limited political capital by refusing to approve Keystone XL, there will be less political capital available to accomplish whatever else Obama may decide can also be done, including whatever comes out of this Waxman-Whitehouse initiative. And the result of no Canadian tar sand oil crossing the US border via the Keystone XL is likely to be the discovery by US activists that Canada can and will move its expanding oil production over its own territory to its own ports.

#### Gas exports thump

Gardett, 2/6/12 [Natural Gas Exports: 'Whats the Rush?' Asks Dow, <http://energy.aol.com/2013/02/06/natural-gas-exports-whats-the-rush-asks-dow/>]

The debate over [natural gas exports](http://energy.aol.com/2012/10/30/us-natural-gas-exports/) from the US has broken out of the energy sector and begun to raise temperatures across the political spectrum, with a high profile [Congressional hearing](http://energycommerce.house.gov/hearing/AESI-assessment-north-americas-energy-resources) this week underlining the stakes at play in a Department of Energy policy decision on the economic standing of natural gas export projects. der the law - to get the economic impact determination set by a specific date.

#### Gun control thumps

Earl Watt (writer for the Leader and Times, High Plains Daily) February 5, 2013 “I thought there would be no rest until everyone who is able is working” http://www.leaderandtimes.com/index.php?option=com\_content&view=article&id=10685:i-thought-there-would-be-no-rest-until-everyone-who-is-able-is-working&catid=29:opinion&Itemid=58

One answer may be that Obama has been kind to the unemployed with unlimited benefits that perhaps there is no incentive to work. Obama has opted for sustenance rather than substance.

Why would anyone care about a job as long as a check shows up in the mail every week for 99 weeks?

A president has only so much political capital, and Obama is squandering his on gun control rather than jobs.

#### Plan isn’t legislation

Janofsky 6 (Michael, Veteran Journalist, “Offshore Drilling Plan Widens Rifts Over Energy Policy,” New York Times, 4-9, http://www.nytimes.com/2006/04/09/washington/09drill.html)

A Bush administration proposal to open an energy-rich tract of the Gulf of Mexico to oil and gas drilling has touched off a tough fight in Congress, the latest demonstration of the political barriers to providing new energy supplies even at a time of high demand and record prices. The two-million-acre area, in deep waters 100 miles south of Pensacola, Fla., is estimated to contain nearly half a billion barrels of oil and three trillion cubic feet of natural gas, enough to run roughly a million vehicles and heat more than half a million homes for about 15 years. The site, Area 181, is the only major offshore leasing zone that the administration is offering for development. But lawmakers are divided over competing proposals to expand or to limit the drilling. The Senate Energy Committee and its chairman, Pete V. Domenici, Republican of New Mexico, are pushing for a wider drilling zone, while the two Florida senators and many from the state's delegation in the House are arguing for a smaller tract. Other lawmakers oppose any new drilling at all. The debate could go a long way toward defining how the nation satisfies its need for new energy and whether longstanding prohibitions against drilling in the Outer Continental Shelf, the deep waters well beyond state coastlines, will end. The fight, meanwhile, threatens to hold up the confirmation of President Bush's choice to lead the Interior Department, Gov. Dirk Kempthorne of Idaho. Mr. Kempthorne was nominated last month to replace Gale A. Norton, a proponent of the plan, who stepped down March 31. Like Ms. Norton, Mr. Kempthorne, a former senator, is a determined advocate of developing new supplies of energy through drilling. While environmental groups say that discouraging new drilling would spur development of alternative fuels, administration officials say that timely action in Area 181 and beyond could bring short-term relief to the nation's energy needs and, perhaps, lower fuel costs for consumers. "It's important to have expansions of available acres in the Gulf of Mexico as other areas are being tapped out," Ms. Norton said recently. She predicted that drilling in the offshore zone would lead to further development in parts of the Outer Continental Shelf that have been off-limits since the 1980's under a federal moratorium that Congress has renewed each year and that every president since then has supported. States are beginning to challenge the prohibitions. Legislatures in Georgia and Kansas recently passed resolutions urging the government to lift the bans. On Friday, Gov. Tim Kaine of Virginia, a Democrat, rejected language in a state energy bill that asked Congress to lift the drilling ban off Virginia's coast. But he did not close the door to a federal survey of natural gas deposits. Meanwhile, Representative Richard W. Pombo, Republican of California, the pro-development chairman of the House Resources Committee, plans to introduce a bill in June that would allow states to seek control of any energy exploration within 125 miles of their shorelines. Senators John W. Warner of Virginia, a Republican, and Mark Pryor of Arkansas, a Democrat, introduced a similar bill in the Senate last month. Currently, coastal states can offer drilling rights only in waters within a few miles of their own shores. Mr. Pombo and other lawmakers would also change the royalty distribution formula for drilling in Outer Continental Shelf waters so states would get a share of the royalties that now go entirely to the federal government. Senators from Alabama, Louisiana and Mississippi are co-sponsoring a bill that would create a 50-50 split. As exceptions to the federal ban, the western and central waters of the Gulf of Mexico produce nearly a third of the nation's oil and more than a fifth of its natural gas. But Area 181 has been protected because of its proximity to Florida and the opposition of Mr. Bush's brother, Gov. Jeb Bush. By its current boundaries, the pending lease area is a much smaller tract than the 5.9 million acres the Interior Department first considered leasing more than 20 years ago and the 3.6 million acres that the department proposed to lease in 2001. This year, two million acres of the original tract are proposed for lease as the only waters of the Outer Continental Shelf that the administration is making available for 2007-12. The proposal is an administrative action that does not require Congressional approval, but it is still subject to public comment before being made final. Unless Congress directs the administration to change course, the administration's final plan would lead to bidding on new leases in 2007.

