The PRESIDING OFFICER. There is 14 minutes.

Mr. MCCONNELL. I yield the remainder of the time on this side.

Mr. REID. I yield all of our time.

The PRESIDING OFFICER. All time is yielded back. The question is on third reading and passage of the joint resolution.

The joint resolution (H.J. Res. 86) was ordered to a third reading, was read the third time, and passed.

Mr. MCCONNELL. Mr. President, I move to reconsider the vote, and I move to lay that motion on the table.

The motion to lay on the table was agreed to.

GULF OF MEXICO ENERGY SECURITY ACT OF 2006—MOTION TO PROCEED—Continued

The PRESIDING OFFICER. The minority leader.

Mr. REID. Madam President, today the Senate is considering a bill that represents a positive step for our Nation's energy security. The Gulf of Mexico Energy Security Act can play a role in building a better energy future for our country and especially a better future for the people of the gulf coast.

I want the record to reflect my deep appreciation to Senator BINGAMAN, who is the ranking member of this Energy Committee, for working with us on this issue. Senator BINGAMAN has—at least to my understanding—no problems with where this bill will allow drilling. He has concerns as to how the money is going to be allocated following the drilling. I understand his concern and appreciate it. Senator BINGAMAN is the epitome of a gentleman. Even though he has concerns about how we are moving this bill forward, he has not been an impediment, and we are moving forward as quickly as we can so, again, I want the record to reflect my deep appreciation for Senator BINGAMAN, what a good friend he is and a good Member of the Senate.

I am going to say more about the specifics of this legislation. Prior to doing that, I ask unanimous consent that during the consideration of S. 3711, there be a limitation of five first-degree amendments, energy-related amendments, in order on each side.

The PRESIDING OFFICER. The Senator from Kentucky.

Mr. MCCONNELL. Madam President, reserving the right to object, I say to my good friend, the Democratic leader, as he knows the development of this bill was done on a bipartisan basis. It is narrowly targeted but represents a delicate compromise between the gulf coast Senators, Senators from Florida, and it is the feeling of all those involved in developing this legislation, as I say, again, on a truly bipartisan basis, that if we open this bill up to amendments—we have lots of good ideas on this side of the aisle, and I expect there are lots of good ideas on that side of the aisle. I recall when we were doing the major Energy bill last year about this time, we spent several weeks on it as we considered virtually everybody's good idea about what to do, either on the conservation side or the production side.

So I say to my good friend, the only way to achieve success, it strikes the sponsors of the bill, is to keep it very narrowly crafted and to pass it as is out of the Senate.

I know that is not what we customarily do, but this is an unusual situation. We are trying to respond to high energy prices in America. Even though natural gas prices have subsided somewhat in recent months, we anticipate them going up again next fall. There is a good chance that the futures market in natural gas will actually respond favorably to this measure, if we can get it out of the Senate. Natural gas prices, we all know, are set in America. It is not a global price setting. It could provide immediate relief to natural gas customers all over America.

For all of those reasons, I object.

The PRESIDING OFFICER. Objection is heard.

Mr. REID. Madam President, I am disappointed that the majority has objected. I think the proposal I made would permit the Senate to make improvements to the bill. We limited the number of amendments and we certainly would be willing to limit the time on them. But I understand the objection of the majority.

This legislation opens approximately the same area President Clinton proposed when he was President. This would be opening an area of oil and gas exploration in the Gulf of Mexico. But when President Bush came into office, he narrowed the consideration at the request of his brother, the Governor of Florida. This bill moves us back closer to President Clinton's proposal with some additional deepwater acreage opened south of the 181 area. It satisfies the concerns of the State of Florida. It is also a positive step for those who want to see the restoration of the gulf coast wetlands. I can remember the first time Senator Breaux spoke to me about the State of Louisiana and what was happening to his State.

During the time I am going to be here on the floor, which will be a few minutes—I came here 15 minutes ago and listened to the remarks of the two Senators from Kentucky and Arizona, and I hope to leave in 10 or 15 minutes—there will be an area the size of three football fields washed into the gulf, gone forever. Huge tracts of land are being washed into the ocean every day. We must have coastal restoration. We can do this, but it is not easy.

We learned with Katrina that had Katrina hit several decades ago—50 years ago—the damage would have been much less than it was because it would have had a barrier and the storm would not have hit the City of New Orleans as it did, and other coastal areas. I have been there. I saw what happened in New Orleans. I have been there a number of times. I saw what happened in Pass Christian, MS. I will always remember that in my mind's eye—the devastation from the wind.

But this legislation gives New Orleans, LA, hope because it provides a source of money to restore the wetlands that are being devastated. That is the basis for my strong support of this piece of legislation. This bill will help them get the resources which are needed to rebuild in a sustainable manner.

Everyone in Louisiana should know that they have a tireless champion in Senator MARY LANDRIEU. I wish I could express to her father, Moon Landrieu, former mayor of New Orleans, a Cabinet Secretary here in Washington, as I have done in the past. I wish I could express my support and admiration of his daughter MARY LANDRIEU, a wonderful family of 10 children. She has done so much work in this regard. If it weren't for her efforts, without any question the Senate would not be considering and passing this bill, which we will do in a few days. I am not going to be able to say this to Moon Landrieu today, but I am sure I will in the near future, and tell him about the good work his daughter has done here. Her whole family should be proud of her, and the whole State of Louisiana should be happy and satisfied with the work she has done in this regard.

For the first time in the history of this country, the delta area of the Mississippi River, because of the work we have done on it through the Corps of Engineers, and all the other governmental entities, which is one of the reasons the gulf is washing away, that we will be able to for the first time have a long-term project to restore the coastland. It is expensive and hard, but it is so important for our country.

Having said all the good things about this bill and about Senator LANDRIEU, I want it to be very clear in my remarks here today that this bill is not going to fix America's energy needs. It is not going to solve America's energy crisis. We have a failed energy policy in this country. The Bush-Cheney failed energy policies—simply more for big oil—won't work.

British Petroleum announced yesterday that their profits have gone up. In Reno, NV, the price of gasoline is $3.12 a gallon today. The price of gasoline in Nevada on an average has gone up more than 50 cents a gallon in the last year. The Bush-Cheney energy policies do nothing to alleviate the problems we are having in Nevada and around the country.

This bill will do nothing to bring down the price of gasoline or diesel. It won't come down as long as demand keeps growing and big oil companies are not investing their billions and billions of dollars in profits in new American energy jobs and manufacturing and in developing alternatives to oil.

As my friend from Oregon said better than I, we are marinating ourselves in oil. The country is being marinated with fossil fuel. We need to bring much more fuel-efficient cars and trucks quickly to market and to promote as a country energy efficiency and conservation.

That is the one real difference between Democrats and Republicans—speed. We have been ready for months and months and months, going into years, to fund and uphold a project like energy. If we can get to the Moon, we can solve our energy crisis. But we can't do it by continuing to do something we have done for 50 years. The Sun is there producing energy every day. The wind is there blowing every day and producing energy. We need to capture that energy. We need to capture geothermal energy. We are not doing it.

It appears to me the majority is not interested. The Republicans have proposed emergency spending on energy and underfunded even the mediocre Energy bill from last year. The administration still has not gotten around to issuing loan guarantees to build new biofuels plants.

Democrats want to transform the Nation's energy policy, and we want to do it now. But the Bush administration and the Republican Congress is content to let the market and Big Oil crush consumers, squeezing every last coin out of their pockets.

I had a press event across the hall in the LBJ Room this morning. I had with me a family from Colorado. They have a little 5-year-old boy. He is little, but he is a husky little kid, Johnathan. They have to fill their two vehicles. One drives a lot to his job, and the other doesn't drive as much. But they fill their cars on average of twice a week. It costs them $45 every time they fill their gas tank. It is $180 a month which they cannot afford. They have no health insurance. It is true all over America.

This morning the majority leader said there was a lot more we can do relating to energy, and we should do it in the future. I make this point to the majority leader through the Republicans and to the President, the future is now. Americans are suffering from an energy crisis, and have been since well before last year's energy bill.

In Reno, NV, it's $3.12 a gallon for regular unleaded. The future is now. What are we waiting for? Is this the best we can do? I hope we can do better before we finish this congressional term. We are not going to do it before August. That is what we have demanded, but we have tomorrow and a few days next week, and that is it.

We have good ideas. In May, the Democrats introduced the Clean EDGE bill. That stands for Energy Development for a Growing Economy. That describes the problems we have in America today. We need to do energy development. We have to do it if we want to keep our economy growing. It is a bill to accelerate development in commercialization of energy efficiency technologies, renewable energy production and alternative fueled vehicle market penetration.

Isn't it a shame that the Federal fleet, the biggest we have in America, is not one which we are using with alternative energy? And we are not. The Clean EDGE bill adds important provisions to make the Federal Government a real leader in energy instead of just the largest consumer.

The Clean EDGE bill contains important provisions to set a national oil savings goal, increases penalties to punish price gouging, and reigns in energy market speculators who are driving up the price of natural gas.

Let me say this. On public radio this morning—I enjoy listening to public radio every morning; I love that medium—I can't remember the name of the man who was there in ANWR, but he was there 50 years ago with the people who first pushed to set that aside as pristine wilderness. What he said today was remarkable. He said, I was there more than 50 years ago. He said it is the same today as it was then. He is 73 years old now. He was a young man 53 years ago when he was there.

I know how strongly the Presiding Officer feels about that. America feels just as strongly that we did the right thing in protecting ANWR. In listening to that radio program, I felt in my heart we had done the right thing.

We need to move forward with innovative, good legislation. The Clean EDGE bill does that. A few days ago, 41 Democratic Senators sent a letter to the majority leader stating our desire to move legislation such as the Clean EDGE bill before we recess to bring down prices and give consumers affordable alternatives. Unfortunately, it seems we will have to continue looking for other legislative opportunities since we need to pass S. 3711 as soon as possible, and send it to the House where they can send it to the President.

But let us not kid ourselves; this bill is good for the gulf coast and will contribute to the Nation's energy security and, more importantly, for coastal restoration. It will not affect gas prices and just extends our addiction to oil.

I again compliment the very good work of MARY LANDRIEU in moving this bill forward.

The PRESIDING OFFICER. The Senator from Oregon.

Mr. WYDEN. Madam President, before he leaves the floor, I want to commend the distinguished leader from Nevada. He has for a long time championed the needs of consumers. In the West, we understand the devastation gasoline prices have had on our consumers. And his case for a new energy policy, a red, white, and blue energy policy that makes us free of our dependence on foreign oil, is a case he has eloquently made, and made frequently. I want him to know how much I appreciate his leadership before he leaves the floor.

I want to start the discussion about the legislation which is before us now by acknowledging the enormous pain and hurt so many citizens of our Gulf States have endured since Katrina struck their communities. Pictures of this tragedy are seared into our minds at this point. In the Senate, I sit next to the distinguished Senator from Louisiana, Senator LANDRIEU. She has brought passion, energy, and eloquence to the cause of securing help for those she represents so well as folks in the Gulf States try and get on their feet.

My view is that the challenge for the Senate is to reconcile the need to help those folks hurting in the Gulf States with the urgent need for Congress to legislate fresh, bolder energy policies for our entire country. My understanding is the distinguished majority leader from Tennessee, Senator FRIST, will not allow amendments to this legislation. If that is the case, my view is this legislation does not balance the need to help folks in the Gulf States with the urgent need to get that fresh red, white, and blue energy policy for our country's future.

Does the Senate truly believe more shouldn't be done to promote renewable energy? Does the Senate truly believe more shouldn't be done to promote automobile efficiency? Does the Senate truly believe more shouldn't be done to protect consumers from exploitive practices? Does the Senate truly believe taxpayer dollars should be used to subsidize oil companies even though the President, to his credit, has said subsidies aren't needed when the price of oil is over $55 a barrel?

If no amendments are allowed under this legislation, which is my understanding from the statement made by the distinguished majority leader, essentially what the Senate will be saying to the country is if we go off and drill in the gulf a bit, then the country can call it a day as far as getting a new energy policy. I don't think that is good enough.

I support responsible drilling in the gulf. We obviously need more energy production. By any realistic calculus, we know oil will be part of our future and we are going to need to encourage production in a responsible way. In the Senate Committee on Finance, again, working on a bipartisan basis, the Senator from Wyoming, the distinguished Senator who sits on the Committee on Finance, Senator THOMAS, has some excellent ideas in terms of encouraging production, particularly getting more oil from existing wells. We do need more oil production. But drilling alone is not the new energy policy this country needs. It is more business as usual.

We have been down this road before. In the 1990s, for example, the Congress passed a royalty program that was supposed to stimulate energy production and be good for the Gulf States and for our country as a whole. What it has done is something very different than what was envisioned. In fact, the sponsor of that legislation, our respected colleague from the State of Louisiana, former Senator Johnston, has said the program, as it has developed, is nothing along the lines of what he envisioned.

The Government Accountability Office has said with the royalty program created in the 1990s when oil was about $19 a barrel—it is over $70 a barrel now—that program that was created in the 1990s is going to cost taxpayers a minimum of $20 billion and possibly as much as $80 billion.

That is the royalty program we have on the books now. As we start this discussion about setting up a new program, I want to make sure the Senate is up on how much money is being frittered away under the mismanaged program that is on the books today. One would think it is common sense to fix the old program before we start a new program. One would think it is common sense to take the savings generated by fixing the old program and applying those savings to paying for the new program before the Senate this afternoon. However, neither of those commonsense steps is being taken. A new program is being considered by the Senate today when Congress has not corrected the old program which even the oil companies acknowledge is not needed today, and even the sponsor, our former colleague, Senator Johnston, has indicated is not working.

I have talked with Chairman DOMENICI about this. Chairman DOMENICI has indicated he wants to fix this old program, this old, mismanaged program that has wasted so much of the taxpayers' scarce resources. We all know Chairman DOMENICI is a straight shooter and forthright and I have appreciated his discussions with me.

However, I don't think the oil companies are going to easily give up this multibillion dollar boondoggle, this sweetheart deal they have obtained. Time is not on the side of those who want to put a stop to the billions of dollars being needlessly dispensed under the 1990s program.

The legislation before the Senate now is one of the last opportunities the Senate will have to permanently fix the broken royalty program that began in the 1990s. Senator KYL and I have been working in a bipartisan way to change this. There has been action in both the other body, the House, and in the Senate, in the Senate Committee on Appropriations where the distinguished senior Senator from California, Senator FEINSTEIN, has done an excellent job of trying to advance the cause of stopping these subsidies, but my guess is the legislation the Senate has been able to at least start in the appropriations process may not even hit the floor of this body, and even if it does, the oil companies are very well positioned to run out the clock on the effort in this session of Congress to stop the needless subsidies that were granted in the 1990s.

For example, there is mediation now going on between the companies and the Government, but it is nonbinding, so the oil companies hold all the cards. The appropriations process, of course, only lasts for a year so the companies can run out the clock on that, as well.

Senator KYL and I spent a lot of time in the Senate making the case for why this was a needless expense, particularly at a time when we have so many other needs in our country. That day, despite the fact I stood in this spot for almost 5 hours, we could not even get a vote on a measure to stop these subsidies that the General Accounting Office has calculated is at least $20 billion and possibly $80 billion.

Put me down as pretty skeptical that the oil companies are going to voluntarily give up these huge sums of money. As of now, in this session, one measure after another has failed in terms of potential steps that could protect the consumer. Let's review: The Federal Trade Commission, the agency that is supposed to protect the consumer and to deal with concentration and mergers in the oil industry, a big goose egg from the Federal Trade Commission. In fact, the chair, Deborah Majoras, has all but said that high prices are essentially good for the consumer because by her theory that will promote more energy production. That is a pretty astounding theory of consumer protection, but Senators can look it up. That is what she said before the Energy Committee.

The agency that regulates commodities? Zip, with respect to dealing with speculative practices, practices that contribute very significantly to the cost of oil. In fact, when oil company executives came before our committee—the distinguished Senator from Alaska will recall—one oil company executive said speculative practices are a big factor in driving up the cost of oil for our consumers. We have not seen anything to reign in those speculative practices.

How about stopping needless tax breaks? When the oil company executives came before the Energy and Natural Resources Committee, I went down the row and asked each one of the executives whether they needed all these tax breaks. They now have record profits, consumers have record prices, so I made the point, why in the world would you need record tax breaks? The executives, when they had to answer in broad daylight, said they did not need them. Ever since then, I have been trying to roll back some of those tax breaks. The President, to his credit, said tax breaks are not needed when the price of oil is over $55 a barrel, but we have taken only the most modest step. A tiny bit of the tax relief that the oil companies are getting has been rolled back under a proposal I made involving a drilling writeoff that the companies get.

So, Federal Trade Commission, zip; anti-speculative efforts, zip; tax breaks that are needless expenditures that the oil companies say they don't need, virtually nothing. So put me down as pretty skeptical given the fact that in each of those areas the Government has ducked taking on the oil companies. Put me down as pretty skeptical that somehow these oil companies are going to come to the table and walk away and leave behind $20 to $60 billion worth of breaks in royalty relief from the 1990s. I don't think it is going to happen. I hope it does.

Chairman DOMENICI is very sincere in his views, but given the track record in this Congress of the oil companies being able to escape any kind of effort at those various agencies I have outlined, I don't think the oil companies are going to voluntarily clean up a program in the 1990s that has been so mismanaged. My sense is it is going to be necessary to pass legislation in this Congress to force the companies to give up these needless subsidies.

There is a compromise with respect to how it could be done in a bipartisan way. It is a compromise that I and the distinguished Senator from Arizona, Senator KYL, have been talking about. We actually proposed it to the distinguished chairman of the committee, Senator DOMENICI. I suggested what we might do is allow the negotiations between the companies and the Government under the 1990s royalty program to proceed for a bit longer. Possibly that will work. I am skeptical, but possibly it will.

But if those negotiations did not produce the savings for taxpayers and the cleansing of this old program that is so important, then we have to be tougher. After a period for negotiations, I would propose as part of a bipartisan compromise that the Senate then insist the companies get no new leases until the old program has been cleaned up. That would bring together some of the ideas advanced by the distinguished chairman of the Energy and Natural Resources Committee, Senator DOMENICI, and some of the ideas Senator KYL and I and others have offered on a bipartisan basis.

We suggested that be done in this bill. We said: Here is an opportunity in this legislation to permanently fix the old program before you start a new one. We thought it was a chance to take two approaches Senators have been talking about and bringing them together and permanently fixing the program. I believe if the Senate does not do that, the clock is going to run down on the program, and I think, in all likelihood, the Senate, in the beginning of 2007, will be in much the same place it is today. I do not want to see that happen.

I think it is time for a fresh approach with respect to how our country makes energy policy. I think we need to be much bolder and much more creative. I have advanced ideas in this area; a number of Senators have. But we have seen precious little of that kind of bold thinking. What we have seen is essentially business as usual.

I hope colleagues will take a look at the analysis that has been done by the Senate Budget Committee of the impact of the legislation before us today. This is, of course, S. 3711. I asked the Democratic staff of the Senate Budget Committee to do an analysis of the impact of the bill before us today. The legislation before us now authorizes at least a 50-year commitment. The oil companies, in my view, under this legislation have been able to parlay the suffering of our citizens in the Gulf States into something that I believe could become an unaffordable gravy train.

What the Budget Committee staff found is that between 2017 and 2055, the U.S. Treasury and Federal taxpayers would be out almost $20 billion beyond what is already going out the door under the broken royalty relief program from the 1990s that I have described once again on the floor of the Senate. But beyond that, all bets are off. Lost revenues after that could be as much as $12 billion to $15 billion each year.

So I would ask the Senate: At a time when clearly folks in those Gulf States are hurting, and the Senate ought to step in and be of assistance to them, does it make sense to authorize a 50-year program that, particularly after the initial period, will involve additional sums, additional untold billions of dollars of revenues that could be lost?

The challenge for the Senate now, it seems to me, is, first and foremost, to get some amendments to this legislation. I hope the majority leader, the distinguished Senator from Tennessee, Mr. FRIST, will change his mind. I hope the distinguished majority leader will allow amendments on automobile efficiency, on renewable energy, on protecting consumers from exploitive practices, and protecting taxpayers from needless subsidies. We would not be talking about hundreds of amendments. I think amendments in those four areas would provide an opportunity to strike a balance in this legislation to make sure that urgently needed help is directed to these Gulf States, that efforts are being made to get a new energy policy for our country.

It does not make any sense, to me, for the Senate to say: Let's go drill a bit in the Gulf—and pretty much call it a day. But that is what the legislation in its present form essentially says. It says: At a time when the country desperately needs a new energy policy, when people are clamoring for it at townhall meetings and in chambers of commerce and in virtually every other place a Senator goes, what we are going to say is nothing doing. We are going to say a bit of drilling in the Gulf will cover it, and a bit of drilling in the Gulf can take place, even though billions of dollars are being wasted under a program—a previous program—that was directed to the Gulf States from the 1990s.

I think the Senate can do better. I think the Senate can do better on a bipartisan basis. Senator KYL and I are ready to propose what we believe could be a bipartisan initiative that would involve recommendations made by the chairman of the Energy Committee, Senator DOMENICI, ourselves, Senator FEINSTEIN, and others. We think we could save a big chunk of money—billions and billions of dollars—that could be applied to the new program that is being considered by the Senate today.

That is the kind of bipartisan work the Senate should focus on. I look forward to the discussion and particularly hope the distinguished majority leader, Senator FRIST, will change his mind. This subject is too important to bar Senators from offering meaningful amendments and allowing the Senate to get a more balanced energy policy and securing the needs of our citizens.

Madam President, I yield the floor and suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MARTINEZ. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. THUNE). Without objection, it is so ordered.

Without objection, the quorum calls will be equally divided.

The Senator from Florida.

Mr. MARTINEZ. Mr. President, I rise to express my strong support for S. 3711, the Gulf of Mexico Energy Security Act of 2006.

This is an important and timely piece of legislation that deals with an issue that is very near and dear to Floridians, which is protecting our gulf coast from drilling.

Protecting Florida's coastline is an issue of monumental concern to me and to my constituents, and I commend Chairman DOMENICI and his staff, as well as Leader FRIST and Senator MITCH MCCONNELL, for their hard work in forging a strong bipartisan compromise that allows us to do just that. I also thank the distinguished Senator from Louisiana for her work in bringing about this bill.

As Floridians know, and many of my colleagues have learned over the past several months, our beaches are extremely important to our way of life. We value their unique and fragile ecosystem. Our State's special scenery and fragile environment bring millions from across the Nation and the globe to enjoy its sugar-sand beaches and world class angling and boating.

I have spent a great amount of time and energy since arriving in the Senate fighting to protect Florida's treasures from the threat of offshore drilling, together with my colleague, Senator NELSON, as well as with the Members of the Florida delegation in the House of Representatives.

Several different pieces of legislation have been introduced over the past year in the House and the Senate that the Florida delegation has found extremely worrisome, and we have been successful up to this point in keeping drilling at bay. But the drilling battle has gotten fiercer and the stakes have gotten much higher as our Nation struggles to meet our energy demands in an increasingly uncertain world.

Pressure continues to mount in Congress to develop Federal deepwater resources in the Outer Continental Shelf. And because high oil and natural gas prices are not a Republican or a Democrat problem but they are our Nation's problem, there is a bipartisan majority that grows stronger each day behind the effort to open the Eastern Planning Zone of the Gulf of Mexico to more drilling.

So our options are whether to be part of a solution—a real solution that provides concrete protections for our State—or watch our protections be eaten away year after year by those who do not share Florida's values. I chose to be part of a solution for Florida.

I want to assure Floridians that Florida is protected under this bill. This legislation, which I was proud to help negotiate, will provide unprecedented protections for the gulf coast of Florida. This bill establishes in law a 235-mile buffer from Tampa and a minimum of 125 miles of protection from the Panhandle of Florida south through the year 2022. It provides over 300 miles of protection from Naples west. And it protects our very important military mission line. The military mission line is important to Florida because we are also blessed in Florida to host a great number of military facilities and the very important facilities in the Florida Panhandle. Eglin Air Force Base, Hurlburt Field, and the Pensacola Naval Air Station are facilities that rely on the Gulf of Mexico for training and for firing ranges, all of which would be incompatible with drilling.

Any lease within 125 miles of the coast, inside the no-drill zone, can be exchanged for new leases in deepwater in the Gulf of Mexico. In addition, the critical ''Stovepipe'' area located in extreme proximity to Pensacola will be protected from oil and gas exploration through the year 2022. These are historic protections that Floridians can count on for years to come.

I would like to make clear that this is not an opening for negotiation. I am firmly committed to this deal. Anything else that subtracts from the protections for our State as laid out in this legislation is not enough for our State. This is it.

To me, this compromise is a bridge to the future. It is my hope that by 2022, and maybe long before then, we will have developed a long-term energy strategy to lessen our dependence on oil. It is that simple and something I feel very strongly about for our future.

Just last year, the Senate passed a large, bipartisan Energy Policy Act that doubled the amount of ethanol in our fuel mix to 7.5 billion gallons. The bill also included provisions that I supported that increased funding for sugarcane and cellulosic ethanol development, as well as $50 million in loan guarantees to build alternative energy plants. We must buckle down and advance the use of renewables and alternative sources of energy. We are only scratching the surface of our future potential, and we should not limit the capacity or ingenuity of America's scientists to tackle this energy problem. However, we need a bridge to get to that future. S. 3711 is a way to keep our industries and utilities running while we find new ways to power our cars, heat and cool our homes, and create our energy—America's energy.