#### Plan popular

#### --- trumps ideology.

Barry Russell 12 is President of the Independent Petroleum Association of America, “Energy Must Transcend Politics”, 8-15-12, <http://energy.nationaljournal.com/2012/08/finding-the-sweet-spot-biparti.php#2238176>, Accessed date: 12-10-12 y2k

There have been glimpses of great leadership, examples when legislators have reached across the aisle to construct and support common-sense legislation that encourages American energy production. Recent legislation from Congress which would replace the Obama administration’s five-year offshore leasing plan and instead increase access America’s abundant offshore oil and natural gas is one example of such bipartisanship. The House passed legislation with support from 25 key Democrats. The support from Republicans and Democrats is obviously not equal, but this bipartisan legislative victory demonstrates a commitment by the House of Representatives to support the jobs, economic growth and national security over stubborn allegiance to political party. The same is happening on the Senate side. Democratic Senators Jim Webb (VA), Mark Warner (VA), and Mary Landrieu (LA) cosponsored the Senate’s legislation to expand offshore oil and natural gas production with Republican Senators Lisa Murkowski (AK), John Hoeven (ND), and Jim Inhofe (OK). Senator Manchin (WV) is another Democratic leader who consistently votes to promote responsible energy development.

#### ---- key to bipartisan bargain

Coral Davenport 12 is Energy and Environment Correspondent for National Journal. “How Obama and Congress Could Find Common Ground on Energy,” December 6, 2012, <http://www.nationaljournal.com/magazine/how-obama-and-congress-could-find-common-ground-on-energy-20121206>, Accessed date: 12-30-12 y2k

Meanwhile, the partisan impasse may be about to end. Quietly, lawmakers and lobbyists say they can envision a grand bargain on energy and climate change—cutting fossil- fuel use and investing in clean energy in exchange for new offshore drilling or approval of the controversial Keystone XL pipeline. The biggest if, and the heaviest lift, will be getting Congress to enact the policy that economists say would do the most to transform the nation’s energy economy: taxing or pricing fossil carbon pollution. A price on carbon, say economists across the ideological spectrum, will increase the price of fossil fuels and decisively drive the free market toward clean energy. Yet any lawmaker who supports the plan could be accused of supporting an energy tax. Still, a combination of events—including more droughts, floods, and extreme weather like superstorm Sandy—has increased the sense of urgency. The recent explosion in domestic oil and natural-gas production has helped to create jobs and prop up the recovery while bringing together oil companies and the Obama White House in alliances that could pave the way for new agreements on energy policy. And as Washington grapples with the deficit, many in the capital are more open to the carbon tax as a way to raise revenue.

#### --- olive branch

Russell **McLendon**, mother nature network, 5/27/**10**, “Offshore drilling: Low bills vs. big spills”, http://www.mnn.com/earth-matters/translating-uncle-sam/stories/offshore-drilling-low-bills-vs-big-spills, mnrs

That pressure reached a critical mass in March, when President Obama announced plans to end a three-decade ban onnew offshore drilling in U.S. waters. The move was widely seen as an olive branch to offshore-drilling advocates in Congress, offering a compromise that might win support for a climate-change bill. It paved the way for new drilling in the Gulf of Mexico as well as the first-ever oil rigs off the East Coast, and while it drew the ire of environmentalists, there was only scattered public criticism. Within a few weeks, though, the tides suddenly turned. An explosion aboard the Deepwater Horizon oil rig in the Gulf of Mexico killed 11 workers on April 20, and two days later — the 40th anniversary of Earth Day — the rig sank to the sea floor, starting what is now being called the worst oil spill in American history.

### AT: Manufacturing – Maize Wrong

#### And new restrictions prevent future Fracking

Plumer 12 (Brad, “How states are regulating fracking (in maps)”, 2012, <http://www.washingtonpost.com/blogs/ezra-klein/wp/2012/07/16/how-states-are-regulating-fracking-in-maps/>

Armed with new drilling techniques, companies are spreading out across the United States, cracking open shale rock in search of vast new stores of natural gas. It’s not an exaggeration to say that hydraulic fracturing, or “fracking,” has revolutionized the U.S. energy industry. Cheap natural gas has become America’s top source for electricity, displacing coal and bringing back jobs to once-decaying states like Ohio.But the fracking boom has also led to plenty of environmental concerns. Local communities are worried that the chemicals used to pry open the shale rock can contaminate nearby drinking water supplies. (So far, there’s scant evidence this is happening in places like Pennsylvania, but the science is still in its infancy.) Excess gas is often vented off, producing air pollution. And the disposal of fracking wastewater underground appears to be linked to earthquakes in places like Ohio. Confronted with these worries, **states have responded with** a patchwork of different regulations. But there’s a lot of variation between different states. And here’s a good way to track what’s going on: A helpful series of new maps, put together by Resources for the Future (RFF), gives an overview of how 31 states with significant shale gas reserves are treating different aspects of fracking. Here, for instance, is a look at which states require companies to disclose the chemicals they use in drilling. (Fracking is exempt from federal disclosure rules under the Safe Water Drinking Act.) Some states, like Pennsylvania — which sits above the gas-rich Marcellus shale formation — now require a full disclosure of chemicals. By contrast, Kansas, which is just beginning to see widespread fracking activity, is further behind: Meanwhile, the map below details how different states treat the “venting” or release of excess gas into the air. Just 22 of the 31 gas states have restrictions on this process, which can release both heat-trapping methane into the atmosphere as well as “volatile organic compounds” such as benzene that can produce smog and trigger health problems. Some states ban this practice entirely; others restrict it to emergencies or require that operators not harm public health: There are many more maps on RFF’s Web site, which is worth poking around on. In an introductory essay, RFF’s Nathan Richardson notes that these maps still provide just a partial picture — the details of laws matter, and more importantly, different states may enforce their rules with different levels of vigor. But it’s an invaluable resource all the same. The regulation of fracking has become a low-level campaign issue, as well. The Obama administration is gradually putting forward federal regulations. The Department of Interior **is drafting rules for fracking on publicly-owned lands** (where about 38 percent of the country’s gas reserves sit, according to the American Petroleum Institute). The Environmental Protection Agency, meanwhile, is slowly getting in on regulation and has proposed rules that will require all producers to phase out venting by 2015 and capture their waste methane instead. Mitt Romney, by contrast, has criticized the federal approach. In his “Believe in America” economic plan (pdf), he warns that the EPA should not “pursue overly aggressive interventions designed to discourage fracking altogether.” By contrast, Romney praises states for having “carefully and effectively regulated the process for decades.” Indeed, many Republicans believe that fracking regulations should be mainly left to the states, which can issue rules more speedily and can tailor regulations to the specific needs of their communities. Environmentalists, by contrast, worry that this will create a race to the bottom whereby states pare back their rules — or enforce them weakly — in order to compete for business. Both sides agree that addressing the public health and environmental aspects of fracking isn’t costless. The International Energy Agency recently estimated that addressing all of the various concerns could boost the price of natural gas by roughly 7 percent. Yet the IEA also warned that if these rules weren’t adopted, public outcry and protests could stop the shale gas boom altogether. Anti-fracking protests like those in New York state could become the norm. And that, the IEA notes, could prove even more costly to the gas industry

#### Prefer experts – your authors are university professors and journalists that don’t know anything

**Berman, 1/1** petroleum geologist and consultant to the energy sector; editorial board member of The Oil Drum; Associate Editor of the AAPG Bulletin; Director of The Association for the Study of Peak Oil; Published over 100 articles on petroleum geology and technology. Made over 50 presentations in the last year to professional societies, investment conferences and companies (Arthur E. Berman, 1 January 2013, “Industry Experts Know Less Than College Professors and Journalists About Shale Gas Economics,” http://petroleumtruthreport.blogspot.com/2013/01/industry-experts-know-less-than-college.html)//CC

A recent article by Ken Maize in Power mistakenly assumes that university professors who have never worked in the oil and gas industry know more about evaluating oil and natural gas well economics than industry professionals who have spent their careers doing this work. In "Is Shale Gas Shallow or the Real Deal?", Maize cites Dr. Terry Engelder's opinions about shale gas versus ours. Terry is a friend and colleague who I respect and sometimes participate with in panel discussions about shale gas. He is a late adopter of oil and gas reserve forecasting after a career in structural geology. Maize confuses Terry's work on resource assessment with our work on reserve forecasting because he is a journalist and doesn't understand this important distinction. Resources are the total volume of oil and gas regardless of cost, while reserves are the small fraction of resources that can be produced commercially. The debate is simple. Are shale gas wells commercial failures or not? Rex Tillerson, the CEO of ExxonMobil, stated about shale gas, "We are all losing our shirts today." Mr. Tillerson said in a talk before the Council on Foreign Relations in New York. "We're making no money. It's all in the red." Independent evaluations of shale gas plays by the United States Geological Survey, the Bureau of Economic Geology (University of Texas at Austin), and the Louisiana State University Center for Energy Studies all corroborate our well reserve estimates for shale gas wells. There is no debate. Maize's article is contrived and Engelder is wrong.

#### Historical data proves – causes insecure supply and cost increases

Pittinger and Berman, 11 [August 5th, Arthur E. Berman and Lynn F. Pittinger Lynn Pittinger is a consultant in petroleum engineering with 30 years of industry experience. He managed economic and engineering evaluations for Unocal and Occidental Oil & Gas, and has been an independent consultant since 2008. He has collaborated with Berman on all shale play evaluation projects since 2009 AND, Arthur, lecturer at Rice Graduate School of Management, geological consultant with 32 years of experience in petroleum exploration and production, M.S. Geology Colorado School of Mines, B.A Amherst College, published 50 articles on geology, member of the National Petroleum Council and on the Board of Directors of ASPO USA editorial board of The Oil Drum, and an associate editor of the AAPG (American Association of Petroleum Geologists), <http://www.theoildrum.com/node/8212>]

Summary and Conclusions

We have shown that the true structural cost of shale gas production is higher than present prices can support ($4.15/mcf average price for the year ending July 30, 2011), and that per-well reserves are about one-half of the volumes claimed by operators. Relatively long-lived production history data in the Barnett and Fayetteville shale plays is compelling. A shorter production history for the Haynesville Shale play permits more latitude in forecasting projections. There is, however, sufficient data to conclude that **results for the play are disappointing.** ¶ Our work on the three most mature shale plays has profound implications. Facts indicate that most wells are not commercial at current gas prices and require prices at least in the range of $8.00 to $9.00/mcf to break even on full-cycle prices, and $5.00 to $6.00/mcf on point-forward prices. Our price forecasts ($4.00-4.55/mcf average through 2012) are below $8.00/mcf for the next 18 months. It is, therefore, possible that some producers will be unable to maintain present drilling levels from cash flow, joint ventures, asset sales and stock offerings. ¶ Decline rates indicate that a decrease in drilling by any of the major producers in the shale gas plays would reveal the insecurity of supply. This is especially true in the case of the Haynesville Shale play where initial rates are about three times higher than in the Barnett or Fayetteville. Already, rig rates are dropping in the Haynesville as operators shift emphasis to more liquid-prone objectives that have even lower gas rates. This might create doubt about the paradigm of cheap and abundant shale gas supply and **have a cascading effect on confidence and capital availability.**¶On the other hand, major oil companies, foreign investors and overseas energy companies have shown a surprising appetite for joint ventures and acquisitions of producers in these plays. Although this trend might result in a different cast of players, it may also introduce a stabilizing effect on the distress scenario described in the previous paragraph. The entry of better-capitalized producers does not change the economic fundamentals of shale gas, but it suggests that there may be strategic reasons for large companies to pursue market share in the North American gas arena.¶ We suspect that the current euphoria about shale gas will follow the path of other energy panaceas including coal-bed methane and tight sandstone gas. Shale gas will remain an important part of the North American energy landscape but its costs will almost certainly be higher, and its abundance less than many now believe. Producer behavior will be modified by the effect of changing perceptions on capital availability and the entry of new, more substantial players.