As important a priority as it is to Floridians that we protect our coasts and our environment, we must be realistic about our own energy demands. It is a difficult thing—and it has been a difficult thing as I have tried to fight for Florida's environment—to stand here and say we want no new drilling, we want no drilling anywhere in the gulf, when Florida's size alone makes it one of the Nation's largest consumers. And these consumers are Florida's families who are struggling to fill their cars and heat and cool their homes. These are struggling families who sit around the kitchen table while they balance their family budget and find the budget busted by ever-increasing energy costs. The rising cost of fuel and the strains that this is placing on their pocketbook are dominating talk of America's families.

In addition, we have to keep in mind how critical energy is to many of our industries that help drive the economies of our State. As a member of the Energy and Natural Resources Committee, I have heard countless testimony from our Nation's chemical, fertilizer, and manufacturing industries that are vitally dependent on increasing natural gas supplies within our Nation. Unlike petroleum, which is traded globally, much of the natural gas market is traded on a regional basis, and U.S. natural gas prices are among the highest in the world. For example, Florida provides 75 percent of the phosphate fertilizers used by American farmers and gardeners every day. The Florida phosphate industry is one of the State's oldest and largest economic engines, accounting for more than 6,000 direct jobs. The Tampa Port Authority estimates that that industry has created more than 41,000 indirect jobs and $5.9 billion of economic impact in the Tampa Bay region alone.

Prior to the significant increases in natural gas prices, the U.S. nitrogen industry typically supplied approximately 85 percent of U.S. farmers' nitrogen fertilizer needs. As a result of the continuing natural gas crisis, farmers have been forced to import more than 50 percent of the nitrogen fertilizers they use. In total, at least 21 nitrogen fertilizer production facilities have closed since July of 1998. Sixteen of those plants have closed permanently. That represents a 25-percent drop in total U.S. production capacity, while five plants remain idle even today. S. 3711 will provide over 5.8 trillion cubic feet of natural gas for our impaired industries, utilities, and also my constituents who are dealing with soaring heating and cooling bills.

I would like to focus now on a series of concerns that have been raised regarding this bill, how it is different and, in my opinion, better than OCS legislation recently passed in the House of Representatives. Let me say, first, that my colleagues in the Florida delegation worked tirelessly to find and obtain the best protection possible for our State under very difficult circumstances. Some have questioned the protections afforded to the buffer zone around Florida. The buffer zone provided by S. 3711, in my opinion, is clearly preferable to any other one that has been offered as an alternative. This legislation ensures that the Federal Government will continue to have jurisdiction over the Federal waters off each State's coast. We do not cede the responsibility of energy development, environmental protection or military preparedness to the desires of State legislatures. The buffer zone in the Gulf of Mexico is good through the year 2022 and also prohibits drilling in our military critical training areas.

Some have asked why Florida's Atlantic coast is not included in this bill. I would say, quite simply, that Florida's Atlantic coast has been under relentless attack for the last year and a half by those who want to drill. The Atlantic coast of Florida is still under a Presidential withdrawal until 2012, as well as the entire eastern and western coasts of the United States. This means that until the year 2012, the eastern coast of Florida is safe. Our compromise legislation in no way weakens the existing coastal protections. The House-passed OCS bill removes the entire Presidential withdrawals off of every coast and forces State legislatures to pass legislation every 5 years to keep or extend those protections.

Other coastal Senators have raised their objection to S. 3711 because they want to increase coastal buffer zones in their own States. This is a focused piece of legislation that deals only with the Gulf of Mexico. Adding additional protections to areas that frankly are not promising to the energy industry should not be an impediment to moving forward with this compromise bill. To quote the old bank robber, when asked why he robbed banks, he replied: Because that is where the money is. The area being opened for exploration is the most promising area of discovery for the industry and can be leased right away.

During negotiations, I chose to focus on protecting the area of Florida under greatest pressure, and I thank my colleagues, Senator DOMENICI, Leader FRIST, and Senator MCCONNELL, for honoring me and Florida's environmental concerns.

The last major concern that has been raised is objection to revenue sharing with western Gulf States and targeted revenues to the stateside Land and Water Conservation Fund. It is perfectly fitting and appropriate that we share revenues with the States that produce our Nation's energy and deal with its corresponding onshore repercussions. We in Florida do not want to participate in the development of this extensive oil and gas infrastructure but recognize that others in the western gulf pay the price to bring reliable energy to the country. We share 50 percent of revenues on public land within a State's boundary, and it is fitting that we provide energy-producing States with at least similar treatment. Sharing 37.5 percent of the new OCS revenues will not bankrupt the Nation, nor increase the Nation's national debt. Currently, these areas off the coast are not being leased and are providing no revenue to the General Treasury. Keeping 100 percent of zero revenues is just that—nothing.

Finally, for those concerned with funding the Land and Water Conservation Fund, S. 3711 will provide a real boost for the program. The mandatory funding stream established under this bill does not replace appropriated funding and does nothing to disadvantage the program in the appropriations process. The President's budget request has been zeroed out the last 2 years for this program and under our compromise bill, the Land and Water Conservation Fund will provide up to $450 million or 12.5 percent of the revenues generated from the new leasing each year.

This compromise was delicate and difficult to forge. Some argue more could have been done for Florida. Others protest that Florida is afforded far too many protections, given that our State consumes nearly 20 million gallons of petroleum per day. High oil and natural gas prices are not a Republican or Democratic problem, but they are our Nation's problem. It is imperative that we pass the Gulf of Mexico Energy Security Act to provide Florida with the critical environmental protections it needs, as well as bringing 1.25 billion barrels of oil and 5.8 trillion cubic feet of natural gas to keep our industries and Nation afloat as we develop future sources of alternative energy. Failure to act is not an option. I urge my colleagues to support this well-crafted, bipartisan measure.

I yield the floor.

The PRESIDING OFFICER. The Senator from Idaho.

Mr. CRAIG. Mr. President, I am proud to follow Senator MARTINEZ from Florida, who has truly gone the extra mile in realizing his responsibility to his home State of Florida but also recognizing his responsibility to the Nation and trying to balance the two in a very intricate way. There isn't a Senator on this floor who doesn't appreciate the value and beauty of Florida's vast coastlines and recognize that they are not only a Florida treasure, they are a national treasure. We know we have the technology today, as has been clearly demonstrated over the last two decades, to drill not very far offshore anywhere and make sure that it is done in an environmentally sound way to protect the beauty of those beaches and the vistas of those marvelous coastlines that make up the great State of Florida.

For Florida or any State to suggest that the oil that lies off its shore is not a national asset and, therefore, should be treated only as a State asset is simply wrong. It would be as though my suggesting, as a Senator from Idaho with millions of acres of Federal forest lands, that not one tree should be cut for the sake of building homes anywhere in our Nation. Why? Because of the environmental consequences, when we know today we, in fact, can cut trees in a clear, clean, and precise way, preserve the environment, and provide the fiber to the national fiber market, be it paper or 2 by 4s to build homes. It is also true of the minerals that lie under the subsurface of my property—but not my property, the Nation's property—on the Federal lands of the State of Idaho.

There is an intricate and important balance between what is a State's responsibility and a State's right and what is a Federal property and, therefore, the responsibility of the Congress in exercising the authority over that Federal responsibility, that Federal resource that we are today talking about in an important piece of legislation that is now before the Senate.

Embodied in S. 3711 is an effort to very carefully go at part of the resource that lies in the Gulf of Mexico that is a Federal asset and a Federal resource and do so in a way that clearly benefits the State of Florida but, more importantly, benefits every consumer in America today.

Here is the current situation that Americans face and that America simply cannot understand. Every area of this red zone around our country is a designated area by a Federal action in which we are not allowing our companies to develop and explore for gas and oil. I call it the no zone—no, you can't go there; no, you can't touch it; no, you can't drill; and, no, you can't develop. What does it mean to our country? Well, it means literally billions of barrels of oil and trillions of cubic feet of gas all around this area—Alaska, ANWR, the west coast from the State of Washington down to the border with Mexico off the coast of California, all around Florida, all the way up to the State of Maine. It is difficult to determine how many billions of barrels of oil are there, but we know that it is significant and it is phenomenal.

Let me give an example. On this little piece of paper is a green strip. It is a green strip that recognizes S. 3711. We are going to place it in its proper location in this debate. I am going to put it right there. That is all this bill does. How big is this spot? This spot is 8.3 million acres out of the Gulf of Mexico. This little spot, by this perspective, represents 1.6 billion barrels of oil, we believe, based on a U.S. Geological Survey, and 5.83 trillion cubic feet of gas right there, this little, tiny spot. Is it significant? In the mix of all of this, yes, it is. But more importantly, it says that a comprehensive broad policy under sound environmental guidelines could make this Nation tremendously less dependent on foreign oil and gas coming out of Canada.

The industries that the Senator from Florida talked about that are losing their base, agriculture and nitrogen fertilizer, the petrochemical industry and natural gas that is now going offshore, and we are losing those jobs, all of that would stop if this Senate and this Congress and this Government got their heads on right about national energy policy. S. 3711 is a step in the right direction. Is it a big step? No, it is not. It is a rather small step. But it is a tremendously important step, as we head down the road of beginning to recognize that this Nation could, in fact, become very much self-sufficient in many ways in its energy needs through its own energy production.

You have heard some rather tired and old debate about needing a comprehensive energy policy, and we shouldn't do S. 3711 without it because it simply isn't broad enough. How can any Senator stand on the floor today who stood on the floor a year ago today and debate the Energy Policy Act of 2005, the most significant, broad-ranging energy development, energy conservation, new technology for energy bill that this Congress has ever passed? It is now law. It is now being implemented. And whether you are in the Midwest or the upper Midwest or in Idaho, we have ethanol refineries going up all around us. Twenty percent of the corn crop this year will be used in the production of ethanol and into the future. Why? Because of new technology and national energy policy. You don't need to reinstate or restate what we did last year. All you need to do is keep adding to it and strengthening it in a way that allows us as a nation to become increasingly self-sufficient.

S. 3711 does just that. Let me bring your eye back to the chart, back to this little, tiny spot on the map, this 3.8 million acres. That is a lot of land, isn't it? In this case, it is a lot of water. Under that water and in that land rests an opportunity to bring down the energy costs to the average American consumer by a significant amount and to make us less dependent on foreign sources for our oil today in areas of the world that are politically very unstable.

I could go on about a lot of facts, statistics, and figures. But let me take you to the real important part of this debate. It is called security for the average American family. America is frustrated today, and the average consumer and average mom and dad are tremendously frustrated because their cost of living is not keeping pace with their paycheck. Why? Because instead of driving to the gas pump and filling up for $10 or $15, they are paying $40 or $50 each time, or more. What does that do to a family budget? You may say that is one energy cost; they can surely abide that. Did you check their thermostats and their other energy bills, the cost of electricity to turn the lights on and keep their computer on for them and their kids? What about the temperature in the home in the cold winter months? All of that has costs significantly more in a very short period of time.

In 6 years—that is the life of one term of a Senator—natural gas prices that heat the homes of America have gone up 286 percent. While I know we ought to be concerned about all of the politics and all of the surrounding land and doing it environmentally sound, what we are talking about today is beginning to understand the burden and the sense of insecurity that the American consumer is suffering from and doing something about it. It would be one thing to say there isn't any more gas, there isn't any more oil, and we are shifting to a bunch of alternatives, and in the meantime you are going to have to pay the price.

The reason the American consumer is paying more at the pump today, more for their electrical bill and heating is because of politics, because the American politician for the last two decades has denied the American consumer the right to have access to the resources they are entitled to have. I hope we got the message.

S. 3711 begins to say to American consumers that we hear you. We may be a little late, but we hear you. In hearing you, we are going to bring 5.83 trillion cubic feet of gas online in a relatively short period of time—18 months to 2 years at the very latest. And we have the potential of bringing 1.6 billion barrels of oil into the gulf coast refineries. That is billions of barrels that we will not buy from Venezuela, Saudi Arabia or any other place that is politically unstable. We are going to produce it in this country. That should help bring down or stabilize the cost of gas at the pump.

The American consumer ought to be able to rely on its Government not to stand in the way of the private industry sector of our country and its ability to produce for that American consumer. But for decades upon decades, we have done just that, all in the name of environment—in most instances, even when we knew that the environment wasn't going to be damaged. And now we know for sure.

Remember Katrina? Remember what happened a year ago, as one of the most powerful storms in the world surged up the Gulf of Mexico and across the coast of Louisiana and Mississippi and Arkansas? It tipped over oil rigs out in the gulf, shut down thousands of wells that are in this green area. And no oil was spilled. Why? Because of the safety mechanisms, the environmental ability that our industries have today to do it right.

Few of you remember what happened off of the coast of California in the late 1950s and early 1960s; it was an oil spill known as Santa Barbara. From that day forward, the environmentalists' call was: Remember Santa Barbara. The reason we had so much difficulty with this little sale was the ghost of Santa Barbara. Let me tell you, Santa Barbara is dead, buried, and gone. From that day forward, the American oil-producing industry learned lessons, developed technologies, wellhead shutoffs, did all of the right things not only in a voluntary way but also because of mandates of public policy from our Federal Government. We began to get it better, and it is the best it is today. Americans ought not fear drilling off their coasts because it is done right. Remember Katrina and not one drop spilled.

Let me talk about something else that simply demonstrates the reality of where we are. Let's dial up your scope and not look at the whole of the United States; let's go right to the gulf on this chart. Here we are. Here is 181. This is what S. 3711 talks about, this 8.3 million acres. We provide excellent buffer for the State of Florida all around. Yet we are going to allow production to come off in that area so that the American consumer can feel a little more secure, hoping that the price at the pump will not go up anymore and might go down a little, and their energy bills this winter may go down a little bit. But the reason I bring this to the floor is because of the speech I gave some months ago on the Senate floor about what is going on right here, the Northern Basin off Cuba, 50 miles from the Florida coastline. We have five foreign countries drilling there today. That is 50 miles off of our coastline; it is property that belongs to the Cuban nation. China is there drilling, as are Spain and Canada. It is not 120 miles away, not the big buffer zone we created to protect the Florida coastline from our own effort, our own expertise, from the world's best deep-sea drillers, the U.S. petroleum companies. In some instances there, it is nations that know little about the technology and are borrowing it from others and don't have our quick shutoff systems and our wellhead protection systems. They are not 120 miles off of our coast, they are 50 miles off of our coast, and we cannot do a thing about it.

Let me rephrase that. There is something we could do. Right now, we have prohibition that no U.S. company can go there. It is Federal policy, U.S. foreign policy. Why? Because it is Cuban. Yet the Cubans would love to have us there. Why? Because of our expertise and talent. They want their beaches protected. This particular area of Cuba has beautiful, sandy white beaches being developed by foreign interests today for resorts, so foreign tourists can come there from all over the world. They don't want those beaches at risk, but they also want oil developed. They would love to have us do it, but we have a prohibition against that. We will debate that on the floor.

I have a bill that 20-plus Senators are cosponsors of. It would change the policy and allow U.S. companies to play in that area, to bid, and to become the producer—not for a Chinese market but for a U.S. market. Isn't it phenomenal? Here we go, again. Here is the ''no zone.'' We say: No, you can't. No U.S. company can touch any of this. But right down here, we say: China can come and drill. We say that by the absence of good foreign policy; we don't say it in reality. But by denying ourselves the opportunity, we invite the world to come.

The reason it is important that I say this in the context of S. 3711 is for the American people to understand that, as we struggle to get it right, with lease sale 181 embodied in the Senate bill, it is but a small step in the right direction—albeit the right direction—with potentially a very significant impact to the consumer's pocketbook. At the same time, we have a long way to go as a country, as our economy struggles under dramatically increased energy costs, as the average family struggles to balance their budget, their household budget.

There is no way that mom's or dad's salary is going to go up 280 percent in a few months' time. It will not happen. Yet everything that is tied to energy, everything that is tied to the petrochemical industry, their costs have gone up dramatically, and all of those are put off on the American consumer. Did you hear the Senator from Florida? Twenty-five to thirty percent of our nitrogen production has gone offshore. Now, we are so silly that we are stepping on our food bills. Nitrogen goes on the ground, nitrogen produces crops, crops produce food, and food gets to the consumer shelf. By our public policy, we are suggesting that food costs will even go up, or at least the producer's costs will go up. If the producer's costs will go up, they will attempt to pass that through to the market shelf, to the grocery store. So not only by the absence of good policy are we going to cause mom to pay more to get to the grocery store, we are going to ask that she pay more when she gets there, all because of an incoherent lack of policy that doesn't fit the absolute needs of the American consumer.

I could go on a lot longer about national security and our dependence on foreign oil and, when that dependence is at risk, then we have to suffer or we put our military in harm's way, in part, to protect our foreign interests and keep rural stability. We will argue that it is in the name of human freedom, but in the process it holds down energy costs by creating a stable world.

Senator DOMENICI chairs the Energy Committee, and he has worked now for a year to produce the legislation that is before us. He recognizes, as do many of us who serve on the Energy Committee, the reality of where we are today and where we have to go. The American consumer will, I believe, feel the positive result of this legislation when it becomes law, when the drilling starts, when the marketplace recognizes that the potential of bringing 5.83 trillion cubic feet of gas to the market and 1.6 billion barrels of oil is very significant, and it is done in a safe way and environmentally sound way and it is out of harm's way from the rest of the world that is growing increasingly unstable, which happens to be one of the primary producers of crude oil for the world market. No, finally the Senate gets it.

Senator DOMENICI and I and members of the Energy Committee and this Senate struggled for 5 years to craft the Energy Policy Act of last year, a very significant bill.

A lot of work is underway. Billions are being invested in all forms of new technology and energy and energy development. But in the interim, in the next decade or two, as we transition this great economy of ours to different forms of energy, you don't turn off the energy you have, you don't tell the consumer not to drive the car for 5 years until we can get them a hydrogen fuel cell car that doesn't do any emission, or maybe is supplied by energy that is going to cost less. Our country doesn't work that way and it never has.

S. 3711 begins to put us in sync with reality. I say to the American consumer that we hear you. We hear you loudly and clearly and we grasp your sense of frustration and insecurity at this moment. Passage of this bill will help stabilize energy costs and, in some instances, especially in natural gas, it may well bring down those prices for the winter months and the heating months of 2006 and 2007. If we can accomplish that—and I think we can—then this Senate ought to vote unanimously for S. 3711. We ought not get caught up in the minutiae of the politics of the past because the minutiae of the politics of the past have produced $3 gas, have produced $10 and $12-per-million-cubic-feet gas, and have caused the American consumer to develop a sense of insecurity about themselves, their families, and their futures like none we have ever had.

The chairman of the Energy Committee gets it. That is why he has worked as hard as he has. I believe I understand those issues, and I am proud to be a cosponsor of this legislation.

Let us say to the American people: Let's take a step further. Let's erase this red area from surrounding the American coastline. Let's look at new offshore policy that says to the American consumer: Here is an opportunity, and we ought to deal with it in an environmentally sound way, instead of just saying no. You can't just say no and be able to deal with that at the gas pump the next day because when you do, that means the American consumer pays more.

I see that as the essence of this bill. And in supporting S. 3711, albeit a strong step, it is clearly a step in the right direction. Let's remember the responsibility we have to the consumer as we effectively deal with and develop these resources because that consumer is also an environmentalist who wants it done in a safe and sound and environmentally clean way. That is what we are about.

I yield the floor.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Mr. President, first, before the distinguished Senator leaves the floor—I see he is still here and I am glad he is—I thank him very much not just for me or for that speech, for that statement, for that set of thoughts, but I thank him for the American people for his thoughtfulness.

If anyone wants to read the text of something that summarizes from beginning to end the problems we are having and why in the areas of high costs of natural gas and crude oil and insecurity and lack of consistency and fluctuation in prices that are frightening and scaring everybody, read the speech that was just delivered by the distinguished Senator from Idaho. It is a tremendous introduction to the problem and then a total summation and wrap-up of what we can do for ourselves and why we should do it and why with the problem of energy supply in the fields of natural gas and crude oil, wherever America can, we must use our resources, especially these days when insecurity in the world causes such a problem. Even if they are supplied, the price is totally out of focus, and everybody should know that if we have our own supplies, that is what we ought to use—it is sitting right off our coast—with no damage, as the Senator from Idaho indicated.

We saw the little piece of property out of acres and acres and miles—this little piece of property, 8.3 million acres. He showed it to us on a map. It is loaded with natural gas. How do they know? They have already proven it. Part of it was ready to be leased; isn't that right, I say to the Senator? Part of it was ready to be leased in the regime of the Governor of the State of Florida, a former Senator, Lawton Chiles. As a Floridian, he, years ago, acknowledged this must happen, that part of this property was prepared. We know it. When we put it to bid, it will be ready to go.

Not only that, as the distinguished Senator indicated, to have an impact on the cost, we don't have to wait until they drill—right?—because it is such a big supply that the marketplace will take cognizance, will be aware of, will respond to the fact that we are ready to do it.

Once this bill leaves here, even that might have an impact. But I am not sure, until it is signed, as I think of it, that will have an impact because there is always a chance for a slip between the cup and the lip.

We have to get it done, and we have to get it voted on. It is ours. It is ready to go.

I once again thank my good friend and valued member of the Committee on Energy and Natural Resources—and many others around here—for his terrific speech summarizing the problem we have and the way this American solution to an American problem should be addressed and why.

I thank the Senator. I yield the floor.

The PRESIDING OFFICER. The Senator from Wyoming.

Mr. THOMAS. Mr. President, I rise today to join in the conversation and the discussion about energy and in support of S. 3711, the Gulf of Mexico Energy bill.

We are coming up on the anniversary of the Energy Policy Act which we passed sometime back. It is comprehensive energy legislation that recognizes the difficulties we have in this country, recognizes the directions we need to go, recognizes in general terms where we have to be, whether it is increased production, whether it is efficiency and conservation, whether it is alternative methods, whatever. All those issues are excellent, and I am glad we did that.

Of course, now we are in the position of implementing those policies and implementing the policies, of course, is what will have an impact on people in this country, what will have an impact on the costs.

Despite the Energy bill, prices, of course, have risen. They have increased because we haven't been able to implement the bill to bolster production. There are a number of things going on, and I think we have to continue to remember that there are at least two aspects of the future in terms of energy.

One is, out 20 years, we will be looking at all new kinds of sources, all new kinds of supplies, whether they be wind energy, sun energy, but those are down the road. We are not there yet. On the other hand, we need to be talking about how we are going to supply our cars and how we are going to take care of the costs for American families this year, next year, and 5 years from now. So there are two aspects that are very much involved.

One of the reasons, of course, is we haven't been able to move. There has been some resistance to including production in measures. The recent jump in prices has been linked directly to that resistance. It is time to do something about U.S. production.

I echo the comments the senior Senator from Louisiana made earlier today that we cannot drill our way to energy independence and we cannot conserve our way to energy independence. We have to do both. We have to have production, we have to have efficiency, we have to have conservation. Oil and gas is the easiest way we know to do this.

I come from Wyoming, one of the large production States of oil, gas, and coal, the largest producer of fossil fuels. We know how to do these things, but we have to find new sources, new ways of moving toward the energy that is there.

For the sake of security, we must do more. We must reduce our increased reliance on foreign sources of energy. Obviously, as the world changes—and we see every day on the TV how difficult it is to continue to do that—the Outer Continental Shelf holds great promise for accomplishing that goal.

The higher prices we have seen recently are the result of many factors, and we need to address those factors. We all agree increased supply lowers prices. We need to produce more energy in the United States, and, of course, this is a politically charged issue.

Many people have proposals they believe will help. I have my own bill to reduce prices that Americans pay for energy, increase efficiency, new refineries, and better infrastructure and all the things we must do.

We cannot deny the basic economic principle that increased supply reduces cost. It is simple. The bill we are debating today will increase domestic supplies of gas and oil. It will do so in ways that are sensitive to the environment, that will make us more secure and bolster economic opportunities. And it represents an agreement between the States that are most directly impacted by gulf coast production.

Too often people complain about the high energy prices and attempt to blame others. We have an opportunity to do something about that cost of energy today. In 6 months' time it will be winter. I am certain that Members will complain about the cost of energy then, too. I am also sure there will be a call for more money to spend on LIHEAP and other programs. I ask that we deal with those problems now and not later.

The American people are paying close attention to this bill and want us to continue with this debate and make some improvement in domestic production.

If we do not increase supply now, the American people will know who to blame. There are, of course, other things that Congress needs to be doing on energy. Coal conversion technologies need our full support. We have over 200 years' worth of coal in the United States that can be cheaply produced. Wyoming supplies a third of our Nation's current coal needs.

We put this coal on railcars and send it across the Nation. That is increasingly becoming expensive. We want to put the coal in pipelines and convert it to diesel and electric power for cleaner power.

Our electric transmission grid needs to be modernized. Several hundred thousand people lost power this last week in California, Missouri, Illinois, and New York. The grid is stressed, and we need to encourage investments to strengthen it.

I would like all of our coasts opened to responsible production. This bill makes 1.3 billion barrels of oil and 5.8 trillion cubic feet of natural gas available. That is a good thing. Let's not forget there is an additional 19.3 billion barrels and 83 trillion cubic feet of oil and gas off our coasts that are currently off limits. This bill does not make those areas available.

Yes, I prefer that revenues from these activities be used to reduce our Nation's debt. There is continued resistance to all of these broader approaches, however.