#### No really their evidence is hogwash

Berman, 10 [EIA Annual Energy Outlook 2011: Don’t Worry, Be Happy, Arthur, lecturer at Rice Graduate School of Management, geological consultant with 32 years of experience in petroleum exploration and production, M.S. Geology Colorado School of Mines, B.A Amherst College, published 50 articles on geology, member of the National Petroleum Council and on the Board of Directors of ASPO USA editorial board of The Oil Drum, and an associate editor of the AAPG (American Association of Petroleum Geologists), <http://www.theoildrum.com/node/7285>]

Conclusions

It is understandable that the EIA, as a branch of government, must produce an annual report that is politically expedient and that supports a view that meets public policy expectations. The EIA approach takes a long-term economic view and is, therefore, not concerned with the fluctuations that characterize the real world of petroleum supply, demand and price. At the same time, it is not useful that **this report is in conflict with industry best practices and opinion as well as trend data available to the public.** The EIA’s resource estimate of technically recoverable gas from shale is interesting but not relevant to future price or production volume forecasts. The Potential Gas Committee’s 2009 report is the benchmark of credibility, and we hope that the full EIA report in March will explain why we should accept unwarranted and insupportable upward revisions to PGC resource estimates and how these might translate to energy reserves and price. The EIA treats shale gas just like conventional gas in its forecasting and does not acknowledge the much higher decline rates and, therefore, great number of wells required to maintain supply. Exploration and production companies involved in shale gas production have presented a position that emphasizes production and reserve growth over earnings or profit. It is confusing that the EIA has assumed that market forces and improving efficiencies will save the day for oil and gas prices. It would be more appropriate to frame the problem in the context of reasonable expectations that would be useful to public understanding of the shale gas phenomenon and its potential contribution to natural gas volumes and price. It is unsettling that the EIA has not acknowledged the belief by the U.S. military and other credible sources of an impending liquid fuel shortage that confronts the United States and the world (e.g. Hirsch, Benzdek and Wendling, 2010; JOE Report) . Instead, the EIA has provided an unrealistic view of future oil and gas supply and price that will inevitably not serve public understanding or promote reasonable planning for resource availability or price.

### Methane

#### New Department of Energy tests prove hydrate mining works --- more research broadens effectiveness

**DOE 12** (Department of Energy, “U.S. and Japan Complete Successful Field Trial of Methane Hydrate Production Technologies,” May 5 2012, http://energy.gov/articles/us-and-japan-complete-successful-field-trial-methane-hydrate-production-technologies)

WASHINGTON, DC – U.S. Energy Secretary Steven Chu announced today the completion of a successful, unprecedented test of technology in the North Slope of Alaska that was able to safely extract a steady flow of natural gas from methane hydrates – a vast, entirely untapped resource that holds enormous potential for U.S. economic and energy security. Building upon this initial, small-scale test, the Department is launching a new research effort to conduct a long-term production test in the Arctic as well as research to test additional technologies that could be used to locate, characterize and safely extract methane hydrates on a larger scale in the U.S. Gulf Coast.

#### Mining controls the magnitude of the impact to methane leaks --- it’s key to limit emissions

**Cohen 10** (Dave Cohen, MBA, Chemical Engineering, Chief Executive Officer of Northern Orion Resources Senior Vice President of Miramar Mining Corporation Chairman of Enterprise Energy Resources Ltd, “Methane Hydrates,” Energy Bulletin, February 11, 2010, http://www.energybulletin.net/node/51517)

Well, of course, this makes sense. We wouldn't want to inadvertently disturb a big patch of methane hydrates, which might lead to the release of a shitload of gas into the water column, which would eventually lead to its bubbling out of the sea and into the atmosphere. You see, if the methane in ocean floor hydrates gets loose, that's much, much worse than if we successfully capture it, pipe it somewhere and burn it. In this latter case, we only get the carbon emissions from burning the "pure" natural gas (CH4), not the full-blown greenhouse effects of unadulterated methane in the atmosphere, which converts to CO2 over time there—it's 25 times more potent per molecule [as a greenhouse gas] than carbon dioxide on a 100-year basis. Methane hydrates are stable under low temperatures and high pressures. So, I guess you could say that by capturing & burning the natural gas in ocean floor hydrates, we would be actually saving the planet from the future ruin we might incur if the deep oceans were to warm sufficiently—due to the burning of fossil fuels like natural gas—to cause natural degassing.

### enviro

**No impact or spillover to biodiversity**

**Ridder 2008** – PhD, School of Geography and Environmental Studies, University of Tasmania (Ben, Biodiversity And Conservation, 17.4, “Questioning the ecosystem services argument for biodiversity conservation”) \*ES = environmental services

The low resilience assumption

Advocates of the conservation of biodiversity tend not to acknowledge the distinction between resilient and sensitive ES. This ‘low resilience assumption’ gives rise to, and is reinforced by the almost ubiquitous claim within the conservation literature that ES depend on biodiversity.

An extreme example of this claim is made by the Ehrlichs in Extinction. They state that “all [ecosystem services] will be threatened if the rate of extinctions continues to increase” then observe that attempts to artificially replicate natural processes “are no more than partially successful in most cases. Nature nearly always does it better. When society sacrifices natural services for some other gain… it must pay the costs of substitution” (Ehrlich and Ehrlich 1982, pp. 95–96). This assertion—that the only alternative to protecting every species is a world in which all ES have been substituted by artificial alternatives—is an extreme example of the ‘low resilience assumption’. Paul Ehrlich revisits this flawed logic in 1997 i nhis response (with four co-authors) to doubts expressed by Mark Sagoff regarding economic arguments for species conservation (Ehrlich et al. 1997, p. 101).