I hope that lease sale 181 can serve as an example to other coastal States that offshore production works. What we need now is a bill on which we can agree, and we have it before us. We need something that can make a difference in the short term. This bill is a pragmatic approach that achieves these goals. This is something we know can happen. We know how to produce it. It is available. It recognizes the value of increased production and strikes the necessary balance to make those activities a reality.

We are faced with a broad challenge in energy, of course, a long-term challenge. We have all kinds of approaches to it. But here is one before us that we know how to handle, that we can handle, it has an impact, and it is prepared for us to do today. I urge my colleagues to support the bill.

I yield the floor.

The PRESIDING OFFICER. The Senator from Mississippi.

Mr. LOTT. Mr. President, I will be glad to defer to the distinguished ranking member of the committee. I won't be long. I will go ahead and address this very important issue.

I begin my remarks by thanking the distinguished senior Senator from New Mexico, Mr. DOMENICI, for his leadership in this area. He is one of our more knowledgeable Members. After years of watching him at play, I now refer to him as our No. 1 utility player. Whatever the problem was, he can be helpful. He is knowledgeable on budget issues, energy issues, and also has a practical side: Let's find a way to get it done. Once again, he has done that with this bill.

I know he wants to work with his committee. I know he wants to work with Members on both sides of the aisle. But I know more than anything else he wants to do the right thing for our country. So I thank Senator DOMENICI for his leadership. He has agreed to do some things in ways he would not do it if he could do it in a vacuum. But that is what leadership is all about. In the legislative process, you don't get it 100 percent the way you want it. You have to give a little and get a little to do the right thing, to produce a product for the American people. So that is the main reason I am here. I want to thank you for that.

I also acknowledge the leadership and encouragement of Senator MARTINEZ, the Senator from Florida, and others from Florida who have been helpful in this effort. I have a great admiration for Florida. It is more or less a neighboring State—a little bit of Alabama intervenes between my State, where I actually live, and the Panhandle of Florida—and I haven't been able to understand why they have been so opposed to oil and gas production in the Gulf of Mexico. I understand the concern about coastal areas—the beaches. But there has to be a reasonable and practical way to protect the American people and their needs for this production, and shield our beaches and our tourist industry from harm.

It is easy to say: No, no, I am not going to have it at all. It takes courage and leadership to say: Well, let's work this out in a way that would be the right thing for our military bases in the Panhandle of Florida, and for our tourist industries in Florida, Alabama, Mississippi, Louisiana, and Texas—we all have that—and take advantage of the tremendous resource that will help the American people, that will reduce our dependence on foreign oil. This is what this is all about.

It is not just the prices at the pump today; it is about the long-term plan. We have a problem here. It is a growing problem. Are we going to do something about it? This is a step in the right direction. That is the message here. Will this bill solve the problem tomorrow? No. It will have an impact almost immediately, because people will see we have taken some action and they will act. And it probably will have some impact on natural gas pretty quickly. But it is a clear statement to everyone that we realize there is a problem here and we are going to do something about it.

So I thank Senator MARTINEZ for stepping up. Senator NELSON has been involved, and I hope we are going to have a unified group of Senators from the entire Gulf of Mexico area to endorse this concept. We have worked at that. Florida, Alabama, Mississippi, Louisiana, and Texas, have met and talked on a bipartisan basis about doing the right thing. I have been proud to be a part of that.

Senator LANDRIEU of Louisiana has been relentless—relentless—has she not, I ask the Senator?

Mr. DOMENICI. You bet.

Mr. LOTT. She has worked this issue hard. Senator VITTER has made sure we have done it in the right way. He has looked at the language very carefully. I commend them in particular. Their State has probably been more active involving this issue than any other Gulf States. Their State has also taken some of the negative impact—on the coastal areas—in recent years. Therefore, it is only right that they get a higher percentage of the coastal impact fees and that they be recognized for their effort. Senator HUTCHISON and Senator CORNYN, Senator COCHRAN, Senator SHELBY and Senator SESSIONS also deserve to be recognized. We have all been involved.

The next point I want to make is I don't quite understand why we are finding it harder and harder to produce a result. It is has become so hard to be bipartisan. I admit it is almost impossible to get a bipartisan agreement that is bicameral. Maybe it is just a sign of the times; maybe it is the political season we are in which may be a little more testy than normal. But here we have a perfect example of a bipartisan bill. A wide margin of you vote earlier on the motion to proceed to this bill, and we are now in the debate time on that. I predict when we get to the final vote, it once again will be bipartisan, probably higher than anybody would have thought. But this is the way it can happen. This is the way it should happen. So I am glad we are working in a bipartisan way.

I want to say: Look, we made some progress last year with our Energy Policy Act of 2005. It didn't entirely address our energy needs, obviously, but it was a step in the right direction. Now, here is the next step. For years, I have been stressing that our energy policy in this country has to be balanced. I would prefer to produce our way out of our energy situation. I believe we can have more: more oil, more gas, more hydrogen, more nuclear, probably more wind and solar energy too. We can do it all. But I finally came to the conclusion we are not going to be able to just do one part of this equation; we are going to have to produce more, we are going to have to conserve more, we are going to have to look for alternative fuels, and we are going to have to be innovative. I have made that concession. After all, it makes sense. Why don't we do the whole package?

That is what last year's Energy Policy Act began to do, it made some improvements in nuclear and in hydrogen and alternative fuels. However, we can't do all of those things instantly. Very few places are ready to build a new nuclear plant. My State of Mississippi may have been one of the first to build a new nuclear reactor. That is great. We need to move towards alternatives such as liquefied natural gas, and once again, we have to build the facilities. And that won't happen tomorrow.

In the meantime, while we need to make stronger conservation efforts and come up with more alternatives and innovative ideas, and we need more oil and gas. It is that simple. Now, we can get it some way or the other from Iraq, Venezuela, Nigeria, Iran or we can get our own safely. When I go to my State of Mississippi, people scratch their head and say, why is it that people from a certain part of the United States are determined we are not going to get oil out of ANWR? What is it to them, and what does it mean to the country?

For whatever reason, without impugning anybody's motives, we haven't done it. But we can do it in the gulf. We can do it in the Gulf of Mexico because we know it can be done. We think it will be in the best interests of our States and our people and we think it is in the best interests of America. It is there, it can be obtained safely, miles off the coast.

I want to emphasize right up front: This is not about putting oil rigs or natural gas wells within the sight of the beach, although there have been natural gas wells in plain view from my front porch in Pascagoula, MS. It is not about that. We do not want our beaches to be threatened. This is going to be at least 100 miles away—in the case of Florida 125 miles away from this 181 and the other areas we are going to open. I think it can be done and it will produce very early results.

Look at what we are talking about here, freeing up 1¼ billion barrels of oil that we won't have to get from some unstable government overseas, and almost 6 trillion cubic feet of gas, that is huge. Others in this country ought to be willing to do the same thing in other coastal areas. But I want to emphasize that this is not about any other coastal area; this is just about our area. We are prepared to step out, do the right thing for our country, take the risks. But we also want to get a little of the benefits, a little help in trying to deal with some of the problems we have in the coastal region.

By the way, one little aside: This bill will reduce the Federal deficit by almost $1 billion over 10 years—$1 billion—probably more. I think all of the numbers are understated. I think we are going to get more oil, more gas, more benefits, more money coming into the Federal Treasury and our States. We will do it without raising taxes or fees on anybody. So we get the benefit of additional supply, we get the benefit of impacting our Federal budget, drilling will produce hundreds of jobs, good-paying jobs. I know the people who work on those rigs out there in the Gulf of Mexico, and I know the kind of money they make. Yes, they work hard and they take risks and they are away from their families, but these will be good, new jobs for good, hard-working people—people who need a little help right now, these are the people who have been hammered by Hurricanes Katrina and Rita.

For decades, almost every dime generated from leasing of Gulf of Mexico areas for oil and gas all came to Washington—all of it came to Washington. Mississippi, Louisiana, Texas, and Alabama, the States which permit energy exploration off their coasts, reaped very little benefit, but they incurred a lot of the risks, some of the damage and some of the threats. We provide the infrastructure. These boats don't just take off from nowhere; they have to be built somewhere. All of this goes on—it is not all perfect, let me be honest about that. There are certain challenges. So we feel there should be an equitable distribution of the royalties from the Outer Continental Shelf to those of us who are on the front line.

For years States that allow energy production on Federal land receive 50 percent of the Federal revenues from these activities. Those of us in the gulf: zip—other than what we get indirectly through the Land and Water Conservation Fund and through Federal largess, which, in our area, is not much.

So we think this is important. We are trying to stand up and do what we think is right for our country, but we want to also do the right thing for our States. There is a coastal impact. We all know that. This is an acknowledgment of that. The Gulf States which will be producing this would get under this agreement 37½ percent of the Federal revenues from the new leases entered into after the date of enactment. Twelve and one-half percent, though, of the revenues would go to the Federal Land and Water Conservation Fund, for all of the States to use. We are not greedy, but we want our fair share for a change. There was a time when we wouldn't stand up, speak up, and fight for what is right for our people. This time, we are going to. It is a win-win. It is right for our country and it is right for us. I think this is a good arrangement.

The money that goes to the States—Senator LANDRIEU and I have felt it shouldn't all go to the States. Our State capitals and our State Governors are quite often not from the marshes of Louisiana or the beaches of Mississippi. We have to make them understand where we are and who we are. Once again, part of the problem over the years has been our own fault because the attitude in the south of Louisiana and the south of Mississippi is: Oh, well, we will do it ourselves. Well, we are trying to get a better rate. We are trying to make more sense. So 20 percent will go to the coastal counties that are impacted.

I know the Senator from New Mexico, Senator BINGAMAN, is here, and he cares about those areas. I want to tell him what these monies will be dedicated to. They will not be frivolously squandered on some project that is not along the coastline. The funds are going to go to coastal conservation, coastal protection, and restoration. Hurricane protection—hello—do we need to do that? By the way, if we don't do it, we know who is going to pay our bill because when we are flat on our back the Federal Government will have to come in again with hundreds of billions of dollars. Let's be proactive. Let's try to do a better job in protecting our coastal areas and our marshes. If we do not take action, the impact on fisheries could be absolutely detrimental. If you don't have these areas of brackish water, you are not going to have the shrimp and the fish we have been trying to develop there. This money will provide for mitigation of natural resource damage.

I firmly believe this will have a great impact in our area. It is the right thing to do. These areas will be better, and in some instances they will be restored. Louisiana is losing land every hour, and although we may not have that big a problem in Mississippi yet, this problem is only going to get worse. We can take action to protect the future.

We have a chance to do some innovative work. In my State of Mississippi, we are not trying to put things back as they were before Hurricane Katrina; we want them to be better. We are coming up with innovative ideas. We are thinking about how can we be better prepared to withstand a hurricane. These funds will make a huge difference in the long run.

I want to make this clear: I think this is a great effort that we will all be able to point to in the future and say that we did something great. This is something that will make a difference. We will be saying to the American people: We understand your pain, we feel it, and we are taking steps to do something about it.

This will not be the last effort. We are going to have to do more. But now is the time to do this. Now is when the people are suffering due to higher prices for oil and for natural gas. It has made it very difficult for people. This legislation will reduce our dependence on foreign oil, it will help us with our budget needs, it will provide more money to protect natural resources, and it will bring much needed funds and jobs to the gulf area which was hammered by Katrina and Rita. This is truly a plan which Congress should pass and be proud of and the President should adopt.

I look forward to working with my colleagues as we go forward in the next couple of days to complete action on this important legislation.

Mr. LOTT. Obviously, people who have the time to look at this believe it has been a very unfair situation, one that for some reason or another we have tolerated for years. When they realize the way it is handled in other parts of the country, they feel very strongly it is time we step up and get some benefit.

It is also further exaggerated and exacerbated by the fact that if we believe that we are on the line, dealing with all the costs and all the potential problems that could go along with this, we ought to get some of the benefits so we can prepare for that.

I want to say that the people in the Senate and the American people have been very concerned, sympathetic, and helpful to us after the hurricane. But they know we have coastal impact problems. We need to address some of those problems now, not later, because they have become very serious. There are areas we are losing that are basically going into the Gulf of Mexico, and we can also take steps to preserve what we have and to better prepare for hurricanes, use for protection and mitigation for the future.

The people feel very strongly about it. It is not just our Governors who see this obviously as one way to help us deal with the future needs we have, but also just the rank-and-file people. We understand we need to get it done.

This proposal, which would give our Gulf States some share for our coastal impact, will give us the benefit of getting some help. Also, the people understand this is something we need to do for our country and are willing to do it in the gulf. I wish the rest of the country would follow our lead. However, we are not going to fuss about that, we are just going to step up and do the job.

Our people do feel very strongly about it. They believe we have not been treated fairly and it is time to do something about it.

I yield the floor.

The PRESIDING OFFICER. Who yields time?

Mr. BINGAMAN. Mr. President, how much time remains on the two sides?

The PRESIDING OFFICER. The Senator from New Mexico controls 2 hours 23 minutes, and the majority controls 1 hour 50 minutes.

Mr. BINGAMAN. Let me speak for a few minutes to give my view of the legislation.

First, let me just say energy issues are very much on the minds of the American people. Rightly so. We have oil trading at above $75 a barrel. We have the price of gas at the pump above $3 in most parts of this country today. Clearly there are a lot of explanations for that, but that is part of the reason we should be focusing on this set of issues.

We have high and growing demand for energy in the world. We have high prices because not only do we have high demand, we have constrained supply, and we have great uncertainty in the world. All of that affects the price of oil and the price of natural gas as well. Whether the uncertainty is in the Middle East, whether it is in the Nigerian Delta, whether it is threats of curtailed imports from Venezuela—there are all kinds of reasons the price of oil is high.

We need to focus on how do we begin to pursue a strategy that helps solve these problems. The truth is, our country is on the wrong track when it comes to oil and gas. According to the Energy Information Administration Annual Energy Outlook, our projected future demand for oil and natural gas is going to far outstrip our domestic production capabilities, and that circumstance is getting worse, not better. All of the projections are that after the passage of this bill, it will continue to get worse, not better.

We have the opportunity, the Members of the Senate and Members of Congress, to try to make some decisions to get the supply/demand equation better into balance. How can we use oil and gas more efficiently and thereby need less than the projections would indicate we might wind up needing? How do we substitute the alternative fuels in our energy mix on a faster basis, on an accelerated basis? How do we produce more and how do we find ways to be more efficient?

A year ago this coming Saturday, we had final passage of the comprehensive Energy bill we passed last year, the Energy Policy Act of 2005. On balance, I believe—I still believe and believed at that time—that was a good piece of legislation. Mr. President, 74 Senators voted for it. We had a majority of Republicans voting for it. We had a majority of Democrats voting for it. The bill was put together on a bipartisan basis in the Senate Energy Committee under the leadership of its chairman, Senator DOMENICI, from my home State of New Mexico.

When the bill came to the floor, of course, Senators on all sides of the many issues in that bill were given an opportunity to bring their amendments to the floor, to debate those amendments, to have them voted on, and despite the broad sweep of that legislation, we completed that process in 2 weeks.

After passage of the bill, we went ahead and had a very fair and open and inclusive conference with the House of Representatives that resulted in a conference report that enjoyed broad, bipartisan support.

The Energy Policy Act addressed energy production. It addressed energy conservation. It addressed energy technology and renewable energy, and it addressed oil and gas and coastal impact assistance, including assistance to the States which are most interested in this legislation. It made significant strides in the right direction on a host of issues.

I had hoped, frankly, that we could continue to move forward in the energy policy area this year by acting on a series of measures to address the remaining issues. There are clearly remaining issues that need attention. One of those is the lack of effective steps to increase efficiency in the use of oil and natural gas.

We did not do what we should have done in last year's Energy bill to deal with that issue. The Senate version of the bill had some good ideas in it. Unfortunately, they were dropped in the conference. We were not able to persuade the House to agree to those. For that reason, this past May, I joined with a bipartisan group here in the Senate to introduce S. 2747, the Enhanced Energy Security Act. That bill addresses oil savings and alternative fuel infrastructure and provides for a renewable portfolio standard and various other efficiency and conservation measures.

Another energy measure I hoped we could act on this year is S. 2253. That is the bill which would have required the Secretary of the Interior to offer for lease lands within this original lease sale 181 area we have been discussing as part of this legislation. Early this year, I joined with Senator DOMENICI to develop and introduce the bill on a bipartisan basis. The bill would have opened portions of the original lease sale 181 area that had been proposed for leasing in 1997 by the Clinton administration. That proposal by the Clinton administration was made after negotiations with then-Governor Lawton Chiles, our former colleague here in the Senate, Governor Lawton Chiles from Florida.

Those areas had been taken off limits by a decision by the Bush administration. I think some may not realize that we would not even be here today talking about opening lease sale 181 for possible drilling if the Bush administration had followed through on the Clinton administration's schedule for leasing. They proposed to do that, and it was on their schedule when this administration came into office.

The bill Senator DOMENICI and I introduced did nothing to affect areas under congressional moratoria or areas that had been withdrawn by Presidential decree or order. No part of the area to be leased was closer than 100 miles from any point in Florida.

We have a map here that will give people an idea of what was involved with lease sale 181. This is the bill which was reported out of the Energy Committee with bipartisan support. You can see the line there, which is the 100-mile line, showing we are not getting within 100 miles of Florida and showing the additional area that would be open for leasing.

I should point out that between the time Senator DOMENICI and I introduced S. 2253 and the date our committee had a hearing on that bill, the administration published its own draft proposed program for oil and gas leasing for the period 2007 through 2012. That 5-year plan called for a lease sale in the 181 area in the fall of 2007. The area the administration proposed for leasing contained about 3.07 trillion cubic feet of natural gas and 620 million barrels of oil.

The current state of play under current law is that even if this legislation does not become law, the administration plans to open that area for leasing beginning in the fall of 2007. It was good news when we learned the administration intended to proceed to lease this new area. It meant that a substantial new development of oil and gas would take place even if we didn't succeed with the bill Senator DOMENICI and I introduced.

At the hearing we had on S. 2253, I asked the Director of the Minerals Management Service, which is the agency with responsibility for this leasing, Ms. Johnnie Burton, whether the administration's plans would wind up coinciding with what the bill envisioned if passage of the bill was delayed. She replied that that certainly would be the case.

After the Energy Committee reported the bill in early March, we received additional evidence that the plans for leasing new areas in this draft 5-year plan were on fairly solid ground, and the new evidence was that the Congressional Budget Office booked the expected revenues from royalties and bonus bids in the budget baseline for this 10-year period, 2006 through 2016.

Even though a good portion of the oil and gas contemplated in the original bill reported by the Energy Committee was incorporated into the developing plans of the Minerals Management Service, I thought it made sense that with the balance of the initial area opened by S. 2253, we go ahead with the bill and try to enact it. Unfortunately, at least from my perspective, events since the committee reported the bill to the full Senate have changed the bill in very substantial ways. In my view, this is not the bill that we worked on in committee. Several of our colleagues in the Senate took the position that S. 2253 should not move forward without certain modifications.

My colleagues from Florida expressed a desire for a long-term moratorium off the coasts of their State. My colleagues from other Gulf Coast States indicated that they would object to S. 2253 being considered without those States receiving a fixed percentage of the revenues from the oil and gas produced in the Federal Outer Continental Shelf off their coasts.

Both of these demands, which were satisfied in this bill, which has now come to the Senate floor, S. 3711, in my view, have undermined the goals of the original bill. Because S. 3711, which is the bill now pending in the Senate, locks up vast areas of the Outer Continental Shelf off Florida, and because the bill provides for the ceding to 4 of our 50 States billions of dollars of Federal revenues, I find myself in the position of having to oppose the bill.

The chairman of the Energy Committee will point out that S. 3711 opens two new areas in the Gulf of Mexico. That is true. Beyond the area proposed for opening by the new 5-year plan that I talked about, Minerals Management Service, S. 3711 opens a triangular sliver in the area known as ''the bulge.'' You can see that sort of orange area on here. That is new under this legislation. The legislation also opens the so-called 181 south area, which is currently under a congressional moratorium that expires this September 30.

There is also a Presidential withdrawal for that area which is 181 south. That is the lighter orange area down below the area that we have been talking about.

In order to get these additional resources that are provided for in this bill, which amounts to 2.76 trillion cubic feet of gas, S. 2711 puts 21.83 trillion cubic feet of natural gas in the eastern Gulf of Mexico off limits until 2022.

I don't think it is a very good trade for the people of America for us to give up access to 21 trillion cubic feet of natural gas in order to gain access to 2.76 trillion cubic feet. Some of that 21 trillion cubic feet of natural gas that is being put under a 16-year moratorium in this bill is in areas that have never been controversial in Congress. These areas were part of the original lease sale 181 area that every annual congressional moratorium had exempted.

We are talking about this entire yellow area. I think this chart is very similar to the chart that the Senator from Florida, Mr. MARTINEZ, has been using. It shows a very much larger area that is being subjected to this 16-year moratorium than we have ever put under moratorium before.

These yellow moratorium areas that are within the blue of the original lease sale 181 area shown on the chart, these three resource-rich areas are not now under moratorium. If Congress does not enact S. 3711, these areas could be leased under the next 5-year plan, if the administration decided to include them, instead of being locked up until 2022.

Let me, also, for a moment show a chart that our colleague, Senator CRAIG, was using earlier this afternoon. He has a chart showing what is happening south of the area that we are locking up for the next 16 years. This is the thatched area down near Cuba. I think looking at his chart sort of brings home the unfortunate handicap we are putting ourselves under with this legislation. In fact, Senator CRAIG's bill, of which I am a cosponsor, would allow U.S. oil companies to participate in the development of this thatched area, the oil and gas resources in this thatched area down near Cuba, some of which is as close as 50 miles from the State of Florida. But at the same time in this legislation, we are saying we are going to prohibit drilling for the next 16 years in areas as far as 230 miles from the State of Florida. To my mind, that doesn't make good sense.

It would be ironic if Cuba proceeded with drilling in its waters to extract at least 4 billion barrels of oil under its territory, while at same time we were passing legislation saying there would be no drilling in the waters we control through 2022. That is exactly what this legislation says.

Referring again to Senator CRAIG's statement, he talked about the ''no zone''—the large ''no zone'' all around the country, where nobody wants to allow drilling. I will say we are adding to the ''no zone'' very substantially with this legislation by putting in this yellow area areas that had not been subject to moratorium and certainly have not been subject to anything such as a 16-year moratorium, as we are about to enact here.

In addition to being bad energy supply policy for the long term, S. 3711 is also, in my view, bad fiscal and budgetary policy for the long term.

The bill directs, as I think many have mentioned, 37.5 percent of revenues from new leases to the four States, Texas, Louisiana, Mississippi, and Alabama. Starting in 2017, a second royalty diversion using the same percentage would be applied to new leases in existing areas of the Gulf of Mexico open to production.

We have a chart which makes the case as to what we are talking about. We are saying, in the western Gulf of Mexico and the middle Gulf of Mexico, that we are, in fact, going to cede 37.5 percent of the royalties from production on new wells in those areas to these four States as well; that those are funds which otherwise would go into the Federal Treasury.

In order to avoid a point of order under the Budget Act, S. 3711 purports to cap the revenue sharing, from 2016 to 2035, at $500 million per year. And then it has a very interesting provision. It says ''net of receipts.'' Rather than actually capping the revenue sharing, the bill allows receipts from the 181 and the 181 south area to be added to the $500 million cap. That makes the so-called cap, in my view, at least much higher. However, even with the cap, the amount flowing to the four Gulf States is estimated to be somewhere between $27.5 billion and $30.5 billion during this period. After 2056, the full entitlement comes into play with estimated losses to the Federal Treasury of between $12.5 billion per year and $15 billion in 2056 alone.

This underscores the point which people need to understand—that this legislation calls for this sharing of revenue or ceding of revenue to these four States in perpetuity. This is not in any way sunset. There is no time limit. This is from now on. The legislation says these States will be entitled to the money.

As many of my colleagues know, I have strongly opposed diverting revenues from the Outer Continental Shelf. It is clear to me, in reading the history of this country and the laws of this country, that this is a Federal asset and that ceding of these revenues to State and county treasuries of coastal States is bad policy. The resources of the Outer Continental Shelf belong to the entire Nation. Over the years, there have been several attempts by coastal States to assert some form of ownership rights over the Outer Continental Shelf. In the 1940s, coastal States tried to issue leases to oil companies in these Federal waters. That led to a landmark decision in our Supreme Court in 1947. The Supreme Court ruled in 1947 that offshore lands were, and always had been, owned by the United States as a feature of its national sovereignty.

Having been stopped by the courts, the States turned to Congress to request that it turn these so-called submerged lands over to the States themselves. President Truman strongly objected to this. He vetoed the legislation that was sent to him. Let me read the quotation from his veto statement. He said that he could not:

> approve this joint resolution because it would turn over to certain States as a free gift very valuable lands and mineral resources of the United States as a whole; that is, all the people of the country. I do not believe such an action would be in the national interest. I do not see how any President could fail to oppose it.

That was the basis for his very veto.

President Truman left office and Eisenhower took a different view. He signed the Submerged Lands Act of 1954 that granted the coastal States title to submerged lands within 3 miles of their coasts.

Later that year, Congress also passed the Outer Continental Shelf Lands Act, asserting Federal control over the subsoil and the seabed of the Outer Continental Shelf. The legislative history of these acts is clear. They were intended as a final settlement of the issue of who owned what on the Federal Outer Continental Shelf.