The claim that ES depend on biodiversity is also notably present in the controversial Issues in Ecology paper on biodiversity and ecosystem functioning (Naeem et al. 1999) that sparked the debate mentioned in the introduction. This appears to reflect a general tendency among authors in this field (e.g., Hector et al. 2001; Lawler et al. 2002; Lyons et al. 2005). Although such authors may not actually articulate the low resilience assumption, presenting such claims in the absence of any clarification indicates its influence.

That the low resilience assumption is largely false is apparent in the number of examples of species extinctions that have not brought about catastrophic ecosystem collapse and decline in ES, and in the generally limited ecosystem influence of species on the cusp of extinction. These issues have been raised by numerous authors, although given the absence of systematic attempts to verify propositions of this sort, the evidence assembled is usually anecdotal and we are forced to trust that an unbiased account of the situation has been presented. Fortunately a number of highly respected people have discussed this topic, not least being the prominent conservation biologist David Ehrenfeld. In 1978 he described the ‘conservation dilemma’, which “arises on the increasingly frequent occasions when we encounter a threatened part of Nature but can find no rational reason for keeping it” (Ehrenfeld 1981, p. 177). He continued with the following observation:

Have there been permanent and significant ‘resource’ effects of the extinction, in the wild, of John Bartram’s great discovery, the beautiful tree Franklinia alatamaha, which had almost vanished from the earth when Bartram first set eyes upon it? Or a thousand species of tiny beetles that we never knew existed before or after their probable extermination? Can we even be certain than the eastern forests of the United States suffer the loss of their passenger pigeons and chestnuts in some tangible way that affects their vitality or permanence, their value to us? (p. 192)

Later, at the first conference on biodiversity, Ehrenfeld (1988) reflected that most species “do not seem to have any conventional value at all” and that the rarest species are “the ones least likely to be missed… by no stretch of the imagination can we make them out to be vital cogs in the ecological machine” (p. 215). The appearance of comments within the environmental literature that are consistent with Ehrenfeld’s—and from authors whose academic standing is also worthy of respect—is uncommon but not unheard of (e.g., Tudge 1989; Ghilarov 1996; Sagoff 1997; Slobodkin 2001; Western 2001).

The low resilience assumption is also undermined by the overwhelming tendency for the protection of specific endangered species to be justified by moral or aesthetic arguments, or a basic appeal to the necessity of conserving biodiversity, rather than by emphasising the actual ES these species provide or might be able to provide humanity. Often the only services that can be promoted in this regard relate to the ‘scientific’ or ‘cultural’ value of conserving a particular species, and the tourism revenue that might be associated with its continued existence. The preservation of such services is of an entirely different order compared with the collapse of human civilization predicted by the more pessimistic environmental authors.

The popularity of the low resilience assumption is in part explained by the increased rhetorical force of arguments that highlight connections between the conservation of biodiversity, human survival and economic profit. However, it needs to be acknowledged by those who employ this approach that a number of negative implications are associated with any use of economic arguments to justify the conservation of biodiversity.

**Alt causes doom solvency**

**Kunich 6** – Professor of Law, Appalachian School of Law (John, Killing Our Oceans, p 122-3, AG)

It is crucial, albeit perhaps counterintuitive, that we pay close attention to land-based activities even as we focus on marine hotspots. There are enormous threats to marine biodiversity that originate, not in the oceans, but on dry land in the coastal zones of the world. Part of the reason these threats are prevalent is that an estimated 67 percent of the entire global human population lives either on the coast or within 37 miles of the coast, and that percentage is increasing.14 These huge and growing populations often cause overutilization of fishing and other resources in coastal areas, habitat destruction and degradation, pollution (both organic and inorganic), eutrophication and related issues such as pathogenic bacteria and algal toxins, introduction of invasive species, watershed alteration, marine littering, and other harms to the nearby marine regions.15 Given that so many key marine centers of biodiversity reside in the near-coast coral reefs and continental shelf areas, it is of tremendous importance that our legal approach embrace appropriate controls over these land-based threats. Any plan that shortsightedly and narrowly focuses too much on ocean-based activities will, paradoxically, miss the boat.