In recent years, as the resources of State waters which were granted under the 1953 act have been depleted, and as the great resource potential of the Federal waters has come into full review, a new drumbeat has arisen. The claim is that coastal States should have a preferential share of the resources of the Outer Continental Shelf over and above other States that, under current law, are equally entitled to these receipts, and under the Supreme Court's view are entitled to these receipts.

We are not talking about trivial sums of money. Oil and gas receipts from the Outer Continental Shelf are the third largest source of income to the United States after taxes and Customs duties.

Over the next several decades, it is estimated that oil and gas royalties from the Outer Continental Shelf will exceed $1.2 trillion. As we look to the future, a future in which we will have large bills coming due at the Federal level, with the retirement of the baby boomer generation, it is unwise, in my opinion, to consider permanently diverting these revenues away from the Federal Treasury to these four coastal States.

I have often heard the argument that we ought to give a percentage of Federal royalties to the Outer Continental Shelf, to the nearby States because Western States, such as my own, New Mexico, receive a portion of the royalties from the Federal lands within their borders.

Let me address what I believe is a false comparison head on. The first obvious point is that the Mineral Leasing Act which has been adopted made provisions for my State to receive 50 percent of the royalties for production on Federal lands. This Mineral Leasing Act does not discriminate against Louisiana, Mississippi, or any other coastal State. To the extent that the Federal Government reduces oil and gas and collects royalties on Federal land within their borders, the Federal Government pays 50 percent of those revenues to the States just as they do in my State, just as they do in Wyoming, just as they do in every other State in the Union.

Indeed, according to the Minerals Management Service, between 1982 and 2003 the Federal Government distributed $14.8 million to Louisiana from onshore Federal leases under the Mineral Leasing Act. The reason Louisiana did not get more was because there is very little Federal land in Louisiana that produces oil and gas. Most onshore oil and gas development in Louisiana takes place on State or private land and not on Federal land.

Louisiana, like any other State, receives 50 percent of the royalties collected by the Federal Government from Federal oil and gas leases. Western States, such as New Mexico, and eastern States have very different histories when it comes to patterns of life ownership. A long time ago, in the 19th century, a large part of States such as Louisiana consisted of public land. But the laws at that time allowed that Federal land to be patented and bought into private ownership or given to the State where it now forms the tax base for those States. That explains why there is relatively little Federal land in a State such as Louisiana. The State enjoys the ability to levee taxes, including severance taxes on all the oil and gas that is produced within the State, which is considerable.

The development of the western States took a very different turn in 1920 when it became clear that there was a significant amount of Federal land that had oil and gas potential. Instead of allowing that land to be patented and brought into private ownership under the mining laws, as had happened in earlier years in States further east, Congress passed a new law—and that is the Mineral Leasing Act I was just referring to. This act forges a very different bargain.

In return for keeping the lands with rich oil and gas resources under Federal ownership, therefore, out of the State's tax base, the Federal Government agreed to give the States a share of the Federal royalties as compensation for the lost tax revenue involved. This compromise represented no injustice to any State that had previously had all of its Federal lands converted into private land through land patents. These eastern States already had what the western States were giving up; that is, the ability to tax all of the economic activity within their borders.

If you read the legislative history of the Mineral Leasing Act of 1920, it is clear that the split of revenues between the Federal Government and the State governments was in compensation for removing lands from the tax base of the States.

So when you recognize the reason for the 50–50 split of royalties on Federal lands within the boundaries of States under the Mineral Leasing Act, it is clear to me that transposing this system to the Outer Continental Shelf makes absolutely no sense. Federal ownership of the Outer Continental Shelf takes nothing away from the tax base of any coastal State. To the contrary, Federal development of national assets on the Outer Continental Shelf actually results in enhanced economic activity, increased tax revenues in adjacent coastal States.

One report that illustrates this fact is published in 2002 by Louisiana Midcontinent Oil and Gas Association. It is entitled ''The Energy Sector Still A Giant Economic Engine for the Louisiana Economy.'' That title is a pretty good thumbnail description of the true impact Outer Continental Shelf activity has on the Gulf Coast States. That activity is a giant engine for their economies.

Here are some of the facts in that report. The report says the energy sector has a $93 billion impact in Louisiana and employs 62,000 people. The energy sector in Louisiana supports $12.5 billion in household earnings. It pays $1.14 billion in State taxes. Workers employed by the offshore oil and gas industry can expect to earn salaries between $75,000 and $100,000 a year. That was in 2002 when the report was issued. Oil exploration and production value-added income already exceeds $17 billion and refined value-added income is nearly $5 billion.

The same facts can be told for each of the coastal States that border the Gulf of Mexico. They derive substantial economic benefit from their strategic location next to these oil and gas deposits that are still owned by the United States.

For these reasons, I cannot support the current proposal to set in motion a permanent and a very large diversion of Federal royalties from the Outer Continental Shelf to these four States. I am sympathetic to the environmental damage that has been caused over the years to coastal wetlands. Much of that damage in the past was from causes other than oil and gas activities. An important source of the future threat is from factors such as global warming.

Last year, in the Energy Policy Act, we enacted a Coastal Impact Assistance Program that directed $1 billion be paid as mandatory spending over 4 years to the Gulf Coast States. I strongly supported that measure. I have strongly supported funding for reconstruction of the gulf coast in the tragic aftermath of Hurricanes Katrina and Rita last summer.

The policy rationale for the permanent revenue diversion proposed in this bill, in my opinion, is highly flawed, just as the energy policy rationale for the bill is also flawed. If you want to have a strong and fiscally solvent Federal Government, you need to be very careful about new spending entitlements and claims on Federal revenues being created by the Congress. The provisions of this bill do not reflect that kind of concern.

If we are to cope with the rising demand for energy, and particularly for natural gas, we must also approach that matter. Strictly giving up, for the long term, access to 21 trillion cubic feet of natural gas just to obtain just over 2 trillion cubic feet is shortsighted, in my view. Undertaking to solve our long-term problems with natural gas supply and demand by focusing just on the supply side I also see as shortsighted.

Let me talk a little bit about the precedent of what we are doing. I see that as another and somewhat separate reason for opposing this legislation. S. 3711 sets bad precedent both in the energy policy area and in the fiscal policy area. There is no reason I can think of why coastal States up and down our seaboards will not demand the same kinds of treatment being demanded by the States that are insistent upon the provisions in this legislation.

Let me put up the chart that shows what we are talking about. The Outer Continental Shelf is the blue area surrounding the country. Of course, this bill just deals with the gulf. We all understand that. But let's just think about the precedent we are setting that will come back to haunt us when we have this issue revisited in the future.

My sincere concern is that if we take the steps that we are proposing to take in this legislation that lock up Florida until 2022, or the areas off the coast of Florida going out at least 125 miles until 2022, we are well on our way to making these other resources unavailable also until 2022.

We are also setting a bad precedent in the fiscal arena, as well. Where production is allowed, other States are likely to demand the treatment that we are here affording to Texas, Louisiana, Mississippi, and Alabama.

Take Alaska, for example. If you do a little reading on where our undeveloped natural gas and oil resources are, much of it is off the coast of Alaska. The Federal Outer Continental Shelf off the coast of Alaska covers a vast area, some 600 million acres. The Outer Continental Shelf off Alaska's coast is more than twice the size of Alaska itself.

To give an idea of the immensity of this OCS area, the onshore lands of the State of Alaska comprise some 366 million acres. The Federal Outer Continental Shelf off Alaska contains vast resources, an estimated 26.6 billion barrels of oil, and 132 trillion cubic feet of gas.

If we start down this road, as this bill does, in my opinion, with respect to the Gulf Coast States, we will certainly be asked to give 37.5 percent of the revenues of producing these Federal resources off Alaska's coast to the State of Alaska. In fact, such a proposal has already been developed. Other States are likely to follow. This is a precedent that I think we will all come to regret.

I know there are strong feelings on the other side of this issue. I understand the sentiments that some have, but I am persuaded this is bad energy policy for the country, that this is bad fiscal policy for the country, and I hope that we are able to make some changes in this legislation before we finally dispose of it so we can correct these problems.

I yield the floor.

Mr. DOMENICI. Mr. President, I will yield quickly, but I want to try to get the record straight with Senators so they will know where we are timewise. We are in postcloture where every Senator has a certain amount of time. By consent today, we are taking 6 hours, 3 hours to those in favor and 3 hours to those against. I am in charge of the 3 hours in favor, and Senator BINGAMAN, so far, has been the only one who has spoken. But he is in charge of the time on the opposition. He might give us some of his 3 hours today if we run out, or we would ask the leader. I have a lot of speakers.

In any event, Senator BOND asked to be next. He is here. Senator SESSIONS is speaking for our side. We will go back and forth. Senator SESSIONS asked he be next on our side. And the senior Senator from Alabama who is here, also, would like to speak next.

How much time does Senator BOND want?

Mr. BOND. Seven minutes.

Mr. DOMENICI. Senator SESSIONS?

Mr. SESSIONS. Fifteen minutes.

Mr. DOMENICI. Senator SHELBY?

Mr. SHELBY. Ten minutes. I will try to do it in less.

Mr. DOMENICI. I have 1 hour 50 minutes; is that right? And Senator BINGAMAN has how much?

The PRESIDING OFFICER (Mr. MARTINEZ). One hour forty-five minutes.

Mr. DOMENICI. Senator LANDRIEU wants to speak 10 or 15 minutes. We will welcome that. If we add that up, we have plenty of time.

I want the Senators to know we have a schedule. It is not me; Members have to follow each other.

I take a minute and say to Senator BINGAMAN, I am not going to answer now the detailed allegations today. I think two or three are significant, but I am just going to say to the Senate I have the most respect for my colleague. I think everyone knows we work together, shoulder to shoulder. It is good to work with him. I think he must feel the same. We got something great done.

However, I believe there is one flaw in the argument that is imperative. That is, plain and simple, do you want to hang tight with an ideology of the past and get no bill and no new development or do you want to adjust to change and get something significant?

Now, he might not agree, my friend might not agree that I am correct in saying what we are getting, but I truly believe the final product of the path we were going to follow—which was to not share the revenue; and we had not made any arrangement with Florida—was doomed to yield nothing, and we would be back where we were.

Secondly, if we want to wait around for MMS to do their plans and assume that they end up with what they started with, then just look at history. They hardly ever come out anywhere close to what they started with, and they probably would have done it again on this one. We are better off, in my opinion, adjusting a bit to the reality of getting something real than to stand rigid on the philosophy of the past.

Revenues: If you do not drill, you do not get any revenues. We have been in a no-drill posture for the American Treasury for almost 20 years. I do not know how many more years we will be with no revenues and no drilling, so I am not worried about the fiscal policy because I am worried about the effect on the economy and on people of not using the resource.

I can hardly measure that, I say to Senator BOND. It is too big for me to measure as a budgeteer. So I wanted to make that point just in kind of a summary manner, which is part of what my friend and great colleague has been arguing in derogation of this bill on the Senate floor.

Then I had one more observation. As to the big piece of land we are not going to be able to drill in in the future that my friend has alluded to, if you just look at that map, the perpendicular line is a line established in a letter from the military which said they needed, for future use, everything beyond that line. And everybody had been agreeing we would not, without the military's consent, ever drill there. And that is essentially why most of that property is off limits. Now, there is more to the story than that, but that is the biggest portion of the story.

Having said that, I would certainly like to say to my colleague, Senator BINGAMAN, I trust that we are back together soon to get another great Energy bill; and we will. I would feel much better if you and I were together on this, but I feel just as confident, or more so than I did on the Energy bill, that the way to get Outer Continental Shelf drilling is to start with this new precedent and get it going. And I think the ball will roll. If you get this, you will get offshore drilling in real quantities. You will get more than ever to the Treasury and more than ever to the bounty of production. That is what the real ball game is about. And you either do something like that or you sit around and wish. We have been wishing, and it never happens.

So with that, I yield to Senators. I will be off the floor. You can take time in your sequence. I will come back in an hour and a half or so, and if there is time, I will wrap up this afternoon.

Thank you very much.

The PRESIDING OFFICER. The Senator from Alabama.

Mr. SESSIONS. Mr. President, I just ask that my and Senator SHELBY's time slots be reversed.

Mr. DOMENICI. Sure.

Mr. SESSIONS. He has another appointment, and I would be glad to yield to him and take the slot you originally had for Senator SHELBY.

Mr. DOMENICI. Sure. Senator SHELBY would go right after Senator BOND on the proponents list. And they would be followed by Senator SESSIONS.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. BINGAMAN. Mr. President, could I just indicate for my colleague, I appreciate his comments. We do have a couple of Senators who are in opposition who are coming to the floor and will wish to speak, too, at some stage. I do not want to line up so many proponents that they are not able to make their statements within a reasonable period of time. So if we can fit them in at some stage in the proceedings, that would be great, as soon as they arrive.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Mr. President, let me say to my colleague, that is fine. I noted your staff had apparently gone and checked, and there might be somebody. I would like to ask that they let you know as soon as possible so you do not have people with the expectation of being next because they are right here, and all of a sudden somebody drops in and says: I am next because I am in opposition. I think that would be a little unfair. I wish the Senator would work with us on that.

All right, having said that, I yield the floor.

The PRESIDING OFFICER. The Senator from Missouri.

Mr. BOND. Mr. President, I rise to offer a compromise and support a compromise. I have agreed to limit my remarks to 7 minutes in the hope, however faint it might be, that people might listen to me.

Secondly, I am here to support a compromise. I am here to support a compromise led by our good friend, Chairman DOMENICI, involving the occupant of the Chair, the Senator from Louisiana, and a distinguished bipartisan group of Senators who are coming together to bring out a compromise that is going to solve a major problem.

We hear—on the floor, and wherever politicians gather, and pundits gather, and at coffee shops—people complain about the high cost of gasoline, the high price of natural gas, and our unhealthy dependence on foreign oil. Well, my gosh, they are all right. They are all correct. We are importing over 60 percent of our petroleum.

We hear lots of people pontificate about the skyrocketing costs of natural gas, heating homes, and how that affects the need for low-income heating assistance programs, and how it squeezes all of us who, like me, depend upon natural gas to heat a house. Once again they are right. Over the last few years, natural gas prices in America have been some of the most expensive in the world. Some people cry out for the need to do something to reduce these high oil and gas prices.

Well, in the past, when it has come down to it, too many people have stood up and said: No, we are not going to do it. The reasons range from "not in my backyard"—they do not want anything produced right near them, whether it is oil or minerals or a manufacturing process—that is called the NIMBY approach. Others are pushing environmental concerns to the extreme, not realizing that modern-day exploration of oil and gas is done with new techniques that are designed to be as friendly to the environment as possible. Then of course, there are others who think that high gas prices make a great campaign issue in an election year, and that it is in their best interest to do nothing before November.

Well, there is a way to begin to reduce the price of oil and natural gas; and that is to increase domestic supplies. Let me point out to my colleagues that for all the laws we pass, we have not been able to repeal the law of supply and demand. If you have more demand than you have supply, the cost goes up. And that is what we have.

Now, we are trying to reduce the demand by conservation, but people continue to make choices, and the economy grows. Not only our economy grows, but the economies of India and China, which are putting real pressure on demand, grow faster. But we are not keeping up with the demand from production in the United States. Thus, our percentage of contribution to supply continues to decline.

The area specified in S. 3711 will open up 8.3 million acres of the Outer Continental Shelf for oil and gas leasing as soon as practicable, but no later than one year from the date of enactment. This area, which includes Lease 181 and an area south of Lease 181, is estimated to contain roughly 1.26 billion barrels of oil and 5.8 trillion cubic feet of natural gas. The natural gas supply alone made available under this bill is enough to heat and cool 6 million homes for 15 years. That is a good start. We would like to have more, but with the demand for energy so high, and the supply limited, we need to take what steps we can.

With the price of gasoline over $3 a gallon, all of us are looking at the need to conserve, and that is one way we can make a difference: stop driving so much, carpool, walk. People still get there. I used to walk to school, ride a bicycle to school. That is not a bad idea for a lot of kids. It keeps you in better shape.

In addition to the growing demand for energy, disruptions in supply due to geopolitical instability in the middle east and South America have caused energy prices to spike upward. All of these factors have caused the price of gasoline to increase by over 125 percent since 2000. As fighting continues in the Middle East and political instability remains in South America and North Africa, energy analysts warn that $100 barrel oil could indeed be a reality in the future.

The situation with natural gas is no different. To say that we are in a natural gas crisis is an understatement. Why is this the case? Again, the answer is quite simple. Over the years demand for natural gas has skyrocketed while domestic supplies have dwindled. And when that happens, simple economics tells us that prices soar as they have in recent years for natural gas.

We have a lot of demand for natural gas because of the increasing demand for this resource in the generation of electricity. More and more electric utility generation plants have been forced to switch to natural gas. Natural gas is also in short supply because of all the restrictions on its production and delivery, including restrictions on access to these gas supplies and strict environmental regulations, which have pushed a massive expansion of natural gas usage as opposed to the use other energy resources such as coal.

According to a Wall Street Journal editorial, there has been a 40-percent increase in the use of natural gas since 1986, and that accounts for nearly 25 percent of our energy. And it is set to increase by another 40 percent by 2025. We cannot afford to do that. Our production of natural gas has fallen from 19.2 trillion cubic feet to 18.2 trillion cubic feet. That is a 7.2-percent decline. We cannot afford to do that.

We need to liquefy and gasify coal so coal gas can fit in, too. That is some ways down the line. But in the meantime, we have to go ahead with lease 181 and the adjacent areas.

Price increases hurt our economy. They hurt people who drive cars. U.S. consumers spent $200 billion on natural gas in 2005, which is four times as much as we spent in 1999. This has caused both Federal Reserve Chairmen Greenspan and Bernanke to repeatedly warn that "natural gas bottlenecks endanger economic expansion" and "pose risks to both economic activity and inflation."

High natural gas prices cost us manufacturing jobs. The National Association of Manufacturers says that roughly 3 million manufacturing jobs have been lost due in large part to natural gas price increases. Chemical plants are moving overseas along with and fertilizer plants.

According to the U.S. Chemistry Council, it is estimated that from 2000 to 2005, the chemical industry saw the loss of 100,000 jobs and $50 billion to overseas competition. Furthermore, the magazine Business Week reported that of the 120 major chemical facilities in the planning and construction stages around the world, only one is in the United States—50 plants are going up in China.

Job loss due to increased natural gas prices has also had a devastating impact on the fertilizer industry because natural gas is a key component in the production of nitrogen fertilizer. Late last year, Ford B. West of the Fertilizer Institute informed the Senate Appropriations Subcommittee on Interior that sixteen U.S. production facilities have closed permanently and an additional five have been idled due to rising natural gas prices—this represents a 35 percent decline in U.S. fertilizer production

The agricultural sector is also taking it on the chops. The president of the Missouri Farm Bureau, Charlie Kruse, on March 17, 2005, testified that in the last 4 years, the retail nitrogen fertilizer prices, because of the shortage of the supply of natural gas, have skyrocketed from $100 per ton to $350 per ton. These are real costs being put on our farmers.

Analysis from the Food and Agricultural Policy Institute, FAPRI, at the University of Missouri-Columbia indicates that fertilizer prices paid by agricultural producers increased by almost 50 percent between 2002 and 2006, with fuel prices increasing over 100 percent in the same time frame. This leads to cost increases of over $80 per acre for rice, $50 per acre for corn and $10 to $25 per acre for soybeans, wheat and cotton.

Farmers are hurting. These increased costs are going to curtail the availability of our food supply and raise the cost of our food as well. Transportation costs will also rise.

Well, the concern has been raised by the distinguished Senator from New Mexico that this legislation is not the best deal.

I might agree with him, but I will tell you something. Standing here on the floor of the Senate, it is the best looking one of the whole ugly bunch because I have been waiting for a long time to find a way to increase the supply of oil and gas produced in the United States. This is a start. He has pointed out, we need to do a lot more things. Well, I will be there to support whatever we can do to make a reasonable compromise to overcome the objections, so we can start producing gas in deep sea offshore drilling.

I hope one of these days we can go back up to the barren reaches above the Arctic Circle in ANWR. I have been up and watched them drill in Prudhoe Bay. There is no harm to the environment. I will tell you, the caribou and the birds love it. The mosquitos are great. They are just as healthy as they are in southern Alaska.

Tapping the energy resources in the areas specified in this bill can have an immediate impact on both the price of oil and natural gas because these areas are located in the Gulf of Mexico near existing oil and gas production infrastructure. With its proximity to major oil and natural gas transport terminals and pipelines, these new energy resources could be quickly shipped to the market for use.

Well, in closing, I commend Senator DOMENICI for putting together a bipartisan group to support this bill. I laud his efforts. It is going to be done in an environmentally friendly manner. Last year's devastating category 5 hurricane did not cause any significant oil or gas spillage. And this new technology can produce this oil and gas from offshore areas in an environmentally friendly manner and begin to break the logjam where supply cannot keep up with demand.

I urge my colleagues to support S. 3711.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. BOND. I thank the Chair and yield the floor.

The PRESIDING OFFICER. The Senator from Alabama.

Mr. SHELBY. Mr. President, at this point I rise to discuss the legislation currently before the Senate, S. 3711, the Gulf of Mexico Energy bill. I am an original cosponsor of this bill and strongly support its passage.

Over the last few years, we have seen drastic increases in the prices of crude oil and natural gas. While demand for these products in our country continues to grow, the domestic supply of these commodities remains stagnant at best. This lack of domestic productivity and the volatility of the global energy market are causing the everyday lives of Alabamians and people all across this Nation to become increasingly difficult.

I have no doubt that my colleagues have heard the same stories that I have heard from my constituents in Alabama—that they are having trouble making ends meet because of the prices at the pump. They tell me they cannot afford to commute to and from work, pay their monthly bills—particularly with record high temperatures—or run their small businesses.

These are not luxury costs. These are the basic costs of everyday life. Alabamians have asked that the Congress do something to alleviate the burden of rising energy prices, just as constituents have all over America. While the Gulf of Mexico energy bill will not immediately lower gas prices, it will take a significant step forward in addressing many of the problems that cause rising prices. Whether short or long-term effect, one thing is abundantly clear: The status quo is unacceptable. More importantly is the fact that because we have neglected to tap domestic resources that are currently available to us, we are forced to purchase energy sources from foreign nations that are often hostile to U.S. interests. Economic security is the underpinning of national security. Energy independence, as I have said many times, is vital to economic stability.

To achieve a higher level of energy independence, we must increase domestic capacity and production. While no single solution will immediately solve our current problem, there are immediate steps we can and must take toward that end. I believe the legislation before us, crafted by Senator DOMENICI, myself and other Senators, represents a critical step in that direction.

According to the Minerals Management Service, MMS, S. 3711 would open more than 8.3 million acres on the Outer Continental Shelf in the Gulf of Mexico for oil and gas leasing. MMS estimates these 8.3 million acres contain at least 1.26 billion barrels of oil and 5.8 trillion cubic feet of natural gas, perhaps more. Tapping these resources would reduce the cost of energy nationwide and serve to move us further down the path of energy independence as we continue to explore and develop new sources of energy.

For Gulf States—and my State of Alabama is one—that choose to allow drilling off their coast, the legislation also contains a long overdue revenuesharing mechanism. Gulf States allowing oil and gas production off their shorelines will receive 37.5 percent of revenues from new leases. In addition, 12.5 percent of the revenues will go to the stateside Land and Water Conservation Fund for the acquisition of parks and recreation facilities across the Nation. The remaining 50 percent will flow into the coffers of the Federal Treasury.

Some in this Chamber will surely object to the provisions of S. 3711. They will say that the legislation diverts needed revenue from the Federal Treasury and bestows upon gulf producing States a financial windfall. It is important to point out that CBO estimates this legislation will produce nearly $1 billion in new and unexpected revenue for the Federal Treasury over the next 10 years. In my view, assertions that the gulf producing States should not receive a share of these revenues assumes that those States have done and sacrificed nothing to deserve a share of the revenues. For too long the gulf producing States have borne the brunt of our Nation's domestic energy needs while receiving virtually nothing in return.

I would also point out that 37.5 percent is less than the 50 percent currently provided to States with onshore production. And I would dare to guess that the impact to our coasts is as significant as any impact from onshore drilling. I would also reiterate that the bill provides 12.5 percent of the stateside LWCF which will be made available to all 50 States. The Gulf States portion will ensure that the States of Alabama, Mississippi, Louisiana, and Texas are compensated for the decades of oil and gas exploration and production that has taken place off their coasts, the impact the production has had on our coastal areas and the billions of dollars this production has brought into the Federal Treasury.

The legislation clearly lays out a formula that compensates the States according to their proximity to drilling as well as their historic production and does so while positively impacting the budget. The legislation also ensures that the coastal counties and parishes that are impacted the most have a dedicated funding source to address the needs of their communities.

This agreement also represents a commitment by the gulf producing States to continue energy exploration and production off their coasts. This commitment contributes to the energy independence of the Nation. It is time that the gulf producing States were rewarded for their contributions and sacrifices. And while it is difficult to estimate what this will mean in the way of revenues over the next 60 years, there is no doubt it will be a great resource to the Nation and provide substantial revenues to Federal and State treasuries.

I have no doubt this legislation will provide billions of dollars to Alabama and its producing partners in the Gulf of Mexico. These funds will be available to our State and local coastal governments to address the problems that come with drilling production and its required infrastructure. It will ensure we can begin to reverse the coastal erosion and begin barrier island restoration that will protect our States from the all-too-familiar hurricanes. These funds will allow Alabama, Mississippi, Texas, and Louisiana to enhance their fisheries and coastal infrastructure and put hurricane mitigation programs in place to help us better prepare for the storms of the future.

The sponsors of this legislation have also worked closely with the State of Florida to address the longstanding concerns of the State regarding offshore drilling on their coast. Specifically, the legislation includes a 125-mile moratorium on drilling off the coast of Florida until the year 2022. I strongly believe all revenues leading to U.S. energy independence should be aggressively pursued. We should continue to develop alternative sources of energy. We should promote energy efficiency. We should encourage refinery capacity expansion, and we certainly should continue to explore and develop resources that are currently available to us. We recognize that some of these options will take time to affect our current crisis. Others, however, remain current capabilities.

S. 3711 provides that leasing must commence in a substantial portion of the 8.3 million acres within at least 1 year of enactment. It says that leasing must occur in the remainder of the 8.3 million acres as soon as practicable. In the context of Federal energy policy, these are tangible measures that would have a considerable and direct effect in the short term on consumers and businesses and on the Nation's economy as a whole.

In closing, this legislation is the product of careful coordination among affected States on behalf of the needs of the entire country. It makes much needed contributions to the Nation's energy supply and compensates participating States justly. At the same time it accommodates the concerns of those who do not want oil and gas production to occur off their shorelines, and it provides a mitigating mechanism for States that elect to participate. The American people rightly expect their elected representatives to act on their behalf to stem the escalation of our current energy crisis. While this measure alone is not sufficient to solve our energy crisis, it is absolutely a necessary component of the overall solution.

I urge my colleagues' strong support for this crucial legislation.

I yield the floor.

The PRESIDING OFFICER. The Senator from Rhode Island.

Mr. REED. Mr. President, I yield myself 20 minutes.

The PRESIDING OFFICER. The Senator is recognized.

Mr. REED. Mr. President, the Senate today is considering the Gulf of Mexico Energy Security Act. I believe this legislation is not appropriate energy legislation and also not responsible fiscal policy for the United States, as we face a Federal deficit of $8.4 trillion and looming cuts to many vital programs that the Federal Government must support. Next week we will begin to take up the Defense appropriations bill for this year. As we consider that bill, we will discover huge unmet needs to finance the current operations of our military. If we diminish the Federal Treasury, our ability to respond to that issue and a host of other issues will be contemporaneously diminished.

This legislation would mandate that almost 38 percent of revenue from Federal resources generated by new leases in new areas of production made available by this bill will be given to four Gulf Coast States. Revenues that currently would be provided to the Treasury for the benefit of the Nation as a whole will be diverted to four States. This bill, if passed, will cost the Federal Treasury billions of dollars over time. I am not alone in my opposition to this legislation. Taxpayer advocates and environmentalists share my concerns. I ask unanimous consent that the text of several letters be printed in the RECORD expressing these concerns.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

TAXPAYERS FOR COMMON SENSE,
July 24, 2006.

DEAR SENATOR: Taxpayers for Common Sense Action (TCS Action), a non-partisan budget watchdog organization, urges you to oppose S. 3711, the Gulf of Mexico Energy Security Act of 2006. TCS Action is alarmed by provisions in the bill which alter existing federal-state revenue sharing provisions for royalty payments. Royalty payments represent the second largest source of federal revenues after federal taxes. These provisions will siphon off billions of dollars that would have gone to the Treasury, further straining the nation's fiscal health.

TCS Action is not opposed to off-shore oil and gas exploration and development. However, federal waters are owned by all U.S. taxpayers and the public has a right to receive a fair return for the resources they own. Oil and gas resources located within federal waters should not be converted into cash cows benefiting only four Gulf coast states. Gulf coast states currently receive significant royalty payments from waters within 6 miles of their coastline. In fact, under current policy, Louisiana received nearly a billion in revenue from oil and gas royalty payments from 1986–2003.

This legislation would dramatically deplete federal revenue generated by leases in lease sale 181 and 181 south and all leases that are issued after enactment of the bill. Currently royalties from these waters would return entirely to the federal government. Moreover, lease sale 181 would likely be opened in the next several years regardless of this legislation. Despite attempts to disguise this legislation as a revenue generator, opening these tracts of off-shore waters under the proposed royalty-sharing provisions with the four Gulf coast states would have detrimental long-term effects on the federal budget. The Administration has also raised similar concerns to changes in revenue-sharing on current leases and their cost to federal taxpayers.

With the federal debt mounting and oil and gas prices nearing record highs, reducing the federal earnings on our natural resource royalties does not make fiscal sense. We urge you to vote against the S. 3711 and return some fiscal sanity to our nation's energy policy. If you have any questions, please contact Autumn Hanna at (202) 546–8500.

Sincerely,

STEVE ELLIS,
Vice President of Programs.

LEAGUE OF CONSERVATION VOTERS,
July 24, 2006.

Re oppose S. 3711, the so-called Gulf of Mexico Energy Security Act of 2006.

DEAR SENATOR: The League of Conservation Voters (LCV) is the political voice of the national environmental community. Each year, LCV publishes the National Environmental Scorecard, which details the voting records of Members of Congress on environmental legislation. The Scorecard is distributed to LCV members, concerned voters nationwide, and the press.

LCV urges you to oppose S. 3711, the so-called Gulf of Mexico Energy Security Act of 2006. This backward-looking legislation fails to address our energy problems, raids the federal treasury, and threatens our coastal economies and ecosystems with pollution and oil spills.

Opening more of our coastlines to drilling is clearly not the answer to our energy problems, especially given that eighty percent of offshore oil and gas resources are already open to drilling, and oil companies currently hold more than 4,000 untapped leases in the Gulf of Mexico. Instead of despoiling our shores and perpetuating our dependence on oil, Congress should pursue faster, cheaper, and more environmentally friendly solutions, including making cars and trucks go further on a gallon of gasoline and increasing our use of clean, renewable energy such as wind and solar power.

Unfortunately, rather than using American ingenuity to advance a new energy future that benefits both the economy and the environment, S. 3711 continues to promote failed policies of the past. It opens eight million acres of Florida's Gulf Coast waters to offshore drilling rigs, including more than six million acres that are currently protected by the bipartisan moratorium on offshore drilling that has been in place for twenty-five years. S. 3711 would also divert tens of billions of dollars in offshore drilling revenues from the federal treasury and give the money to just four states. If the Senate were to pass S. 3711, it would pave the way for a conference with H.R. 4761, the even more harmful House-passed bill that would lift the moratorium on offshore drilling for all of our coastlines across the country.

We urge you to protect our coasts, our environment, and our economy by voting NO on S. 3711, and instead supporting real solutions to our energy problems. LCV has scored votes related to energy policy and coastal protection on numerous occasions in the past few years, and the Political Advisory Committee will strongly consider including votes on this bill in compiling LCV's 2006 Scorecard. If you need more information, please call Tiernan Sittenfeld or Nat Mund at my office at (202) 785–8683.

Sincerely,

GENE KARPINSKI,
President.

SIERRA CLUB,
July 25, 2006.

DEAR SENATOR: On behalf of the nearly 800,000 Sierra Club members, I urge you to defeat The Gulf of Mexico Energy Security Act, sponsored by Senator Domenici, and instead fight for energy solutions that will save American families money and cure our addiction to oil.

The Gulf of Mexico Energy Security Act, S. 3711, will open an area the size ofthe State of Maryland to new oil and gas drilling, approximately 8 million acres in the Gulf of Mexico. This bill would also repeal parts of the offshore drilling moratorium that has protected America's coast for more than 25 years. It would also divert 37.5 percent of the revenues from new oil and gas drilling in the

Gulf to just four states, costing the Federal Treasury nearly $20 billion over the next 20 years.

Not only does this bill lift the moratorium on drilling in the eastern Gulf of Mexico, it jeopardizes every other coastal state. The House has already passed an expansive drilling bill that puts the entire Atlantic and Pacific coasts on the chopping block. If the Domenici bill passes the Senate it will certainly get much worse in a House-Senate conference committee, putting our wetlands, marine environments, beaches and coastal economies at risk.

The Sierra Club strongly supports permanent protection for our beaches and coastal waters. Our coasts provide essential habitat for fish and wildlife, a detination for thousands of vacationing families each year, and the economic lifeblood for thousands of tourism and fishing communities.

The Domenici drilling bill continues to lead America away from smart energy solutions. It is estimated that drilling off of Florida's coast would only bring 47 days of oil and 4 months of natural gas, and we wouldn't see any of it for at least 7 years. There are faster, cheaper, cleaner and longerterm energy solutions like energy efficiency and clean, renewable energy that will start saving families and businesses money today.. We do not need to sacrifice our beaches and coastal waters to meet America's energy needs.

Thank you for consideration of our recommendations. If you have questions, please feel free to contact Athan Manuel at 202–548–4580.

Sincerely,

CARL POPE,
Executive Director.

DEFENDERS OF WILDLIFE ACTION FUND,
July 25, 2006.

Re oppose S. 3711, the budget-busting offshore drilling bill.

DEAR SENATOR: The Defenders of Wildlife Action Fund is an independent organization committed to giving conservation issues a political voice on Capitol Hill and around the nation. The Action Fund publishes an annual Conservation Report Card which highlights the voting records of Members of Congress on legislation vital to protecting our nation's wildlife and wild landscapes for future generations.

Protection of marine life in the outer continental shelf is one of Defenders of Wildlife Action Fund's highest priorities. S. 3711, the Gulf of Mexico Energy Security Act, would dismantle the 25 year bipartisan offshore drilling moratorium by opening 6 million acres of currently protected waters in Florida's Gulf coast to oil and gas development. The Action Fund urges you in the strongest possible terms to oppose S. 3711, which will most likely be included in the next Conservation Report Card.

The eight million acres proposed for oil and gas development in the Gulf of Mexico are home to more than 20 species of whales and dolphins, five species of sea turtles, dozens of fish species and hundreds of species of birds. All would be put at risk of collision and exposure to the routine pollution associated with oil and gas drilling if S. 3711 were to pass. An oil spill would further devastate our marine wildlife.

While the bill would threaten our marine wildlife and coastal economies, it would do nothing to lower oil or natural gas prices; it will simply feed our country's unsustainable addiction to oil. From enforcing strict conservation measures to making our cars go farther on a gallon of gas, Defenders of Wildlife Action Fund supports faster, cleaner, cheaper solutions than oil and gas drilling to meet our energy needs.

I further urge you to oppose S. 3711 so that a conference report with HR 4761, the House-passed offshore drilling bill authored by Rep. Richard Pombo (R–CA), never sees the light of day. The House bill lifts the entire offshore drilling moratorium nationwide, and Rep. Pombo has made clear that the House intends on using the conference process to add as many of the House bill's provisions to the Senate bill as possible. We oppose S. 3711 in its own right; a conference with the House bill would be disastrous.

Thank you for your consideration in this matter.

Sincerely,

RODGER SCHLICKEISEN,
President.

Mr. REED. In 1952, President Truman, speaking about proposals to give coastal States Federal offshore oil and gas revenue said:

If we back down on our determination to hold these rights for all the people, we will act to rob them of this great national asset. That is just what the oil lobby wants. They want us to turn the vast treasure over to a handful of States where the powerful private oil interests hope to exploit it to suit themselves.

Those sentiments are not far off from today. In 1953, Congress enacted the Submerged Land Act. This law provided that each coastal State would have a seaward boundary of at least 3 miles and that the Federal Government would relinquish to the States the interests of the United States in lands beneath the navigable waters within the State boundaries. Importantly, the law affirmed the Federal Government's ownership in lands seaward of the State boundary. Revenues from Outer Continental Shelf drilling belong to the American people in all 50 States. The legislation the Senate is considering today violates this pact with the American people, and it denies the Federal Treasury and the American people essential revenue to address the needs of our Nation.

Again, to quote President Truman, since his comments still ring true today:

I can see how Members of Congress from [affected areas] might like to have all the offshore oil for their States. But I certainly can't understand how Members of Congress from the other 45 States can vote to give away the interest the people of their own States have in this tremendous asset. It is just over my head and beyond me how any interior Senator or Congressman could vote to give that asset away. I am still puzzled about it. As far as I am concerned, I intend to stand up and fight to protect the people's interest in this matter.

Proponents of this bill argue that their coastal States deserve to share in the Federal revenues because they have tremendous costs and environmental challenges arising from energy development and production that benefits the whole Nation. They argue, with some validity, that they bear costs, although the benefits are shared by the entire Nation. I acknowledge that. I fully acknowledge that energy development is harming our coastal zones, leading to habitat loss and erosion. For this reason, in 2001 Congress authorized a coastal impact assistance program that provided Federal funding to States and local communities for mitigating the impacts of OCS oil and gas development and production. It is also the reason why I supported an amendment to the Energy Policy Act of 2005 that mandated $1 billion over 4 years in direct Federal spending to gulf coast States and other producing States for the purposes of remediating environmental problems caused by the extraction and production of energy. That is the right approach, to appropriate Federal resources, directed to help States address a problem that is caused in large part by production activity.

What I object to is a permanent entitlement that does not state specific eligible uses to mitigate the environmental harm of OCS production. For example, the bill before us today would allow the States to decide to fund a category described as ''mitigation of the impacts of Outer Continental Shelf activities through the funding of onshore infrastructure projects.'' This could cover any appropriate bricks and mortar project in any State along the gulf coast, from schools to highways to community centers, all of which I think could and would be legitimately argued by a State official as somehow mitigating the impacts of outer Continental Shelf activities.

So in a sense what we have opened up here is a general revenue sharing, not a targeted approach to mitigating the specific harms caused by the extraction and production of petroleum and natural gas products.

Nothing in this bill requires the States and communities to report back to taxpayers and the Federal Government how the funds are being used. I don't think there is any appropriate mechanism of routine reporting. I suppose that if you objected to a particular project, you might sue in Federal Court saying they violated the act, but that is hardly an appropriate and routine and rational way to ensure that the spending is appropriate.

Again, reading the very general language in the bill, I would think that you could make a case that a school, community center, and a range of other projects would be infrastructure that would mitigate in some way the broad effects of production of energy in these States. An argument may be made that a vote against the bill is a vote against the communities and people harmed by Hurricanes Katrina and Rita. I don't think that is true. This debate has to be about responsible national energy and responsible fiscal policy.

We in this body have voted to provide $123 billion to help the gulf coast recover. That money, because of our difficult financial situation, is literally being borrowed. The interest on that debt and the principal of that debt will be paid by all Americans. It is an example of why we need Federal resources in difficult times, because there will be other occasions where other Americans will see the same kind of suffering, the same kind of destruction that was visited upon the gulf coast, and we as a Congress have to be able to stand up, not just with words but resources, to help these people. As we diminish the Federal resources by a very narrow revenue-sharing plan for four States, we diminish our capacity to respond.

We have also directed and voted recently for a $2 billion authorization for Louisiana's coastal restoration program as part of the Water Resources Development Act. If more money is necessary to restore the gulf coast, then more money should be provided, and that is not the sentiment of just the people who live there, that is the sentiment of the American people because, frankly, if any part of our country was similarly devastated, we would all be here asking our friends and colleagues to help us, and I think they would respond. What they may not be able to do, if we pass this bill, is respond with the same kind of financial clout because we will have already given Federal resources for the benefit of only four states.

There are other aspects of funding that inure to the benefit of these coastal communities. Section 8(g) of the Outer Continental Shelf Lands Act provides coastal States with a share of the revenues received by the Federal Government from leases on Federal tracts that are adjacent to and within 3 miles of a State's seaward boundary. That is a specialized source of revenue which goes to coastal States. Between 1986 and 2003, Alabama, Louisiana, Mississippi, and Texas received nearly $2 billion in revenues from the Federal Government under section 8(g). This funding is precisely the type of funding that could be used to mitigate the impacts of OCS production.

Further, the Coastal Zone Management Act's ''Federal consistency'' provision ensures that Federal actions, such as OCS leases for energy production, that are likely to affect any land or water use or natural resources of the coastal zone must be consistent with a coastal State's approved coastal zone management programs. That means that if Gulf Coast States put into place strong coastal zone management plans to protect against erosion and the loss of wetlands and environmental complications, the law would require a Federal OCS lease to be consistent with these plans and make these States less vulnerable to storms. So not only is this an issue of funding, it is an issue of States taking action to ensure that they have strong environmental protections, and these plans, in turn, according to the law, will be imposed upon the OCS leases.

Now, we understand that energy production is a burden to the States, but it is also, in many situations, an economic benefit to these very same States.

The oil and gas industry is central to Louisiana's economy, with an estimated $93 billion impact in 2001. Over $1.3 billion worth of oil and gas is produced annually in Alabama. The State receives direct benefits of approximately $285 million annually in the form of lease bonuses, royalties, trust fund investments, and severance taxes. In 2005, Texas petroleum and coal were valued at $8.89 billion. All of these revenues provide a strong and powerful force of economic progress for all of these communities. I daresay that, as much as a burden is imposed, there would be great reluctance for any of these States to try to curtail this economic production because it benefits the community.

Now, what is also troubling about the legislation is not only the fiscal implications, but also it is proposing a permanent entitlement that is unnecessary to generate new domestic natural gas and oil supplies. There are over 40 million acres of Federal Outer Continental Shelf under lease, but the oil and gas industry is sitting on over 33 million acres of undeveloped leases. They have less than 7 million acres in production, and there is 328 trillion cubic feet of recoverable natural gas in the nonmoratoria areas.

The United States consumes 25 percent of the world's energy, and yet we have less than 3 percent of the world's oil supplies. We cannot drill our way to energy security; yet this bill essentially provides only one way forward—to drill in the Gulf of Mexico. We deserve an energy bill that will reduce our dependency on fossil fuels and strengthen our economy.

On July 20, I joined 40 of my colleagues in sending a letter to the majority leader asking that we consider energy legislation that sets national goals to reduce our overall national dependence on petroleum by increasing fuel efficiency and alternative vehicle technologies, that protects Americans from price-gouging and market manipulation, and that levels the playing field for new renewable and energy efficiency technology and, more specifically to this debate we are having, ensures that new energy proposals that affect spending or revenues must be fiscally responsible and take into account the true long-term impact of these proposals. That is not the bill we are considering today.

I am left wondering why, as the Senate finally takes up energy legislation, we are not debating and voting on a bill to increase fuel efficiency in cars and trucks. Why are we not voting on oil savings provisions? Where are the provisions in our energy legislation to protect consumers from price-gouging or restore lost royalties to the Federal Treasury from oil and natural gas companies making record profits? Where is the mandated Federal funding dedicated to fully funding energy efficiency and renewable energy?

I hope the Senate will get to vote on an increase in fuel efficiency standards. Gasoline consumption in the transportation sector represents about 44 percent of total oil consumption in the United States each year. Including diesel fuel, the number jumps to 57 percent. To bring about any serious reduction in our dependence on foreign oil, we must increase the fuel efficiency of our cars and light trucks, as well as promote the use of hybrids and vehicles that use alternative fuels.

I also hope we will have a chance to amend this bill. I hope we have a chance to have a debate on an energy bill that will include not only supply-side considerations but also demand-side considerations. All of this legislation is important to consider, but I fear we will be constrained to this bill.

Finally, I am concerned that whatever we do in the Senate would open up a conference with the other body. Their legislation, H.R. 4761, the Deep Ocean Energy Resources Act, would lift the moratorium on offshore drilling for all of our coastlines, not just the gulf coast. I believe this would be a serious step, putting in jeopardy fisheries and marine sanctuaries, further depleting the Treasury, further eroding States' current positions with respect to drilling, and undermining environmental mitigation for energy development and production. My Rhode Island coastline, like the coastline of every State, is something we want to preserve and protect, and there is a fear that if the House version prevails, these coastlines will be jeopardized.

We are in a situation where we have a burgeoning energy crisis. We just have to go to the gasoline pump to figure that one out. This burgeoning energy crisis impacts our foreign relations. We have scores of troops across the globe today because of our dependency on oil. But this should not be the occasion to entertain legislation that is unwise in terms of energy policy and potentially very damaging to the fiscal integrity of the United States.

Before we open new lands to development, we need to ensure that the oil and gas industries are putting undeveloped leases into production, and we need to take meaningful action to reduce our consumption and increase renewable energy supplies. We need to be more independent with respect to energy, reduce our consumption of fossil fuels overall. This is an energy policy which we should pursue, and as a fiscal policy, we have to maintain Federal resources for Federal responsibilities.

I yield the floor.

The PRESIDING OFFICER. The Senator from Alabama is recognized.

Mr. SESSIONS. Mr. President, I ask unanimous consent that the order of speakers be as follows: SESSIONS, MENENDEZ, COCHRAN, LANDRIEU, and ALEXANDER.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

Mr. SESSIONS. Mr. President, I believe I had asked for 15 minutes. I will try to do it in 10. I ask that I be notified at the end of 10 minutes.

Mr. President, I travel my State, and I know that Senator SHELBY, who spoke earlier, travels Alabama, also. We meet with people and talk with people. I see people back in my hometown in church and in other places, and I get asked about energy prices all the time. People are concerned about it.

I have studied some of the economic numbers in this country, and I am a bit troubled. I think it is a valid concern for our Nation that, while the country is doing well economically and unemployment is down, middle and lower income workers' salaries have not increased as much as we would like them to. In fact, the higher income salaried workers, wage and hour workers, are doing better percentage-wise than the lower income workers. That means the cost of energy impacts them significantly. They ask me to do something about it. I talk about what I have been trying to do since I came to the Senate 10 years ago, which includes voting and working to try to open up the ANWR region, where large reserves exist, and to support nuclear power and clean coal. I have been a supporter of ethanol, and I am hopeful that we will see ethanol, biodiesel and matters of that kind really advance as an option for America.

I have to tell you that the most certain and direct thing we can do is to increase domestic production of oil and gas in this country. That is what we are about to act on now. This legislation is a concrete, direct way that will make a difference in the price of oil and gas in our country.

One of my colleagues mentioned that some people like to use this phrase: Big oil companies. I want to make one thing clear: the reason we should open up production in the Gulf of Mexico is not to help big oil companies. We should open it up if, and only if, it is good for the American consumer and the American economy.

In fact, I am confident that many of the big oil companies will have no interest in producing oil and gas from the Gulf of Mexico. They may be sitting on large reserves of oil and gas right now, and they may be very happy with $75 a barrel. Why should they want a competitor to go out and produce more in some other area if it might reduce the value of the oil and gas reserves that they possess? It is a myth and a falsehood that this has anything to do with oil and gas companies.

What it has to do with is increasing the supply of natural gas and increasing the supply of oil for American consumers, keeping our wealth at home.

One thing is obvious to us: We very much depend on natural gas. Eighteen percent of U.S. electricity comes from natural gas—18 percent—is generated from natural gas. Nuclear power provides 20 percent of our electricity. Nuclear power is the only source of clean, reliable, and affordable electricity. Nineteen applications for nuclear powerplants have been issued since we passed the Energy bill last year. Nineteen applications for new nuclear powerplants have been issued since we passed the Energy bill last year. It will make a big difference, but I have to tell you, I don't expect 18 percent of electricity that comes from natural gas to be reduced any time in the future.

Oil prices are at high levels. On July 14, 2006, the price of crude oil closed around $77 a barrel. Many Wall Street analysts say it may hit $80 if this Mideast crisis continues. By comparison, the price of crude oil 2 years ago was $35 a barrel. That has been an increase of 100-plus percent.

High energy prices, for all practical purposes, result in a tax on the American consumer. And to whom do we pay that tax? We pay it to foreign nations. Many of those nations are hostile to us diplomatically and politically. They are not our greatest friends. In fact, somebody has written an article stating that the more oil wealth a country has, the less friendly that country becomes.

Mr. Bernanke, the Chairman of the Federal Reserve Board, in April of this year said:

> Rising energy prices pose risk to both economic activity and inflation.

On June 15, he said:

> The steep increases in energy prices over the past several years have had significant consequences for households, businesses, and economic policy.

One article I saw recently estimated that higher energy costs have knocked down our growth in GDP by 1 percent this year.

The average price of gasoline has now hit $3.02. It is up from $2.28 a year ago. This hurts families. It hurts consumers. We know that. We hate to see that happen. We know there is a worldwide increase in demand for oil and gas. We know that China and India are growing. I was in South America recently. Almost every country I visited had been having a 5-percent or more increase in growth. That means they will use more oil and gas.

I will tell you it makes a big difference to a working Alabamian, a working man or woman anywhere in this country, who now has to pay an additional $50 a month for gasoline and maybe some more for heating as a result of natural gas.

Natural gas prices have risen dramatically. On July 14 of this year, natural gas in the United States was a little over $6.25 per million Btu's. Not too long ago it was $12. It has dropped about half, which is great news. But in Russia and Oman, for example, natural gas comes in at about $1.25 per million Btu. These higher costs do impact American businesses, particularly, as well as consumers.

The vice president of Nucor Steel in Tuscaloosa, AL, said recently:

> The high price of natural gas significantly impacts our ability to remain competitive and have a productive manufacturing sector.

Some of the natural gas spike in prices is the result of speculation, it is the result of a fear of shortage, a fear that is out there. We have seen that prices have gone up and down in natural gas.

I would say this: Natural gas production in the Gulf of Mexico is at a point where we need to expand our areas of drilling. Natural gas wells produce for a good long time, but they dry up faster than oil wells do. And if we don't constantly replace them, then we have a problem.

We have had a controversy in Alabama recently about LNG, liquefied natural gas. This is natural gas that may be produced in the Middle East. It is liquefied, frozen or brought to a point of liquid by reducing its temperature. It is brought to the United States. A plant is set up, probably offshore, to heat it up and put it into the American pipeline after we pay the foreign shipper, after we pay the people to produce it in the foreign country, after we pay the foreign country for this natural gas. That is what Alan Greenspan told us we will have to do more of, importing LNG. And we will be doing more of that if we're not careful.