### navy link

#### Alt cause: googling the DA

**Eisman 2010**

How Offshore Drilling Affects US Military

Mar 31, 2010 – 8:38 PM

http://www.aolnews.com/2010/03/31/how-offshore-drilling-affects-us-military/

Dale Eisman

AOL News

And the armed forces, which have long zealously guarded their training grounds, apparently are fine with it. Environmentalists howled Wednesday about the administration's plan to push oil and gas drilling in the eastern Gulf of Mexico and off the Virginia coast.¶ "Drilling our coasts will do nothing to lower gas prices or create energy independence," said Michael Brune, executive director of the Sierra Club. The Obama plan "continues our reliance on dirty fossil fuels," complained Maggie L. Fox, president of the Alliance for Climate Protection. The Pentagon, meanwhile, signaled that it's willing to share the waters with energy companies. The Defense Department was "tightly connected" with Interior Department officials who developed the administration's proposal and is "comfortable with the efforts" to develop energy resources offshore, said Lt. Cmdr. Wendy Snyder, a Pentagon spokeswoman. Cmdr. Danny Hernandez, a Navy spokesman, cautioned that "it's too early to assess the potential impacts on our training" but added that the Navy is "fully committed" to the administration's energy initiatives. Three years ago, as the Bush administration announced plans to sell oil and gas leases off Virginia, the Pentagon declared that drilling in the area "is not acceptable ... because of its incompatibility with the military training and testing conducted in that area." The military's stance then heartened drilling foes and helped preserve a congressionally imposed moratorium on Atlantic drilling. It also figured in successful efforts by Florida lawmakers to ban drilling in the Gulf of Mexico within 100 miles of the Florida coast. Air Force, Navy and Marine jets based in Hampton Roads and eastern North Carolina use ranges off Virginia to practice bombing runs and air-to-air combat. Navy ships based in Norfolk also train in the area. In the gulf, the Air Force and Navy share several ranges, training pilots based at Eglin and Tyndall Air Force bases and the Pensacola Naval Air Station. The Obama plan announced Wednesday keeps oil rigs at least 125 miles off Florida, far enough to win at least a tentative endorsement from the state's senior senator, Democrat Bill Nelson. Before signing off on the proposal, Nelson said he wants Defense Secretary Robert Gates "to look me in the eye" and provide assurances that military training will not be compromised. **The services see oil rigs as "just one more thing they will have to plan for avoiding,"** said Martin J. Sullivan, a retired Marine Corps aviator. "These are structures that will be permanently in areas used for training." But Sullivan, who now works as a defense consultant and early this year co-authored a study backing drilling in the gulf, said offshore energy development and military training can easily co-exist. The Navy already has to be on the alert for commercial ships moving through its training areas, Sullivan said. There are tighter restrictions on military airspace offshore, but the services routinely permit airliners to cross their ranges when military planes aren't using them, he said. Sullivan suggested the military may have become more receptive to oil platforms in its training areas because of the high cost of jet fuel. "If they want to have fuel that is less expensive than the prices we're paying now, they ought to support drilling in the outer continental shelf," he argued.

Here’s a great example of how MSU DAs work—their card says they just wouldn’t drill there because it’s impractical

Barakat, 10 (Matthew, Associated Press, 5/19, <http://hamptonroads.com/2010/05/report-va-offshore-drilling-would-interfere-military-ops>)

The report could be even more crippling. The Pentagon cannot unilaterally veto drilling proposals, but Dorothy Robyn, deputy under secretary of defense for installations and environment, said the Defense and Interior departments have a long history of cooperation, and drilling has never taken place in an area objected to by the military. "We have every expectation that if we said we need an area ... that they would fully honor that," Robyn said.

### navy alt cuases

#### Offshore wind now

NAW, 12/24/12 [http://www.nawindpower.com/e107\_plugins/content/content.php?content.10885#.URZ8pvI1X2o]

Dominion Virginia Power, which was [recently awarded](http://nawindpower.com/e107_plugins/content/content.php?content.10818) a grant by the U.S. Department of Energy (DOE) to complete the engineering, site evaluation **and planning for an offshore project in Virginia**, says Alstom's Haliade 150 offshore turbines will be used for this demonstration-scale initiative.

#### Port security is an alt cause

Eaglen 11 – Mackenzie, Research Fellow for National Security – Douglas and Sarah Allison Center for Foreign Policy Studies, Heritage Foundation, and Bryan McGrath, Retired Naval Officer and the Director – Delex Consulting, Studies and Analysis, “Thinking About a Day Without Sea Power: Implications for U.S. Defense Policy”, Heritage Backgrounder, 5-16, http://www.heritage.org/research/reports/2011/05/thinking-about-a-day-without-sea-power-implications-for-us-defense-policy