How silly it is to do that when right off our own shores we have huge reserves of natural gas. We could keep all that wealth at home in our Nation. We could produce that oil and gas so it goes right into our American pipelines without having to be liquefied. It would go right to the consumers around the country.

Mr. President, 60 percent of our oil comes from foreign sources, including, 49 percent from OPEC nations in all, 14 percent from Saudi Arabia, and 12 percent from Venezuela—boy, they have been taking action recently to see if they can discomfort the United States—10.5 percent from Nigeria, and 6.4 percent from Iraq.

We paid $200 billion last year for foreign oil and gas—$200 billion, wealth that Americans would rather see invested in our country, hiring Americans to produce oil and gas. They would pay taxes and be able to raise their families, have high wages and good retirement plans and good health care plans.

A lot of people have wondered why these companies try to buy up our ports and are buying up American industries. Why are these foreign countries able to do it? One reason is, a number of them are oil-producing nations. These oil-producing nations have wealth they don't know what to do with. They want to invest it wherever they can, and the United States is a good, safe place. I think that is a factor. The transfer of our wealth to foreign nations, many of whom are not our friends or allies, impacts American jobs and American companies.

With regard to where we get our natural gas, less than 20 percent of it is imported. Most of it is imported through pipelines from Canada or Mexico, but only 2.8 percent represents liquefied natural gas. That comes in from Algeria, Egypt, and Trinidad.

So we are, in many ways, a self-contained natural gas community. If we have a real shortage, the price is going to go up. It means if you heat your home with natural gas—and many Americans do—or if your business depends on natural gas for operations—and many American businesses do, their costs are going to go up significantly.

If we produce natural gas off our coast and put it directly in our pipelines, that will help in a dramatic way to contain the price of natural gas in America.

Alan Greenspan recently said:

Notable cost productions for both liquefication and transportation of LNG—Liquefied natural gas—and high gas prices projected in the American distant futures market have made us a potential very large importer. Access to world natural gas supplies will require a major expansion of LNG terminal import capacity.

He has been warning about that for some time. That is what we are wrestling with in Alabama today: Do we want an LNG plant? We already produce a lot of oil and gas offshore that goes directly into our pipelines. People are comfortable with that. We have had no significant spills in our State. We are comfortable with that. But environmentalists and others are uneasy about this LNG terminal and whether we should go in that direction.

So for every argument, from the environmental argument to the American economy, to reducing the cost, we would do better to use oil and gas offshore.

Conservation, alternative fuels, and domestic production are all important things we need to work on. The Government has had moratoriums on producing from offshore areas. It is something I have been involved in since I have been in the Senate, almost 10 years. We have had debate after debate, vote after vote, but for a whole host of reasons, we have not been able to get around this moratorium. We have not been able to produce more oil and gas in the Gulf of Mexico because of it.

The State of Alabama produces oil and gas in Mobile Bay. I live in Mobile. It is almost close enough to throw a rock at from Fort Morgan Peninsula and hit it. It is right off the coast. We have them in the gulf right off the coast. They produce a lot of oil and gas for this country.

In fact, I will show this chart. It is sort of amusing to me. I used to complain about it back in 2002. We were building a pipeline then. I see Senator COCHRAN from Mississippi is now on the floor. He has seen all this before. We have been producing oil and gas up in Mississippi and Alabama for quite a number of years.

In 2002, our good friends down in Florida, who want no drilling 125 miles or more offshore, objected to new natural gas exploration. But they were perfectly happy to build a pipeline to take our oil and gas down to Tampa, FL, so they can sit out on the dock and have their mint juleps and watch the sunset over the gulf before they go back in their big houses kept cool with air-conditioning run by natural gas. I understand their environmental concerns. But at some point, the producing States have to feel we have been taken here a little as chumps in this deal, getting not 1 cent from the 4,000 wells that exist in the gulf—4,000 wells.

By the way, we have 4,000 wells in the gulf, and this most powerful storm, Katrina, came through so did several other powerful hurricanes last year. Mr. President, over 3,000 of those wells were in the direct paths of those hurricanes, and we never had any significant spill of oil in the gulf. It goes to show how good the technology is, how hard they have worked scientifically to make oil and gas production safer. I think that is why Florida is beginning to reevaluate this and are being more amenable to the idea. Senator MARTINEZ has worked hard to try to protect Florida's interest as much as he can but allow some additional drilling there. I think we have gotten past that. So I would say to my colleagues I have been in the Senate for 10 years and we have been trying to open up additional reserves in the gulf, and we should do that. But we haven't been successful. It hasn't worked. We have tried and tried and tried some more.

Now Chairman DOMENICI has worked his heart out, and Senator LANDRIEU, working on the Democratic side, has met him halfway, and they have worked and planned, and so many other Members of this body have worked on it.

So we have a proposal now which I think will clear this Senate, will open up huge areas, 8 million acres of gulf for production that can produce, and, as we heard from other speakers, large amounts of oil and gas. It will be done in a way that is bipartisan and in a way that we all can be happy about.

We can keep the oil and gas people busy for the period that the oil and gas moratorium on the other parts of the gulf remains in effect. So at that time we will see what happens. If there is a mess or if there is unhappiness—maybe nothing will change. Or, maybe at that point we can decide to open up more land in the gulf for production.

Mr. President, I don't know what my time was.

The PRESIDING OFFICER (Mr. COBURN). The Senator has used 19½ minutes.

Mr. SESSIONS. I have gone beyond the 10 minutes I was looking to speak—far too far. I will wrap up and say I thank each of the Members of this body who has worked hard to reach an accord that will have bipartisan support that should pass. Because this is important to the American consumer; it is important to the American economy; it is important to jobs in this country. It will reduce the transfer of American wealth to foreign nations where we are now sending it to buy the energy we must have.

This is not a little matter; it is a huge matter. Every now and then we have an opportunity to truly do something about an issue that our constituents have raised with us. They have asked us to do something about rising energy prices. This plan will work. It will produce large amounts of oil and gas for our Nation and it will keep us producing energy for quite a number of years.

This is what we should do to fulfill that obligation to our constituents.

I thank the Chair, and I yield the floor.

The PRESIDING OFFICER. The Senator from New Jersey is recognized.

Mr. MENENDEZ. Mr. President, I yield myself 20 minutes of Senator BINGAMAN's time.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MENENDEZ. Mr. President, I rise in strong opposition to this bill which would do little, if anything, to improve the energy situation in this country. It would end up costing the Federal Government tens of billions of dollars in the long run, and it would create an opening for those who want to eliminate coastal protections that tens of millions of Americans want and enjoy.

My primary concern with this bill is the fact that it does absolutely nothing to protect New Jersey. I don't think it does anything for 44 other States, either, but I am here to represent the people of New Jersey, and they are ill-served by the legislation.

We do have a large chemical industry in the State, and I am sensitive to the problems they are facing with the high cost of natural gas, which is a critical feedstock for them. I have received letters from the industry urging me to support this bill, saying we must pass this bill to lower gas prices and put ourselves on the path toward energy independence. But this bill will do nothing of the sort, particularly in the short term. I believe the outside groups supporting this bill know this, and they are hoping this is a ticket into a conference with the bill the House of Representatives passed last month, a bill that is stunning in its disregard for environmental protections.

The bill passed by the House would immediately eliminate the long-standing moratoria that protect our coastlines, not just in one part of the country but everywhere along the Atlantic, along the Pacific, the Arctic, and gulf coasts. Then it would be a free-for-all. States that wanted to could allow drilling a few miles off their shores. Neighboring States that could be heavily impacted by the drilling, particularly in the event of a spill, would have almost no say in the process. States that didn't want to drill would be given 50 miles of protection, way down from the 200 miles we have now. If a State wanted to get an extra 50 miles, it would have to apply to the Federal Government every 5 years for that privilege.

The House bill also has a provision that opens national parks and marine sanctuaries to drilling. As long as your rig is parked outside of a protected area, you are free to directionally drill into that region. No thought is given to the environmental damage that might be occurring, the drill cuttings and toxic metals that can litter the sea floor. But then again, some thought must have been given, because the House bill also provides broad waivers for a number of environmental laws.

One of the fundamental flaws of the House bill is an idea that we can split up the ocean into administrative boxes with each State controlling its offshore territory. But the ocean has no boundaries, and an oil spill will not respect any artificial lines we draw. There is territory off the eastern seaboard less than 75 miles from the coast of New Jersey the administration has already proposed opening to drilling. The House bill is yet another opportunity for that to happen. It is another assault on the Jersey shore, one of the most ecologically sensitive and economically important parts of the State of New Jersey.

Our beaches are part of our $222 billion tourism industry, which is responsible for over 10 percent of the jobs in the State. The New Jersey coastal counties are home to over 1.5 million people.

New Jersey is also home to a huge fishing industry. According to the American Sports Fishing Association, there are over 800,000 recreational anglers in the State, contributing over $1.3 billion and 12,000 jobs to the State economy. Our commercial fisheries are critical as well. The port of Cape May and Wildwood is the fifth largest commercial port in the country, by value. According to the National Marine Fisheries Service, New Jersey landed over 185 million pounds of fish last year, worth over $139 million.

The waters off the coast of New Jersey are home to over 300 species of fish and 300 species of birds, and our beaches are crucial stopping points for countless numbers of migratory birds, including some endangered and threatened ones such as the red knot.

The House bill is a direct threat to all of this, and if S. 3711 passes, the House will have an opportunity to move their bill forward another step toward becoming law.

I know we have been told that the Senate will try to avoid a conference—and I certainly appreciate that—and that we may be able to get the House to accept this bill as is. I have not heard any sort of commitment to that effect from the majority leader, and no one has presented a clear way to this body to avoid a conference with the House. The House, meanwhile, seems quite clear that it doesn't find this bill satisfactory at all. RICHARD POMBO, the chairman of the House Resources Committee who would lead the House delegation in a conference, has been fairly blunt about this. Here are two of his quotes:

> Given the fact that the House bill passed with overwhelming support, it is unlikely that the House would accept the Senate bill without having the opportunity to debate at least a couple of provisions, if not the opportunity to bring it up to par with the House bill.

Referring to the Senate bill:

> It is a third of the bill that the House passed overwhelmingly in a bipartisan fashion just two weeks ago,

Pombo spokesman Brian Kennedy said yesterday:

> The House passed a comprehensive national solution.

Here are two news reports from this week:

> House Resources Committee Chairman Richard Pombo, the lead advocate of the House plan, has scoffed at the idea of simply accepting the Senate plan.
>
> Richard Pombo said that if the Senate passes its bill this week, he plans to work in conference to add as many of the House provisions as possible.

Then yesterday, in an AP report:

> Representative Richard Pombo, a key sponsor of the House bill passed last month, said Tuesday he saw no way the House would accept the limited Senate legislation as a substitute for its bill—no way.

Any Member of this Chamber who believes we can get the House to accept this bill as is should listen to these statements and think again.

But I also don't believe this is all that great a bill to begin with. First, the fact is it doesn't do that much. Let me show you this map of the region we are talking about.

This region outlined in black, the contours of it are lease sale 181. The purple lines are the existing pipelines in the gulf over here, and the gray squares are the oil and gas platforms that already exist. This orange rectangle right here has already been opened. So S. 3711 would open this red area in the middle, and these two tan areas, but the red area is already likely to be open next year by the administration anyway. Congressional action isn't necessary here at all. It is not under a moratorium, it is not under withdrawal, so there is no need for us to act to get that gas.

The only new areas the bill opens are these two tan areas here, a wedge-shaped area in 181, and a bigger area called 181 south. They may look pretty big, particularly this one here in the south, but combined, these two areas have less gas than this red region alone.

Look how far these new regions are from the existing infrastructure in the region. Even if they were opened today, it would take years for companies to start developing them. And once they do start developing them some years down the road, there is not all that much gas there to begin with.

Here is the claim the proponents of this bill make: 5.8 trillion cubic feet of gas opened in this whole bill, which would be enough to heat and cool 6 million homes for 15 years. It would take care of the Nation's needs for 3 months. That is what they say. But how long will it take to get that gas?

Here are the estimates that the Mineral and Mines Management Service say even going out 50 years—even going out 50 years—we only get about 80 percent of that 5.8 trillion cubic feet, about 2½ months' worth.

Looking into the median term, in the next 15 years, this whole bill would open half a trillion cubic feet of gas. That is about 9 days' worth. The new areas, the areas that wouldn't be opened, anyway, provide less than half of that, enough to take care of the country for a cozy Thanksgiving weekend.

But in the near term, in the next 10 years, we get almost nothing out of this bill, and there will be absolutely nothing until 2011.

Take a look at these numbers from the Minerals Management Service and ask yourself, will this have a real effect on natural gas prices, with this type of supply? Will this have any effect on natural gas supply?

Nothing in the short term. But, in exchange for that ''nothing,'' we give away 37.5 percent of the royalties, money that could be used for homeland security, defense, housing, education—or actually helping the coastal States in this region to actually meet their challenges. I do believe we should help them meet their challenges, particularly Louisiana. Senator LANDRIEU has made a powerful argument on behalf of her State and those needs. But the question is, How do we best achieve that? Money for these other priorities we cede to four States, and for those four States it is a great deal, but for New Jersey and the other 45 States, I don't see how it is.

There are some people who might support this bill because of the money that will go directly to the Land and Water Conservation Fund stateside program. But the amount of money in that fund that we will get in the first 10 years is a trifle. These are the funding levels for the stateside grant program for the past 6 years—see where they are—and the amount in this year's Senate Appropriations Committee report. The average over that time is about $82.3 million.

Under the bill we are debating, this new direct funding for the Land and Water Conservation Fund would provide a small fraction of what it had been getting in the past and barely even meet the lower funding levels of recent years. While this does not replace the appropriations process for the Land and Water Conservation Fund, it could make it harder in the future to get appropriators to provide additional funds to this program, beyond that which is allocated in this bill. This is no windfall for the Land and Water Conservation Fund, and it certainly doesn't make up for the giveaways from the Federal Treasury.

Finally, this bill provides statutory protections for Florida's western coast until 2022. That is unprecedented and treats Florida differently from all other coastal States. I do not begrudge Florida their attempts to get statutory protections to 2022. They deserve the right to try to protect their coastline. But New Jersey also deserves the right to protect our own. While we must fight each year for a 1-year extension to the drilling moratorium and are beholden to the whims of the executive branch which could remove the Presidential withdrawal at any time, Florida would be protected.

We simply seek the same protections Florida is being offered, a continuation of the moratorium until 2022. So I will be filing an amendment, cosponsored by a broad, bipartisan coalition of Members from both coasts, including Senators SNOWE, FEINSTEIN, LAUTENBERG, BOXER, COLLINS, and many others, that would put the Atlantic and Pacific Oceans off limits to oil and gas drilling until 2022.

While we file those amendments, we are being told, unfortunately, that we will not be given the opportunity to offer any amendments to this bill. I believe that is wrong. We have record-high gas prices. We face even higher ones in the future due to instability in the Middle East. We are putting a squeeze on families around the country while allowing oil and gas companies to report new record profits this week. We also have an electric grid in California that is straining under a record heat wave, and global warming threatens to bring us even more heat waves like this in the future. Yet this is the only piece of energy legislation which is likely to move this year, and we are not likely to be given the opportunity to address any of the real energy problems this country faces.

There are a number of excellent amendments that are being filed by people on both sides of the aisle, amendments that would raise fuel efficiency or provide for a real plan to cut down on the amount of oil we use or create new incentives for renewable energy. I will be filing amendments to encourage the production of biofuels and the development of new vehicle technologies, increase the amount of renewable energy the Federal Government is required to purchase, spur the growth of transit-oriented development corridors to help reduce people's dependence on cars, and others.

But at the very least, we should be allowing other coastal States, such as New Jersey, the opportunity to protect their own beaches the same way Florida has already been taken care of in this bill. The complete lack of protections for the New Jersey shore in this bill and the lack of guarantees that something much worse will not come out of a conference with the House forces me to oppose this bill. That is our fundamental problem. I certainly hope, if the bill is to pass the Senate, it certainly does not come back in any way other than its present version, or else we will clearly be forced to do anything and everything necessary to achieve its defeat.

I yield the remainder of my time. I yield the floor.

The PRESIDING OFFICER. The Senator from Mississippi.

Mr. COCHRAN. Mr. President, I am pleased to be a cosponsor of the Gulf of Mexico Energy Security Act. The legislation will expedite oil and gas production in areas that are at least 100 miles from the coastlines of Gulf Coast States and will enable our Nation to reduce our dependence on foreign sources of energy. This will improve our national economy and help increase job opportunities for American citizens across the country. It also authorizes the sharing of 37.5 percent of the revenue from new production of oil and gas in the Gulf of Mexico with the States of Alabama, Mississippi, Louisiana, and Texas.

Mr. President, 12.5 percent of the revenue from this production will be shared with all States through the Land and Water Conservation Fund. The sharing of revenue with States is consistent with the way other areas of the country have benefited from oil and gas production, such as the western Rocky Mountain region, where 50 percent of oil and gas revenue goes to the producing States.

The Congressional Budget Office estimates that this legislation will reduce Federal spending by $900 million over the 2008 through 2016 period. It increases domestic energy production and saves the Federal Government money.

The legislation will open 8.3 million acres to production on the Outer Continental Shelf, and it will do it responsibly. The offshore program will be conducted under Federal environmental mandates, including the Outer Continental Shelf Lands Act and the National Environmental Policy Act.

As unrest in the Middle East continues, the development of an uninterrupted supply of domestic energy becomes more and more important to our national interests. Our economic security depends on it. At the present time, 37 percent of our petroleum comes from the Middle East or Africa. This legislation will reduce our dependence on these foreign sources of oil and gas.

American families and businesses feel the impact of increasing energy costs every day. As gasoline prices rise, the heating and cooling of homes becomes more and more costly. The new supply of natural gas which will be made available by the Gulf of Mexico Security Act is enough to heat and cool nearly 6 million homes for 15 years.

Small businesses are strained by unexpected increases in the cost of energy. As the cost of raw materials and fuel rise due to supply not meeting demand, the cost of production and transport of goods is passed on to consumers. Disruptions in our supply mean higher prices, lower productivity, and ultimately the loss of jobs—especially in small and medium size businesses.

American manufacturers face intense competition from foreign companies who have an energy cost advantage. Increased domestic supplies of natural gas would assist our Nation's industries whose competitiveness relies on natural gas as a raw material. The U.S. agricultural industry, for instance, has been facing a natural gas crisis since 1999. Farmers across the country use natural gas for food processing, irrigation, and in the production of crop-protection chemicals and fertilizers. The U.S. fertilizer industry estimates that in the 1990s, 85 percent of its domestic needs were supplied through U.S.-based production. But today, this industry relies on imports for more than 50 percent of natural gas supplies. This adversely affects businesses such as Terra Industries in Yazoo City, MS, which produces nitrogen fertilizer and relies heavily on natural gas as a feedstock.

We must act now to take advantage, in an environmentally acceptable way, of our national resources in the Gulf of Mexico. This legislation will do just that. It is estimated that this legislation will provide us with 5.8 trillion cubic feet of gas and 1.26 billion barrels of oil. The process to begin extracting those resources could begin almost immediately upon the enactment of this legislation.

I compliment the distinguished Senator from New Mexico, Mr. DOMENICI, the chairman of the Energy Committee, for his leadership in bringing this bill to the floor of the Senate. The Gulf of Mexico Energy Security Act is a step in the right direction and will benefit our entire Nation. I encourage its adoption by the Senate.

The PRESIDING OFFICER. Who yields time? The Senator from Louisiana is recognized.

Ms. LANDRIEU. Mr. President, I intend to speak for about 15 minutes. I think that was part of our unanimous consent agreement earlier. I know there are other Senators who want to speak for and against.

I wish to begin again by thanking Senator DOMENICI for his strong and able leadership. I want to associate myself with the remarks of the chairman of the Appropriations Committee, the senior Senator from Mississippi, Mr. COCHRAN, who has been a real leader in our effort to pull a coalition of Senators together who are concerned about the Nation's energy supply and our growing dependence on areas of this world that are not friendly to downright dangerous. This coalition of Senators understands how important a partnership is to maintain a long-range, mutually beneficial relationship that helps the coastal States that agree to drill and the Nation that so desperately needs new supplies.

I am going to try to answer some of the charges that were made. As the chairman, the Senator from New Mexico, said, some of them are not worth responding to because they are so weak on their face. But some do need to be responded to.

One of them that I want to set right is President Truman's position. Somebody might say: Senator LANDRIEU, why is it so important to know what President Truman did? We need to look forward, not backward.

But you know, as a leader and as an elected official, I find it very helpful sometimes to understand history—the things we did right and the things we did wrong—because it helps us to make wiser decisions in the future. When so many lives depend on it—300 million, in this case, in the United States, and more in the rest of the world—I think it is important for us, as fast as we move up here, to try to get it right. So I want to get something right for the record. If somebody wants to come down here and debate me, please do, because I have many books about the Tidelands oil controversy with which I am prepared to debate. I have excerpts of the veto letter Truman sent. I read the original law. Why would I do this? Because this is very important to my State.

The truth of the matter is this: In the late 1940s, we didn't know there was oil and gas in the waters off the coast. I think the first well was found in Pennsylvania, maybe the second one in Texas, and the first offshore well was off of a pier in California. I say a pier because that is the way they first were because nobody knew how they could swim out. They made a pier to walk out to put the rig in the water. And lo and behold, they discovered oil and gas. It wasn't soon after that first well, there was a second well offshore in Creole, LA. I know about it because it is in my State, a little town that was virtually destroyed by Katrina and Rita, where a lot of brave souls, pioneers—just like the West is proud of the cowboys and the pioneers and the wagon trains that went out West, those of us along the gulf coast, the roughnecks who started this industry, those who own pirogues and skiffs and flat boats and walked in the marsh are proud of the industry which we developed.

We don't hang our head in shame about it, despite the rambling up here about big oil companies this and big oil companies that. People have made a good living. It helped this country to be the strongest economy in the world and in large measure because of the way we manage our resources. We need to do a better job of that.

President Truman offered the Gulf Coast States 37.5 percent. He said the land belongs to the Federal Government. There is no question it is Federal Government land and it is Federal resources. But as your President, I will agree to share the bounty.

Why? Because he was a smart man. He was an able leader, and wise, and knew that sharing is always better than hoarding. It is the first lesson kids learn in kindergarten. Why we can't learn it in Congress I don't know. But President Truman figured that partnership is better than in lateral taking. So he offered us 37.5 percent and he put a bill in and sent it to the Congress. You can read what happened.

But because of States rights issues and all sorts of other politics of the time, the Congress, for whatever reason, decided the States should get 100 percent. They amended his law that he sent to Congress to give 100 percent and the Federal Government to get nothing. That, of course, didn't make any sense. And President Truman was correct. He vetoed it. I would have, too, if I were the President, and so would THAD COCHRAN, if he were the President back then. It didn't make any sense.

But for Members to come to the floor and read only a part of the history and use it for their argument is not being forthright. That is what history books will say. That is why those of us in Louisiana understood that it was Leander Perez, who was leading the charge for a greater share, 100 percent. We were so angry because we basically ended up with nothing. We should have taken the 37.5 percent.

That is what brings us here 50 years later—not to rob the Federal Treasury, not to ask for something that is not ours but to cut a good deal, a fair deal, a square deal for the people of the gulf coast, for the coastal States, and to honor the wise offer made to us by President Truman.

Here is a picture of it. I would have no such objection to such a provision, which is similar to existing provisions under which the States receive 37.5 percent of revenues from the Federal Government, oil-producing public lands within their borders. Because in the 1920s the record will reflect, when oil was discovered on land, the Minerals Leasing Act gave 37.5 percent to States such as New Mexico, to States such as Wyoming, to States such as Colorado. No oil or gas had been discovered in water. So there was no reason for the coastal States to be included.

The Senator from New Mexico is correct because western States came into the Union under completely different rules than the eastern States. There was a lot more western land. So the Minerals Leasing Act was passed. It was set at 37.5 percent. When oil and gas began to be discovered in little places such as Creole and off the coast of California, there was interest in having the coastal States at 37. But because there was an overreach, we got nothing.

Yes, we have had jobs, we have had economic opportunity. I am not denying that. But what I am saying is a partnership is always better than going it alone. The strategy of going it alone has resulted in not one new refinery being built in this country in the last 30 years and only expansion very recently, no new nuclear powerplants being built until recently, and no new areas opened under leasing because of no partnership.

I wanted to get the Truman issue straight this afternoon.

I also want to say that this bill is good overall energy policy. I know we cannot drill our way out of the situation we are in. But we had better change course. Since 1960, we have been on a course of further dependence on oil and gas. We are building and trying to permit more liquefied natural gas terminals, which is good, but we are building an infrastructure of dependence. We need to build an infrastructure of independence so that we can make wise choices and not be beholding to the suppliers of a commodity and a resource which we need to keep the lights on and to keep this economy moving forward.

This bill comes to the floor not saying it is the solution to all of our energy problems but arguing forcefully that increasing supply is important and saying we have not done that in over 20 years. We need to open areas of new drilling.

As a story, I had a group of French Parliament members from France in my office not too long ago. I cochair the French caucus. We talked about a lot of issues. They were particularly interested in the issue of energy. I put up a map of the United States. And first they asked me about nuclear because, of course, the French are leaders of the world in that. They produce a different kind energy technology than we do, and 80 percent of their energy comes from nuclear sources. They were asking me about that. They also asked me about other aspects of the energy legislation. I showed them a map of the United States. I said this is where we allow drilling, and this is where we don't, but we think we might have reserves in many other places. When they saw the map of how restricted drilling is they were dumbfounded. They said: Senator, why? This is a great country. America has resources. I said: Because we have a backward-looking approach. We have not recognized new technology. We have not recognized that you can drill in places and minimize the footprint and expand opportunities for the economy while making sure that you are protecting the environment.

This is a step in right direction. The gulf coast is our Nation's only energy coast. Three-hundred million Americans depend on this coast to work—and work we do.

This is a picture of a graph that I like to show. I have shown it many times. The red is a natural gas pipeline company, and all the pipeline companies that exist in the Nation. You can see there is a great cluster right here along the Texas coast, Louisiana, Mississippi and Alabama. It comes right here at Mobile Bay. This one lonely little pipeline brings gas right over here to Florida because we are not able to drill for several reasons. That is a subject for another day. But this is the gulf cost compromise. By the nature of it, we all can't get what we want. It is a compromise. These five States—four that are drilling States and one that is a nondrilling State—have come together, Senators MARTINEZ and NELSON, all of us, to say: OK. Let's stop fighting and let us start working for the benefit of the country. Let us give Florida a reasonable buffer, new revenue sharing to these States, open some additional drilling and help the country get the domestic oil and gas it needs. Maybe it makes too much sense for people to vote for, but there is another reason that this money is so critical to Louisiana and Mississippi, Alabama and Texas and, in particular, Louisiana because our topography is different. I know people can't grasp it because you do not see pictures of it very much. We don't have beaches similar to California and Florida. We have only two. They are 7 miles long each—Holly Beach on the west and Grand Island on the east. All the rest of our coast is quite expansive. It is marshland and grassland. It is the home of the mouth of the greatest river—the Mississippi River—system in North America. That river goes all the way through our country. So this land is very fragile. Because of global warming, and because of other things, because of some of the canals that were dredged back in the early days before we understood the degradation that can be caused, this coastal land is eroding. The hurricanes that are coming are more fierce and strong. We lost in Rita and Katrina alone total land equal to 73,000 football fields. We lose the equivalent of one football field every 38 minutes, 73,000 football fields in 48 hours. That is the size of the District of Columbia gone in 2 days because of the great surges from the water and wind from Katrina and Rita.

This money is critical. And unlike our opponents who say there is no direct use of this money, the people of Louisiana are poised to pass a constitutional amendment that all of that money will go to coastal restoration and hurricane protection.

I might add we are happy to do that. It is obviously popular and quite necessary in the State of Louisiana to do that. That is what our State wants to do. I might add that the interior States of New Mexico, Colorado, and Wyoming have no restrictions. The States that share 50 percent of their revenues have no restrictions on the way the money can be spent. They can reduce taxes with it. They can build universities with it. They can build highways with it. They could put it in a trust fund and give out a check to everybody who lives in the State. But we have targeted uses for these funds in this bill. We want them to go for general environmental purposes and to secure our coast—not just for the benefit of the 10 million people who live along the coast but the 300 million people who depend on this coast to be there decades from now, hopefully, centuries from now—a very valuable working coast for the Nation.

Energy comes from this coast, fisheries come from this coast, the Mississippi River empties into the gulf here, and 70 percent of the rain from the Midwest comes down through this river system. It is important that we don't wash it away.

I know my time is up. I will come back again to speak. Maybe there are some other Senators who would like to speak. But I wanted to get President Truman's position straight for the RECORD. I wanted to say that our uses are going to go for environmental purposes and I wanted to say that without this money the coast will wash away.

I yield the floor. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. KYL. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. KYL. Mr. President, I ask unanimous consent the order of speakers be as follows: Senators KYL, MURKOWSKI, TALENT, and ALEXANDER, with the understanding that Democrats will be accommodated if they come to the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. KYL. Mr. President, today I come to the Senate floor to talk briefly about S. 3711, the Gulf of Mexico Energy Security Act of 2006, which will open new federally controlled areas in the gulf to oil and gas leasing. I support the purpose of this bill as a necessary step in securing American oil and natural gas for America's energy consumers. It will start to address the root cause of high energy prices which is, of course, demand outpacing supply.

However, there is one aspect of our Federal oil and gas leasing program that needs fixing. That program is the Royalty Relief Program. I am hoping we will have the opportunity to offer some modest reforms to this part of the program.

Let me first explain how it works. Royalties are collected by the Department of Interior from leases as a fixed percentage of the net value of oil or gas produced from the leased area. The terms of the lease specify the royalty rate that applies to future production from that area, on average, about 15 percent, as well as the conditions under which the lessee may qualify for a royalty holiday, a waiver of royalty payments commonly called royalty relief.

Mandatory royalty relief was provided pursuant to the Deep Water Royalty Relief Act of 1995 as an incentive to companies to undertake investment in the deep waters. The incentive was intended to provide companies that undertook these investments specific volumes of royalty-free production to help recover a portion of their capital costs before starting to pay royalties. The act also gave the Secretary of the Interior the authority to limit royalty relief based on market price. These limits are called price thresholds. Price thresholds act to set a gross revenue ceiling so that companies do not benefit from both high market prices and royalty-free volumes.

These incentives were offered at a time when oil and gas prices were low and interest in deep water exploration and development was lacking. Since the passage of the 1995 act, natural gas production is up 407 percent and oil 386 percent based on figures provided by the American Petroleum Institute.

Despite the program's successes, recent news reports and the administration's own statements suggest that the Government may be unable to collect billions in royalties from leases issued under this act. Many have probably heard the reports to the effect that in 1998 and 1999 the Clinton administration issued leases that did not include price thresholds. Why is this a big deal? It is a big deal because energy prices have skyrocketed and without price thresholds to trigger payment of royalties, we will not see a dime from these leases. GAO estimates that the mistake could cost up to $10 billion in lost revenues.

I wish that were the only problem, but it isn't. A few producers who signed leases in 1997, 1998, and 2000 that did include price thresholds have refused to pay royalty on production even though the thresholds have been exceeded. One of the companies has sued the Department of the Interior, arguing that Interior does not have the authority to establish price thresholds for leases issued between 1995 and 2000. This could have significant implications for royalties already collected. GAO estimates the potential return revenue to be almost $60 billion.

Despite these concerns, the Congress enacted the Energy Policy Act which, again, made royalty relief mandatory in deep water leases but did not require that royalty relief be conditioned upon price thresholds.

This brings me back to the bill under consideration and the modest reforms to the royalty program that I seek to offer to improve the program going forward. First, Congress must require that the Secretary of Interior impose price thresholds in all new leases that include royalty relief. Directing the Secretary to include price thresholds in all leases is an important near-term action that will ensure that the American taxpayer gets a fair return for the oil and gas produced from Federal land. The 1998 and 1999 leases demonstrate that the Interior Department cannot be trusted to do this on its own, and we cannot afford another $10 billion mistake.

Second, Congress must reaffirm the Secretary's authority under the 1995 act to put price thresholds in leases. Congress intended that royalties be paid when prices were high. We must ensure this is the case.

This bill is a natural place to make these fixes to the Royalty Relief Program. After all, any royalty payments made or not made will directly affect the revenues that can be shared under this bill.

I urge my colleagues to work with me on these important reforms. I hope we can all agree that including these reforms in this bill will improve and not hinder the bill.

I conclude by saying that I have spoken with Senator DOMENICI, the author of the bill, and that Senator WYDEN and I have urged some form of this relief be included in the bill. I appreciate very much Senator DOMENICI's leadership on this issue overall and hope that we can reach some kind of agreement.

In conclusion, I ask unanimous consent to have printed in the RECORD a

Legislative Notice produced by the Republican Policy Committee on S. 3711.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

LEGISLATIVE NOTICE

S. 3711—GULF OF MEXICO ENERGY SECURITY ACT OF 2006

Read the second time on July 21, 2006, and placed on the Senate Legislative Calendar under General Orders; no written report.

NOTEWORTHY

On Monday, the Majority Leader filed a cloture petition on the motion to proceed to S. 3711, the Gulf of Mexico Energy Security Act of 2006. As per Senate rules, a vote on cloture on the motion will occur on Wednesday. The Majority Leader has announced his intention to hold the vote prior to the 11:00 a.m. Joint Meeting of Congress.

Americans are facing high energy costs due to supply problems for both oil and natural gas, which are having an adverse effect on the nation's economy. Opening up the Outer Continental Shelf (OCS) to energy development would increase U.S. energy supplies, which in turn would help reduce energy prices.

In April 2006, the Senate Energy Committee reported S. 2253, a bipartisan bill cosponsored by Chairman Domenici and Ranking Member Bingaman, by a vote of 16–5 (with 1 ''present'' vote), requiring the Secretary of the Interior to offer for oil and gas leasing 3.6-million acres of Original Lease Sale 181.

Concerns over S. 2253 prompted additional negotiations, culminating in a new bill, S. 3711, which was introduced by Chairman Domenici on July 20 with 10 cosponsors, including Senator Landrieu (D–LA), the Senator who had voted ''present'' on reporting S. 2253.

S. 3711 represents a bipartisan agreement among Gulf State Senators to enact legislation that would increase domestic supplies of oil and natural gas.

HIGHLIGHTS

S. 3711 would:

Require the Secretary to offer a portion of the Gulf of Mexico, including a portion of Lease Sale 181 and an area south of Lease Sale 181, for oil and gas leasing.

Make available to U.S. consumers an additional 1.26 billion barrels of domestically produced oil and 5.83 trillion cubic feet of natural gas.

Put into place a 125-mile buffer until [statutory] 2022 for energy development in waters off the coast of Florida in the Gulf of Mexico.

Put some areas within Original Lease Sale 181, previously available for energy development, under moratoria.

Extend existing moratoria on energy exploration and development in the Gulf from 2012 to 2022.

Distribute 37.5 percent of lease sale revenues (by a formula to be established by the Secretary of the Interior) to Alabama, Louisiana, Mississippi, and Texas. These revenues must be dedicated to coastal protection, restoration, and mitigation.

Distribute 12.5 percent of lease sale revenues to the stateside Land and Water Conservation fund, which provides matching grants to States and local governments for the acquisition and development of public outdoor recreation areas and facilities.

Retain 50 percent of lease sale revenues in the General Treasury.

BACKGROUND

The following background information is drawn from two RPC policy papers issued last month and titled, ''Revisiting Energy Development in the Gulf of Mexico,'' and ''Evaluating the Risks of Opening an Area to Energy Development.''

EVALUATING THE NEED FOR ENERGY DEVELOPMENT IN THE OCS

Americans are facing high energy costs due to supply problems for both oil and natural gas, which are having an adverse effect on the nation's economy. Crude oil prices, for example, have hovered around $70 per barrel since April and recently reached $77 per barrel. As a result, American consumers have been faced with high gasoline prices, sometimes exceeding $3 per gallon on average.

As high as gasoline prices have been, the high price of natural gas may be having a greater impact on the economy. Throughout most of the 1980s and 1990s, the wholesale price (commonly referred to as the ''city gate'' price) of natural gas hovered around $3 per thousand cubic feet. By 2004, wholesale prices exceeded $6, and by the end of 2005, they exceeded $10. Since then, the price has moderated somewhat, but it is still high at $6.19 per thousand cubic feet. In 2005, natural gas consumers spent $200 billion on natural gas, which is four times as much as was spent in 1999, the last time natural gas traded within its historic price band (the yearly average wholesale price during the 1980s and 1990s was between $2.78 and $3.95).

High natural gas prices have led directly to job losses, particularly in the manufacturing sector. The U.S. chemical industry, whose products are found in 96 percent of all U.S. manufactured goods, has been hit hard by high natural gas prices. The industry uses natural gas as both an energy input and as a key ingredient in its products (accounting for more than 10 percent of total U.S. consumption). It has been estimated that, from 2000 to 2005, the industry lost $50 billion in business to overseas competition, and reduced U.S. jobs by 100,000 In the same time frame, the National Association of Manufacturers estimates that, overall, the United States lost 2.9 million manufacturing jobs, due in large part to high natural gas prices.

Opening up the OCS to energy development would increase U.S. energy supplies, which in turn would help reduce energy prices. To the extent that energy development would add to the world supply of oil, it would reduce the world price for oil. More importantly, developing domestic natural gas resources would substantially reduce natural gas prices, thereby lowering Americans' heating and electricity bills. It would also help halt job losses in the nation's manufacturing industry and contribute to robust economic growth within that industry and the economy as a whole.

HISTORY OF MORATORIA ON THE OCS

The Outer Continental Shelf (OCS), as a whole, is estimated to contain approximately 60 percent of the remaining undiscovered oil in the U.S., or 75 billion barrels of technically recoverable oil. It also contains as much as half of the remaining undiscovered natural gas, or 362 trillion cubic feet of natural gas. However, much of the OCS, including the U.S. waters off the coasts of New England, California, the Eastern Gulf of Mexico, the Mid-Atlantic, South Atlantic, Alaska's North Aleutian Basin, and the Pacific Northwest have been put off limits by Congressional moratoria or Presidential withdrawal.

Although Congress had enacted moratoria on Interior Department appropriations bills beginning in 1982, the areas covered by the moratoria varied from year to year. The initial action to remove most of the OCS from energy development activities on a more permanent basis began in 1990 when President George H.W. Bush issued an Executive Order prohibiting lease sales off the East and West coasts for 10 years. In 1998, President Clinton, in a memorandum to the Secretary of the Interior, withdrew from leasing through June 30, 2012, those areas of the OCS put under Congressional moratoria in the Department of the Interior and Related Agencies Appropriations Act of 1998. Those areas included those previously put under moratoria by President Bush, as well as the North Aleutian Basin, the eastern Gulf of Mexico, and the Mid-Atlantic and South Atlantic. Not included in either of these Bush or Clinton acts was the Lease Sale 181 area.

HISTORY OF LEASE SALE 181

In November 1996, President Clinton's Secretary of the Interior, Bruce Babbitt, adopted a five-year leasing program (1997–2002) to start the multi-step process to allow for eventual energy exploration and development in the Original Lease Sale 181 area. The Secretary's decision was made after extensive consultations by the federal government with coastal states, including the State of Florida (which, among the Gulf Coast states, has traditionally offered the strongest opposition to energy activities off its coasts).

In June 2001, after President George W. Bush came into office, a Final Environmental Impact Statement was completed for the full 181 area, giving the lease owners the green light to begin development activities. However, within weeks, the U.S. House of Representatives passed an amendment to the FY2002 Interior Appropriations bill (H.R. 2217) to prevent the use of funds to execute a final lease agreement. The amendment passed by a vote of 247–164, but was eventually stripped out in conference. However, the strong opposition demonstrated by the House vote convinced the Administration to offer a compromise proposal to adjust the lease sale area from 5.9 million acres to just 1.5 million, such that every point of the proposed area would be at least 100 miles from the coast of Florida.

In April 2006, the Senate Energy Committee reported S. 2253, a bipartisan bill cosponsored by Chairman Domenici and Ranking Member Bingaman, by a vote of 16–5 (with 1 ''present'' vote). It required the Secretary of the Interior to offer for oil and gas leasing, within a year of enactment, 3.6 million acres of Original Lease Sale 181 that were not subject to any moratoria or Presidential withdrawal. Concerns over S. 2253 prompted additional negotiations, culminating in a new bill, S. 3711, which was introduced by Energy Committee Chairman Domenici on July 20 with 10 cosponsors, including Senator Landrieu (D–LA), the Senator who had voted ''present'' on reporting S. 2253.

The Senate Energy and Natural Resources Committee estimated that the area that would have been made available for energy development under S. 2253 contains 930 billion barrels of technically recoverable oil and 6.03 trillion cubic feet of technically recoverable natural gas. This new bill would make available an area for energy development containing 1.26 billion barrels of technically recoverable oil and 5.83 trillion cubic feet of technically recoverable natural gas, according to the Committee.

EVALUATING THE RISKS OF ENERGY DEVELOPMENT IN THE OCS

As with virtually any economic activity, energy development in the OCS carries risk. A major oil spill, for example, theoretically could occur and could reach the U.S. coast, thereby imposing major costs on the affected state. Such a spill could also inflict significant, even irreversible, harm on certain marine species. Nobody denies these possibilities; nor should the mere possibility of harm (no matter how small) justify inaction. Policy makers attempt to weigh risks and benefits—they evaluate the likelihood of harm and then weigh the potential costs of action against the costs of inaction. When framed in this way, sensible decisions can be made on the acceptable level of risk.

An actual analysis of the last 30 years of experience with offshore exploration and production activities shows that any harms are likely to be small in size and cost, and are unlikely to pose a significant threat to the survival of any species populations. Due to advances in exploration and extraction technology, major oil spills associated with U.S. offshore oil and gas production have been virtually eliminated. Indeed, since 1980, there has not been a single, significant oil spill from a U.S. exploration and production platform. The last oil spill to reach U.S. shores occurred 37 years ago, in 1969, in California's Santa Barbara Channel. Further, there is no documented evidence of any oil spill occurring in U.S. waters more than 12 miles from the shore reaching the shore. Moreover, only 2 percent of total petroleum inputs into the U.S. marine environment originates from offshore oil and gas development activities. Rather, fully 63 percent of total petroleum inputs into the U.S. marine environment comes from natural seeps on the ocean floor. This strongly suggests that the risk associated with deepwater energy development is very low.

BILL PROVISIONS

[Note: This Notice includes a map that details the area that would be made available for energy development in the deep waters of the Gulf of Mexico under this bill.]

Section 1—Title: Gulf of Mexico Energy Security Act of 2006.

Section 2—Definitions.

Section 3—Offshore Oil and Gas Leasing in 181 Area and 181 South Area of Gulf of Mexico.

This section requires the Secretary of the Interior to offer the 181 Area (that is, the tan area within the blue border on the map above) for oil and gas leasing not later than 1 year after the date of enactment of this Act. It also directs the Secretary to offer the 181 South Area (tan area outside blue border), previously under moratorium, for leasing as soon as practicable.

Section 4—Moratorium on Oil and Gas Leasing in Certain Areas of Gulf of Mexico.

This section expands the moratorium on oil and gas leasing to include areas previously available for leasing in the Sale 181 Call Area (the full area within the blue border, sometimes referred to as ''Original Lease Sale 181'') and extends moratorium until June 30, 2022. The moratoria apply to: any area east of the Military Mission Line in the Gulf of Mexico; any area in the Eastern Planning Area (east of the green line) that is within 125 miles of the coastline of the State of Florida; or any area in the Central Planning Area (west of the green line) that is within 100 miles of the coastline of the State of Florida (the yellow area, both inside and outside the 181 area, west of the green line).

This section provides for oil and gas development east of the Military Mission Line after June 30, 2022, though the Secretary of Defense retains authority to veto leasing in these areas.

It also provides that owners of existing oil and gas leases within the areas newly under moratorium may exchange those leases for a bonus or royalty credit that may only be used in the Gulf of Mexico; that the value of the lease to be exchanged will be equal to the amount of the bonus bid and any rent paid for the lease; and that within a year of enactment, the Secretary shall promulgate regulations to govern the lease exchange process.

Section 5—Disposition of Qualified Outer Continental Shelf Revenues From 181 Area, 181 South Area, and 2002–2007 Planning Areas of Gulf of Mexico.

This section provides that 50 percent of revenues derived from lease sale revenues in the OCS be deposited into the general fund of the Treasury and 50 percent shall be deposited into a special account in the Treasury, 75 percent of which (i.e., 37.5 percent of the total) will be disbursed to Gulf producing States and 25 percent of which (i.e., 12.5 percent of the total) will be disbursed to the stateside Land and Water Conservation fund.

The 37.5 percent of total OCS revenues reserved for Gulf producing States shall be distributed according to a formula established by the Secretary of the Interior. The formula will distribute the funds in amounts that are inversely proportional to the distance between the point on the coastline of each Gulf producing State that is closest to the geographic center of the applicable leased tract and the geographic center of the leased tract. In other words, the further away a Gulf producing State is from the leased tract, the less money it gets. Each Gulf producing State shall receive a minimum allocation of 10 percent in each fiscal year.

Beginning in 2017, the same allocation formula will apply to the 181 Area and the 181 South Area. For leases entered into for the 2002–2007 planning area, starting in 2017 revenues shall be allocated to Gulf producing States in amounts that are inversely proportional to the distance between the points on the coastline of Gulf producing States that are closest to the geographic center of each historical lease site and the geographic center of the historical lease site, as determined by the Secretary. Again, the minimum allocation for Gulf producing States in each fiscal year is 10 percent. Historical lease sites include all leases entered into by the Secretary in the 2002–2007 planning area from October 1, 1982 to December 31, 2015. The ending date will be extended every five years beginning on January 1, 2022. For each of the fiscal years 2016 through 2055, the amount to be distributed from Continental Shelf revenues shall not exceed $500 million.

Twenty percent of the share disbursed to each Gulf producing State shall be paid by the Secretary to the coastal political subdivisions of the Gulf producing States to be allocated according to an existing formula.

Gulf producing States shall use the amount received under this section only for one or more of the following purposes: coastal protection; mitigation and damage to fish, wildlife, or natural resources; implementation of a federally approved marine, coastal, or comprehensive conservation management plan; mitigation of OCS activities through funding of onshore infrastructure projects; and planning assistance and the administrative costs of this section (no more than 3 percent).

COST

The Congressional Budget Office estimates that S. 3711 would reduce direct spending by $926 billion through 2016.

ADMINISTRATION POSITION

A Statement of Administration Policy (SAP) on the bill was not available at press time.

Mr. KYL. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. DORGAN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DORGAN. Mr. President, let me ask that my time be taken from the time allotted to Senator BINGAMAN.

The PRESIDING OFFICER. Without objection, it is so ordered.

INDIAN HEALTH CARE

Mr. DORGAN. Mr. President, I will speak to an issue I spoke about nearly a month ago in the Senate. Because nothing has happened substantially since then, I wanted to raise the issue. We are coming to the end of the legislative session. We will be here the rest of this week and next week. The time for consideration is going to be devoted to legislation the majority leader has already described. Then we are off in August for an August break, back in September, off in October for the election.

The issue I want to talk about is the Indian Health Care Improvement Act. The reason I want to do that is I want to describe something that is happening in this country that very few people think much about, perhaps some don't care much about, but I know that there are some in this Senate who do, and I believe they would agree with me that we need to move forward and pass the Indian Health Care Improvement Act.

Let me describe why this is urgent. Some while ago I came to the Senate and told my colleagues about a young woman—I did that with the consent of the young woman's relatives—a young woman named Avis Littlewind. Avis was, I believe, 14 years old. Avis took her own life. She laid in a bed for 90 days. She was supposed to have been in school. Instead, she lay in a fetal position in bed. At the end of that time she took her own life.

No warning signs went up to anyone, nobody from the school, nobody from the mental health area, the tribe, or the family. Somehow she just escaped attention. She, like her sister, 2 years before her who had also taken her life, decided that life was hopeless, that she was helpless, and she ended her life.

I went to that Indian reservation because there are clusters of teenage suicides on some of these reservations. We had a cluster on the Standing Rock Indian Reservation shortly after that period.

I talked to the folks on this reservation, the school officials, the family members, the classmates, the tribal council. I discovered that had this young woman been referred to treatment, there was very little treatment available, very little mental health capability available to this young girl, and that is the case on most reservations.

Because I have known about the sad situation with respect to health care for American Indians for some long while, I was not particularly surprised at what is happening with respect to mental health treatment on reservations.

We have a trust responsibility for American Indians. We have a trust responsibility for their health care. We fail miserably. We have tried—my colleague, Senator MCCAIN, myself, and other members of the Committee on Indian Affairs—to put together a piece of legislation to extend the Indian Health Care Improvement Act and try to make some improvements in delivery of health care to American Indians—yes, for children, but elderly folks and others who are suffering. Yet that piece of legislation languishes. Senator MCCAIN and I just talked about it yesterday, and the committee wants to get that legislation through, get it passed, complete it.

Let me describe the circumstances in terms of numbers. Then I will talk about some of the Indian folks who have had some difficulty. We have a responsibility under Medicare. Here is what we provide: The per-person expenditure on Medicare is $5,900 a year. We also have a responsibility, by the way, for health care for Federal prisoners, those whom we arrest and convict and send to Federal prison, putting them away from society. We provide a cell, a bed, and we are required to provide for their health care. With respect to their health care, we spend $3,800 a year for Federal prisoners' health care.

We have a responsibility, a trust responsibility, for the health care of American Indians, as well. That responsibility is met in this manner: Indian Health Care Services medical care, $1,900. We spend exactly one-half of what we spend for Federal prisoners on health care for American Indians. The per capita expenditures are exactly one-half.

I have asked the Indian Health System, the folks in charge, how much health care is delivered versus what is needed. The answer is about 60 percent. Forty percent is not available. So the question is: Who is sick, who is hurting, who is injured, who does not get treatment on these Indian reservations?

I mentioned, when I spoke about this before, that one of the chairmen of the Indian tribes in my State said that you cannot get sick after June. The answer is: Don't get sick after June. If you get sick after June, our contract health money is gone, and you are not going to get any help because then the criteria is the only help you get is life or limb. If you lose a limb or lose your life, you get help; otherwise, hobble around in pain. Whatever that chronic condition is, sorry, tough luck, out of luck, out of money. Don't get sick after June.