Global Implications. Under a scenario of dramatically reduced naval power, the United States would cease to be active in any international alliances. While it is reasonable to assume that land and air forces would be similarly reduced in this scenario, the lack of credible maritime capability to move their bulk and establish forward bases would render these forces irrelevant, even if the Army and Air Force were retained at today’s levels. In Iraq and Afghanistan today, 90 percent of material arrives by sea, although material bound for Afghanistan must then make a laborious journey by land into theater. China’s claims on the South China Sea, previously disputed by virtually all nations in the region and routinely contested by U.S. and partner naval forces, are accepted as a fait accompli, effectively turning the region into a “Chinese lake.” China establishes expansive oil and gas exploration with new deepwater drilling technology and secures its local sea lanes from intervention. Korea, unified in 2017 after the implosion of the North, signs a mutual defense treaty with China and solidifies their relationship. Japan is increasingly isolated and in 2020–2025 executes long-rumored plans to create an indigenous nuclear weapons capability.[11] By 2025, Japan has 25 mobile nuclear-armed missiles ostensibly targeting China, toward which Japan’s historical animus remains strong. China’s entente with Russia leaves the Eurasian landmass dominated by Russia looking west and China looking east and south. Each cedes a sphere of dominance to the other and remains largely unconcerned with the events in the other’s sphere. Worldwide, trade in foodstuffs collapses. Expanding populations in the Middle East increase pressure on their governments, which are already stressed as the breakdown in world trade disproportionately affects food importers. Piracy increases worldwide, driving food transportation costs even higher. In the Arctic, Russia aggressively asserts its dominance and effectively shoulders out other nations with legitimate claims to seabed resources. No naval power exists to counter Russia’s claims. India, recognizing that its previous role as a balancer to China has lost relevance with the retrenchment of the Americans, agrees to supplement Chinese naval power in the Indian Ocean and Persian Gulf to protect the flow of oil to Southeast Asia. In exchange, China agrees to exercise increased influence on its client state Pakistan. The great typhoon of 2023 strikes Bangladesh, killing 23,000 people initially, and 200,000 more die in the subsequent weeks and months as the international community provides little humanitarian relief. Cholera and malaria are epidemic. Iran dominates the Persian Gulf and is a nuclear power. Its navy aggressively patrols the Gulf while the Revolutionary Guard Navy harasses shipping and oil infrastructure to force Gulf Cooperation Council (GCC) countries into Tehran’s orbit. Russia supplies Iran with a steady flow of military technology and nuclear industry expertise. Lacking a regional threat, the Iranians happily control the flow of oil from the Gulf and benefit economically from the “protection” provided to other GCC nations. In Egypt, the decade-long experiment in participatory democracy ends with the ascendance of the Muslim Brotherhood in a violent seizure of power. The United States is identified closely with the previous coalition government, and riots break out at the U.S. embassy. Americans in Egypt are left to their own devices because the U.S. has no forces in the Mediterranean capable of performing a noncombatant evacuation when the government closes major airports. Led by Iran, a coalition of Egypt, Syria, Jordan, and Iraq attacks Israel. Over 300,000 die in six months of fighting that includes a limited nuclear exchange between Iran and Israel. Israel is defeated, and the State of Palestine is declared in its place. Massive “refugee” camps are created to house the internally displaced Israelis, but a humanitarian nightmare ensues from the inability of conquering forces to support them. The NATO alliance is shattered. The security of European nations depends increasingly on the lack of external threats and the nuclear capability of France, Britain, and Germany, which overcame its reticence to military capability in light of America’s retrenchment. Europe depends for its energy security on Russia and Iran, which control the main supply lines and sources of oil and gas to Europe. Major European nations stand down their militaries and instead make limited contributions to a new EU military constabulary force. No European nation maintains the ability to conduct significant out-of-area operations, and Europe as a whole maintains little airlift capacity. Implications for America’s Economy. If the United States slashed its Navy and ended its mission as a guarantor of the free flow of transoceanic goods and trade, globalized world trade would decrease substantially. As early as 1890, noted U.S. naval officer and historian Alfred Thayer Mahan described the world’s oceans as a “great highway…a wide common,” underscoring the long-running importance of the seas to trade.[12] Geographically organized trading blocs develop as the maritime highways suffer from insecurity and rising fuel prices. Asia prospers thanks to internal trade and Middle Eastern oil, Europe muddles along on the largesse of Russia and Iran, and the Western Hemisphere declines to a “new normal” with the exception of energy-independent Brazil. For America, Venezuelan oil grows in importance as other supplies decline. Mexico runs out of oil—as predicted—when it fails to take advantage of Western oil technology and investment. Nigerian output, which for five years had been secured through a partnership of the U.S. Navy and Nigerian maritime forces, is decimated by the bloody civil war of 2021. Canadian exports, which a decade earlier had been strong as a result of the oil shale industry, decline as a result of environmental concerns in Canada and elsewhere about the “fracking” (hydraulic fracturing) process used to free oil from shale. State and non-state actors increase the hazards to seaborne shipping, which are compounded by the necessity of traversing key chokepoints that are easily targeted by those who wish to restrict trade. These chokepoints include the Strait of Hormuz, which Iran could quickly close to trade if it wishes. More than half of the world’s oil is transported by sea. “From 1970 to 2006, the amount of goods transported via the oceans of the world…increased from 2.6 billion tons to 7.4 billion tons, an increase of over 284%.”[13] In 2010, “$40 billion dollars [sic] worth of oil passes through the world’s geographic ‘chokepoints’ on a daily basis…not to mention $3.2 trillion…annually in commerce that moves underwater on transoceanic cables.”[14] These quantities of goods simply cannot be moved by any other means. Thus, a reduction of sea trade reduces overall international trade. U.S. consumers face a greatly diminished selection of goods because domestic production largely disappeared in the decades before the global depression. As countries increasingly focus on regional rather than global trade, costs rise and Americans are forced to accept a much lower standard of living. Some domestic manufacturing improves, but at significant cost. In addition, shippers avoid U.S. ports due to the onerous container inspection regime implemented after investigators discover that the second dirty bomb was smuggled into the U.S. in a shipping container on an innocuous Panamanian-flagged freighter. As a result, American consumers bear higher shipping costs. The market also constrains the variety of goods available to the U.S. consumer and increases their cost. A Congressional Budget Office (CBO) report makes this abundantly clear. A one-week shutdown of the Los Angeles and Long Beach ports would lead to production losses of $65 million to $150 million (in 2006 dollars) per day. A three-year closure would cost $45 billion to $70 billion per year ($125 million to $200 million per day). Perhaps even more shocking, the simulation estimated that employment would shrink by approximately 1 million jobs.[15] These estimates demonstrate the effects of closing only the Los Angeles and Long Beach ports. On a national scale, such a shutdown would be catastrophic. The Government Accountability Office notes that: [O]ver 95 percent of U.S. international trade is transported by water[;] thus, the safety and economic security of the United States depends in large part on the secure use of the world’s seaports and waterways. A successful attack on a major seaport could potentially result in a dramatic slowdown in the international supply chain with impacts in the billions of dollars.[16] As of 2008, “U.S. ports move 99 percent of the nation’s overseas cargo, handle more than 2.5 billion tons of trade annually, and move $5.5 billion worth of goods in and out every day.” Further, “approximately 95 percent of U.S. military forces and supplies that are sent overseas, including those for Operations Iraqi Freedom and Enduring Freedom, pass through U.S. ports.”[17] General Conclusions. This simple thought experiment is designed to highlight the impact of the loss of preponderant American sea power. Because this is a scenario-based excursion, it is important to retain perspective. In order to create this absence of sea power, a Hobbesian nightmare had to be imposed, although a slow erosion of naval power in the next decade could leave the country dramatically unprepared for something less than Hobbes might conjure.

#### Block ev agrees

Ronald O’Rourke, a specialist in naval affairs at CRS, 2012 (He is a Phi Beta Kappa graduate of the Johns Hopkins University and was valedictorian of his class at the Hopkins Nitze School of Advanced International Studies (SAIS), where he obtained a master’s degree. “Navy Nuclear Aircraft Carrier (CVN) Homeporting at Mayport: Background and Issues for Congress,” <http://www.fas.org/sgp/crs/weapons/R40248.pdf>, Accessed June 25, 2012)

Then-Chief of Naval Operations (CNO) Admiral Gary Roughead summarized the Navy’s rationale for its desire to homeport a CVN at Mayport in early 2010 testimony to Congress on the Navy’s proposed FY2011 budget: Hampton Roads [Virginia] is the only nuclear carrier capable port on the East Coast. **A catastrophic event** in the Hampton Roads Area **affecting port facilities**, shipping channels, supporting maintenance or training infrastructure, or the surrounding community has **the potential to severely limit East Coast Carrier operations, even if the ships themselves are not affected.** Consistent with today’s dispersal of West Coast aircraft carriers between California and Washington State, the QDR direction to make Naval Station Mayport a nuclear carriercapable homeport addresses the Navy’s requirement for a capable facility to maintain aircraft carriers in the event that a natural or manmade disaster makes the Hampton Roads area inaccessible. While there is an upfront cost to upgrade Naval Station Mayport to support our nuclear aircraft carriers, Mayport has been a carrier homeport since 1952 and is the most cost-effective means to achieve strategic dispersal on the East Coast. The national security benefits of this additional homeport far outweigh those costs. The January 2009 ROD document states: The DON decision to utilize the capacity at NAVSTA Mayport to homeport a CVN is the culmination of a two and a half year process involving environmental analysis under the National Environmental Policy Act (NEPA), identification of the recurring and nonrecurring costs associated with homeporting surface ships at NAVSTA Mayport, and an assessment of strategic concerns.... The decision reached by the DON, as further explained later in this Record of Decision, is based upon the DON’s environmental, operational, and strategic expertise and represents the best military judgment of the DON’s leadership. The need to develop a hedge against the potentially crippling results of a catastrophic event was ultimately the determining factor in this decision-making process. The consolidation of CVN capabilities in the Hampton Roads area on the East Coast presents a unique set of risks. CVNs assigned to the West Coast are spread among three homeports. Maintenance and repair infrastructure exists at three locations as well. As a result, there are strategic options available to Pacific Fleet CVNs should a catastrophic event occur. By contrast, NAVSTA Norfolk is homeport to all five of the CVNs assigned to the Atlantic Fleet and the Hampton Roads area is the only East Coast location where CVN maintenance and repair infrastructure exists. It is the only location in the U.S. capable of CVN construction and refueling. The Hampton Roads area also houses all Atlantic Fleet CVN trained crews and associated community support infrastructure. There are no strategic options available outside the Hampton Roads area for Atlantic Fleet CVNs should a catastrophic event occur. 20

Martinez says not enough ships in 200 9

Senator Mel Martinez at the U.S. Senate¶ 5) MARTINEZ SPEECH TO THE U.S. SURFACE NAVY ASSOCIATION SYMPOSIUM

http://listserv.alachua.fl.us/cgi-bin/wa.exe?A3=ind0902B&L=LEE-PINKOSON&E=quoted-printable&P=31444909&B=--\_000\_91A523B7EF768648822E589DF602FAE224B24DDBSENATEEX03senat\_&T=text%2Fplain;%20charset=us-ascii

U.S. Navy ships are positioned throughout the world to assist in safeguarding sea lanes and protecting commerce near the shorelines of many of our trading partners. As American products continue to find open markets abroad, the need to safeguard trade routes will become greater, and our Navy's role in maritime security will only grow larger.¶ In the past year, an increase in piracy off the coast of Somalia has highlighted the need for well-equipped and well-positioned ships that can effectively protect the flow of commerce. I believe the United States Navy can play a key role in this area of the world, but only if we build more ships in the future.¶ My home state of Florida couldn't be more proud to be taking part in that future. We expect that as part of the Navy's continuing efforts to strategically disperse our fleet, Naval Station Mayport's facilities will be upgraded to homeport a nuclear carrier. Mayport has been home to our capital ships since 1952 and has at times hosted multiple carriers.¶

#### So does gordon

Gordon, 6 (“LEVERAGING AMERICA'S AIRCRAFT CARRIER CAPABILITIES”, John Gordon IV, Peter A. Wilson, John Birkler, Steven Boraz, Gordon T. Lee, Prepared for the US Navy, RAND, http://www.rand.org/pubs/monographs/2006/RAND\_MG448.pdf )

Aircraft carriers and their embarked air wings have been central to the exercise of U.S. naval power since 1942. Time and again, the President has turned to these vessels as the initial policy instrument when the United States has been compelled to project military power or engage in hostile operations. From World War II to today’s Global War on Terrorism—playing key roles in four major wars, in operations in Afghanistan and Iraq, and in numerous other hostile and nonhostile missions far and wide—aircraft carriers have been used to make a show of force, deter adversaries, engage friends and allies, provide humanitarian assistance, and bring airpower to bear against opponents. Modern aircraft carriers, the largest warships ever built, are extremely capable combatants. Each U.S. carrier displaces about 100,000 tons, has a ﬂight-deck area of almost ﬁve acres, and is nearly as long as the Empire State Building is tall. Each carrier accommodates more than 5,000 Navy personnel for months at a time. Each is expected to operate safely for decades—and, of course, to survive and function as fully as possible in crisis and conﬂict. The military advantages of aircraft carriers are obvious: they can quickly move large air forces and their support to distant theaters of war; respond rapidly with tremendous ﬁrepower to changing tactical situations; support several missions at once, with a great number of ﬂights per day; and deploy in international waters without having to engage in negotiations with other nations. However, as recent events at home and abroad have demonstrated, the nature of conﬂict is changing, and the United States no longer can consider itself to be an unassailable sanctuary. In such an environment, it is likely that aircraft carriers will be called upon more frequently and be expected to shoulder more duties. With their aircraft, helicopters, and unmanned aerial vehicles; their large open and covered spaces; their signiﬁcant human resources; and their massive electrical-powergeneration capabilities, new and existing aircraft carriers represent a signiﬁcant resource that could be deployed in nontraditional ways.