What an unbelievable message. This is not a Third World country. This is a big country, and we do a lot of things. But some things we don't do nearly well enough; and that is, keep our promise and keep our trust responsibilities with respect to health care for Native Americans.

A man from the Turtle Mountain Band of Chippewa Indians in my State said: Well, the doctor told me that I needed an MRI urgently on my knee. But he said: The Indian Health System facility on Turtle Mountain has no money, so you don't get an MRI. You have a bad knee, you have trouble, you have pain, but we are sorry, there is no money to find out what the problem is. No MRI.

A member from the Mandan, Hidatsa, and Arikara Tribes had a daughter who was born prematurely and suffered some complications as a result. That child died when she was 2 years old because they did not have any funds, the Indian Health Service had no funds to send that young child to a high-risk hospital, one that could probably begin to treat those conditions.

The chairman of one of the tribes told me one day about being out riding a horse with another tribal member when the other member was injured. He was bleeding severely from his injury. That reservation does not have a 911 emergency service. There was no ambulance to take the man to the hospital, not to mention that the health facility on the reservation is not open after hours anyway. And it is not open on weekends.

On that reservation, there are isolated communities, some 30 minutes, almost an hour from an ambulance or a health care facility. So the chairman of this tribe then tried to play doctor and made a tourniquet and tried to find a way to get this person to a health care facility before the person bled to death.

It is pretty unbelievable what is happening with respect to Indian health care. We have a very serious diabetes issue. The prevalence of diabetes on Indian reservations, in many cases, is not double or triple or quadruple; it is even much higher than that. The Indian diabetes mortality rate is quadruple the diabetes mortality rate among other Americans.

On the Spirit Lake Indian Reservation, a couple of the elders ran out of insulin. It was not a very good beginning to that story. You need insulin if you have diabetes. But it got much worse. They went to the Indian Health Service clinic that serves that reservation, and there was no insulin available—none. They said: We will not get another shipment for 24 hours.

That sort of thing goes on because there is not sufficient resources devoted to meet our responsibility to the Indian health needs.

In addition to the kinds of things I have described—these things are rampant—in addition to that, we have this methamphetamine scourge that has a devastating impact all across this country but especially on Indian reservations. The statistics that describe the problems and the chronic difficulties that the Indian Health Service confronts dealing with methamphetamine is just, as I said, devastating.

At a recent hearing we had in the Indian Affairs Committee, a young woman who is a tribal judge from the Turtle Mountain Chippewa Reservation testified that methamphetamine is related to 90 percent of the cases of tribal individuals who enter treatment on the reservation. And there are very few places to get treatment, as a matter of fact.

The plain fact is, this is an area of responsibility for this Congress, and we are not meeting it. We passed a piece of legislation through the Indian Affairs Committee a long while ago, describing the need and describing the requirement for reauthorizing the Indian Health Care Improvement Act, and that bill languishes. We have lots of things to bring to the floor of the Senate that should not be here and do not need to be here. This Congress often treats the light far too seriously and the serious far too lightly.

This is a serious matter, and we ought to be dealing with it. We ought to deal with it now. We have responsibilities. Go to Indian reservations and take a look at these children and ask yourself whether the health care of these children ought to be a function of whether this Congress decides to appropriate enough money. It ought not be. A sick child is a sick child anywhere in this country and ought to feel, and their parents ought to feel, they have access to decent health care when that child is sick.

So on behalf of myself and Senator MCCAIN and other members of the Indian Affairs Committee, I say that I believe this is a priority. This is not a Third World country. I do not want anybody to say to me: In our area the refrain is ''Don't get sick after June 1 because there is no money.'' Let's not have that happen in this country anymore. Let's provide the funding that we require for the Indian Health Service to do what they should do to provide the kind of health care we know is necessary.

Once again, we have responsibility for prisoners whom we incarcerate in Federal prisons, and we have trust responsibility for the health care of American Indians; and we are spending half as much for the health care for American Indians per capita as we spend on Federal prisoners. That, in my judgment, is a shame. I am not suggesting we spend too much on Federal prisoners. They are our charge. They are incarcerated. We are responsible for their health care, but so too are we responsible, under a trust relationship, to help take care of the health care needs of that population.

Mr. President, I hope that with the cooperation of the majority leader and others in this Chamber, that Senator MCCAIN and I and others can move this piece of legislation through the Senate and through the House and get it to the President for signature—the sooner the better.

Mr. President, I yield the floor.

The PRESIDING OFFICER. The Senator from Alaska.

Ms. MURKOWSKI. Thank you, Mr. President.

Mr. President, I rise to speak to the legislation before us, the OCS lease sale 181. I know there have been colleagues before me this afternoon who have spoken to the need for additional oil and gas reserves and resources in this country. The fact is, this Nation badly needs to accelerate its efforts to obtain more natural gas and more oil and doing it domestically.

We have heard the comments that we are addicted to oil, that we need to be looking to renewables, and I do not dispute or doubt that for one moment. We absolutely do. We need to be conserving more. We need to be focused more on renewables and alternatives. That is the next generation. But our reality is we are here and now with a reliance on fossilized fuels. We need to transition out of that to that next generation of fuels. But until we do so, we are in an extremely vulnerable spot, particularly with our oil and our nearly 60 percent dependency on foreign sources and with our natural gas and recognizing the trends in terms of our supply and the demand picture for natural gas.

In the past 5 years, the price of natural gas in this country has more than tripled, rising sevenfold after last summer's hurricanes. We all know the prices at the gasoline pump. There is not a day goes by where there is not some exchange about what somebody was paying somewhere for a gallon of gas at one location or another. And I can tell you, prices in my State—when you get out into the rural communities and you look at paying $4.50 for a gallon of gasoline, I can tell you, the hurt is real. The tripling of natural gas prices has had, of course, a very severe impact. And it is not just on those who heat their homes with natural gas. Manufacturing jobs—we have heard this today—manufacturing jobs have fallen by 3.1 million jobs, 18 percent in the past 6 years.

We talk to those in the petrochemical and chemical industry. Jobs in that industry are being forced to move overseas. We have had over 20 fertilizer plants in this country close. And as has been mentioned already on this floor, America's annual natural gas bill has risen to more than $200 billion a year. This is up from $50 billion, and that was just 6 years ago.

While natural gas prices today, following a warm winter, are temporarily below $6 per 1,000 cubic feet, we know the hurricane season is coming upon us in the gulf, we have global political disruptions, and we could have continued hot summer weather, and that we can anticipate a cold winter, and that any one of these—and certainly a combination of them—could promptly send our natural gas prices skyrocketing again.

I cannot speak to the issue of natural gas without mentioning the opportunity we have in Alaska for incredible quantities of natural gas coming down from Alaska's North Slope. And while we await the construction of a pipeline that can deliver this needed commodity from the North Slope into the lower 48, we have to recognize one of the best ways we can bring down prices that will increase the domestic supplies of gas is to produce more gas from the gulf coast, where the existing infrastructure is in place, and to figure out a way to get that gas to market quickly.

Mr. President, we cannot fool ourselves and say we can just snap our fingers and the price of natural gas is going to go down, we are going to have a ready and available supply just because we pass legislation. We recognize it is a period of time in coming. But what can be sent is the signal to the market that that supply of natural gas is on its way in an expedited manner.

The best way—the best way—to produce more gas quickly, to get it on more quickly, is to open parts of the eastern Gulf of Mexico. This proposal before us is to finally allow OCS development in part of formally proposed lease sale 181 off the Florida, Alabama, and Mississippi coasts and to open acreage south of that sale—some 8.3 million acres in all that have been previously closed in moratoria. In return for speeding such leasing, this bill prevents development within 125 miles of the Florida Peninsula, swaps out existing leases within that buffer, and prevents leasing east of the Military Mission Line to protect the military training facilities, at least until the year 2022.

This proposal, this legislation that we have in front of us, is a reasonable compromise. It was one that was attempted but not completed during the debate last year over the Energy Policy Act of 2005. So what we have in front of us today is an outgrowth of that bill.

In the Energy Policy Act, we allocated billions of dollars to foster energy conservation and greater energy efficiency. We moved toward and we pushed renewable energy development, such as wind, solar, and biomass. We funded new technology to further coal while working to help sequester the carbon. There was a push made on the front of a new generation of nuclear power. We funded hydrogen fuel-cell vehicle development and new transportation and building technology. There were good things contained within that Energy bill. But what was not contained in that legislation—or since that legislation was passed—was an increase in domestic production of fossil fuel.

This legislation will balance last year's Energy bill by actually letting us get up to 5.8 trillion cubic feet of natural gas flowing to the market and, again, flowing to the market in a more expedited manner than might otherwise be seen.

There have been those who have stood on the floor today speaking about the various protections contained in this legislation. There is a protection of Florida's tourism and military bases. It doesn't jeopardize the fisheries. When we look to what happened last year when these massive hurricanes came through the gulf, while there were a few minor spills following those hurricanes, there were no well failures or major pipeline breaks from the record intensity of the hurricanes. So we look to the development that is out there in the OCS area and can really point to environmental integrity.

The proposal before us gives the States of Alabama, Mississippi, Louisiana, and Texas reasonable revenues to offset the impacts of OCS development off of their coasts, particularly, again, in view of what they suffered after Hurricanes Rita and Katrina. It allows the Federal Government to keep 50 percent of the revenues in the Federal Treasury. This is the exact same percentage that it gets from oil and gas development onshore, whether the onshore development is in New Mexico or California or Oklahoma. It gives the coastal States 37.5 percent to offset their cost as being the host for that offshore development. It also shares 12.5 percent of such revenues with all the States for park and habitat improvements through contributions to the stateside Land and Water Conservation Fund. This is an effort to help alleviate the truly chronic underfunding of the Land and Water Conservation Fund without affecting land ownership and private property rights. This money would generally go toward building ballfields, neighborhood parks, recreational opportunities, not buy up the private land or to harm private property rights.

As I have reviewed this legislation and have worked with the sponsors, I do need to certainly give credit to the chairman of the Energy Committee, Mr. DOMENICI, for his efforts in bringing this matter to where we are today, and also to my colleague from Florida, Senator MARTINEZ, who has been working with the chairman to craft legislation that he believes will work for the people of Florida, and certainly to my colleague and friend from Louisiana, who has been working for years to achieve a level of revenue sharing for her State, a battle we know has been waged for many years. That is what I would like to speak to right now.

My only major disappointment with this measure is that it doesn't provide revenue sharing to all the States that choose to allow OCS development off of their coasts. The question has to be asked, why not? Why would you not include all of those States which have made the choice to allow for that development off of their coasts? If they are going to allow for it, why would they not be eligible or able to take advantage of Federal revenue sharing as well? I don't believe there is a rational explanation for not including all the States.

We have heard some of the arguments—that the Federal Government should share revenues with the States only in those waters from 3 to 12 miles offshore where Federal production might drain onshore or State hydrocarbon reservoirs. Again, the question has to be asked: Why is that? For the past three decades, the Federal Government has shared revenues from onshore development with all States. The only possible excuse for not extending that policy to the offshore would be if the coastal States bore no impacts from offshore development. But that would imply that somehow or other the development offshore kind of sprouts magically from nowhere without any onshore activity. We know that is not the case.

I had the opportunity to go to Port Fourchon, LA, which is the jumping-off place for the offshore activity. It is a beehive of activity through there—airports and helicopter pads, all the services that have to come in, whether it is the food or the people moving back and forth, to support that offshore activity. We know that offshore activity just doesn't magically happen without some onshore impact. I know my friend from Louisiana has spoken quite eloquently to the impacts of OCS development in their waters. I will let her and others from the Gulf States speak to that impact.

I wish to talk about the impact of OCS development on my State of Alaska. In Alaska, we have been seeking some sort of Federal revenue sharing to offset the cost of OCS development along our 34,000 miles of shoreline for nearly two decades. For budget reasons, we lost out in the 1991–1992 Energy bill. We lost it again in 1995 with the Conservation and Recovery Act, CARA. It was proposed and debated. It ran into other political hurdles. And we lost again last year in the Energy bill. That was partially because you had certain landlocked States that didn't want to see current Federal revenues go to just the coastal States. But you have to stop and think, if there is not some fair form of revenue sharing to offset the impact costs, why should the coastal States allow OCS production, particularly given the recent ease of obtaining the moratorium to prevent them? And without such production, where are we going to be as a country? Americans will be paying even more when they fill up their cars, their trucks, cook their food, heat their homes. That is reality. That is the consequence.

In Alaska, we currently have OCS production from just one field. This is the Northstar field in the Beaufort Sea. It produced 22.4 million barrels of oil last year. Since it was within 12 miles of the shore, Alaska received $10.8 million in revenue sharing. If that field had been more than 12 miles from the shore, Alaska would have received nothing. There is actually a little bit of an exception to that because last year in the Energy Policy Act, there was a very small amount of aid that was directed to the State for 4 years to assist with the impact onshore of the offshore development.

Previously, Senator BINGAMAN made a point. I believe he was correct when he said that Alaska contains nearly a dozen OCS bases off of our coast, all but one of them—this is the North Aleutian Shelf, down near Alaska's Bristol Bay—being open to leasing. The North Aleutian Shelf is closed by Presidential moratorium. But when we look at Alaska's Outer Continental Shelf, we are looking at the potential of 26.6 billion barrels of oil and 132 trillion cubic feet of natural gas. This is according to the mean estimates. That production would more than double the Nation's known reserves of oil and nearly equal the amount of gas likely along the coasts of the rest of the Nation. But to accommodate OCS development and any proposed future OCS development in the Beaufort and Chukchi Seas—we have other potential areas, in Cook Inlet, the State governmental units—the State of Alaska, the North Slope Borough, local governments have to spend millions of dollars on hosts of services to protect, to regulate, to inspect, and to support the OCS development.

For instance, the State of Alaska's Department of Environmental Conservation spends more than half a million dollars a year to inspect and monitor oil and gas operations. This is just in northern Alaska. The State's Department of Transportation and Public Facilities spends nearly $10 million each year to keep the Dalton Highway going up to the North Slope open so that we can move oil and gas equipment and our supplies north. This also helps to maintain the Deadhorse Airport.

The North Slope Borough spends nearly $1 million for search-and-rescue capabilities. This is not counting the cost to the Alaska State troopers if they have to mobilize to assist oil workers who might perhaps get in trouble. The State of Alaska spends money on coastal zone planning to understand the impacts of OCS development. The State also spends millions of dollars on new infrastructure to handle the arrival and the movement of employees and materials that are needed to support the oil industry offshore.

Last week in Fairbanks, the State broke ground on a $90 million expansion of the Fairbanks International Airport terminal. This expansion is partially needed to accommodate the oil workers who may be jumping off for OCS work. Last year down in Anchorage, the State finished work on a 440,000-square-foot terminal expansion at the airport there, costing well over $100 million. So our airports are clearly impacted by the effects on the industry.

As things are happening, we see the impact within our communities. The local governments, smaller communities from Barrow to Kotzebue, Kenai to Dillingham, and Kodiak to Sitka, are all spending money to prepare for the possible development of the State's coast. The point is to recognize that there are very real costs to offshore development that are borne by the States that serve as service and support bases for the development.

It is true that States sometimes recoup part of the costs through income taxes on workers or through property taxes on businesses that will support the facilities onshore. They may gain a small stipend from Federal coastal zone planning funds. But when you look at how much is gained, it is fair to say that the recovery has seldom covered their costs.

So the question would be to the State: Why would you even welcome OCS development off of your coast? This is where you need to take the bigger picture. Our energy security, reliability, the whole issue surrounding the vulnerability we have as a nation because of our reliance on others for our energy sources, this is why it is essential that we as a nation figure out a way to produce more oil and gas domestically. Sharing oil and gas revenues with States in a fair manner will ensure that energy can get to market. It is that fact which is probably the difficulty with this legislation in terms of passage of a fair revenue-sharing system. That may be because we have some around here who would want to discourage States from allowing any OCS development, perhaps out of environmental concerns, perhaps displaced environmental concerns. But denying coastal States needed revenues is one way to discourage greater offshore oil and gas production.

Last week, Senator STEVENS and I sought to ensure that any revenue sharing proposed in this bill would apply also to Alaska or to any State that allows OCS development off of its shores. We were told at that time that if that provision stays in, it would be a death sentence for this bill.

I have been asked many times in the past few days have I changed my position on this legislation, have I changed my position in support of opening lease sale 181 to exploration and development. I have not. I have not changed that. I remain committed to a sound policy, which I believe this is, that allows for the opening of lease sale 181.

I can appreciate why it was tailored so that revenue from the gulf would only be shared among the Gulf States. I can appreciate where they are coming from. I can appreciate the narrow scope of the Senate version and the delicate negotiation that went into it. But from a matter of equity, from a matter of fairness, for those States that are willing to open their coasts, their States, to allow for the development offshore, it is only right that allowing all the States who have OCS development off their shores to share in some form of revenue.

By structuring the revenue sharing that we have before us in this legislation in this manner, Alaska is the only currently producing OCS State that allows new development that would not receive any aid. It was suggested last week that, well, Alaska is asking for a special deal. That is absolutely not the case. We are asking to be treated the same as any other currently producing State when it comes to revenuesharing. So to those of you who suggested this was something special for Alaska, it was absolutely not. It was equitable for all those States that are currently producing. So by excluding Alaska, we are the only State that is disenfranchised when it comes to the Federal revenue sharing right now.

I have had an opportunity to go down and observe for myself—so I have seen with my own eyes—what is happening in Louisiana, in the gulf, with the erosion. As I was presiding earlier, I was reminded again by the minority leader that Louisiana loses three football fields of land a day. But we also, in the State of Alaska, face serious erosion challenges. We have some 80 villages that are facing coastal erosion problems. I use the word ''problems'' lightly, because in some of the communities it is an absolute crisis; the villages are dropping into the ocean. We may not be hit by the hurricane forces we see in the gulf that are given names and much publicity through the media, but many parts of coastal Alaska are hit by storms that meet the definition of hurricanes. There are winds exceeding 75 miles an hour, waves and storm surges that can equal those of the hurricanes. The big difference is they are not named as hurricanes. We don't get that attention or that focus. Money from OCS development could help pay for mitigation efforts and perhaps, in some cases, pay for village relocation costs. So Alaska is not unlike the other Gulf States—Louisiana, Mississippi, Alabama, and Texas—for coastal mitigation and habitat protection.

I am sure we will have an opportunity on this floor to discuss a lot more about the coastal erosion problems in Alaska in the future. I do feel strongly that we need to pass a bill to speed oil and natural gas leasing in the Gulf of Mexico. It will provide natural gas for our Nation, while helping the Gulf Coast States gain the revenues they need not just to recover from the hurricanes but to deal with the coastal erosion and wetlands habitat loss issues they face.

I believe the formula for such aid should cover all States that allow OCS development off their coasts, while providing other aid to all States that need it.

I tell my colleagues that, regardless of the outcome of the bill—and I intend to support the measure—I will continue to seek to provide aid to all of the coastal States that allow OCS development, especially since all other States gain an equal sharing of revenues from energy development onshore. It truly is the only equitable thing to do.

With that, I yield the floor and suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. TALENT. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. TALENT. Mr. President, I ask unanimous consent that I be allowed to speak on the measure without counting against the time on this side.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. TALENT. Mr. President, I rise in support of S. 3711, the Gulf of Mexico Energy Security Act, which can certainly be described simply that it will open a portion of the gulf to exploration for oil and natural gas.

I don't want to be understood as criticizing or begrudging anybody their opinions in opposition to the bill, but it seems to me that given what the country has gone through and is going through because of the high cost of energy, it should not be a difficult debate to allow the United States to explore for oil that is within or close to its borders, doing that in a way that is sensitive to the environment and to other considerations in order to produce more oil and natural gas that will lower costs, ease the pressure on our consumers, and allow our economy to grow and continue to produce jobs.

How difficult is it in a time such as this to decide that we are in favor of getting more oil and natural gas? I speak as a person who offered the renewable fuel standard in committee. I am cochairman of the renewable fuels caucus. I am a huge believer that ethanol, biodiesel, and renewable fuel attained through those feedstocks and other feedstocks is the future of this country in terms of energy. It is the way we are going to get energy independence and reduce dependence on foreign oil in the long term.

But our people need relief now, or as soon as we can get it to them. Natural gas prices set record highs last winter. They exceeded $15 per thousand cubic feet. We are paying much higher than our competitors are paying and, as a result of that, according to the Industrial Energy Consumers of America, since 2001, natural gas prices have significantly contributed to the loss of 3 million manufacturing jobs and the shifting of future investment overseas.

I know this is true. There are people who have come to my office and told me they don't want to send jobs overseas, but they cannot compete because of the high cost of natural gas. The Government has encouraged industry to use natural gas and utilities to use natural gas in producing energy because natural gas is a clean fuel. We have all heard the commercials—and it is true—that natural gas is environmentally very friendly. It makes no sense to pass laws and otherwise encourage producers to rely on natural gas and then not to explore for the natural gas we have available.

It is hurting the American farmer. It hurts the farmers for a lot of reasons. Farmers have to absorb the high energy costs just as any other consumer, but, specifically, most of the price of nitrogen fertilizers—90 percent of the price of nitrogen fertilizers is due to the cost of natural gas, because natural gas is a feedstock in the production of virtually all commercial nitrogen fertilizers manufactured in the United States. It is not just used to power the facilities that produce fertilizers; it is actually part of the fertilizer itself. So in 2002, farmers were paying $250 per ton for anhydrous ammonia, and in 2005, $415 per ton, an increase of well over 50 percent.

Why is this happening? Why is the price of natural gas and oil going up? It is because supply relative to demand is going down. Demand is expected to grow—demand for natural gas—by over 30 percent. Yet, since 1998, even though we are drilling more for natural gas, production has declined by 1.5 percent. That shows we are getting all we can out of the available fields. Yet that is not enough. We must have access to domestic resources and specifically to the easily recovered oil and gas in the Gulf of Mexico.

Energy is vital to any economy. We all know that. We have learned in the last year or two that high energy prices are certainly not a good thing. That is something most of us knew as a matter of common sense, but we have now learned that as a matter of experience.

We can make a difference with this piece of legislation and we can make a difference soon. Resource estimates for the area that would be opened indicate that there are 1.26 billion barrels of oil there and 5.8 trillion cubic feet of natural gas. The natural gas supply made available by this compromise legislation would be enough to heat and cool nearly 6 million homes for 15 years. I don't know why they use 6 million homes for 15 years as a measurement, but that surely seems a lot to me, and certainly it is a lot more natural gas than we now have available.

I have listened to the arguments offered against the legislation. A lot of them have centered around where the revenue from the natural gas exploration is going to go. A lot of it is going to go to the coastal States under this compromise. I certainly would be willing to consider something that directed that revenue somewhere else. But the reality is this is what we have to do in order to get the oil and natural gas in the first place. If we cannot pass this legislation, there is not going to be any exploration. If there is no exploration, there are no revenues. So I am certainly willing to support the legislation on that basis. It will help ease the energy situation for the employees of my manufacturers in Missouri. It will help ease the price of fertilizer for my farmers. It will help ease the energy crisis in this country. Clearly, it seems worth doing to me.

It is certainly not all we need to do. We should not structure our energy policy on the assumption that we can continue to rely on oil and natural gas indefinitely, because we cannot. That is why the Energy bill last year encouraged a production of so many other different kinds of energy—nuclear, renewables, coal, wind. It is all important to the future, but this is important to the future as well. So I am pleased to support the legislation.

I congratulate the Senators who have worked so hard on a bipartisan basis. I know it has not been easy. Certainly, it has been nowhere near as easy as it should have been given the common sense that I think underlies this piece of legislation. I am glad they put it together. I have wanted to do something such as this for some time. It makes no sense when our manufacturers are crying for energy, our farmers are crying for energy, our consumers need energy, to turn down the opportunity to explore for the energy we have right offshore and that we can get in a way that fully protects the environment and other concerns.

Mr. President, I thank the Senate for its indulgence, and I yield the floor.

The PRESIDING OFFICER. The Senator from Colorado.

Mr. ALLARD. Mr. President, I ask unanimous consent to speak on behalf of S. 3711 and that the time not be counted against the Republican time.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ALLARD. Mr. President, I rise in support of S. 3711, which is the Gulf of Mexico Energy Security Act. I am heartened by the fact that this is a bipartisan effort, agreed to by those Senators who represent our Gulf States. It is an important step in continuing to reduce our dependence on foreign oil, and we need to increase our supply of domestic oil and gas. Certainly, this is a step in the right direction.

My approach to the energy needs of this country has always been that we need to have a broad-based approach. I was pleased with the Energy bill we passed in the last session of Congress which provided for a broad approach to meet our energy needs in this country.

I think we understood as a body that in order to meet the short-term needs of this country's energy needs, we need to continue to rely on fossil fuels. We need to continue to expand exploration for oil and gas. We need to continue to rely on coal. But in addition, we also need to be looking at additional sources of energy, particularly the renewable energy area, which is wind, solar, geothermal, and biofuels, as well as looking at sources such as hydroelectric and nuclear power.

As I look back on the effects of that bill we passed last session, I am already beginning to see positive effects from that legislation, and I am heartened by that. I can see those energy developments occurring in my own State, which involves new technologies, such as looking at oil shale as a source of a high-grade fuel that requires little refinement.

Our current energy prices clearly still indicate that all is not well with supply, and the demand is still greater than supply. We need to also look at conservation. But right now with this bill, we are concerning ourselves with supply.

While the price of natural gas is well below what it was this time last year, these prices are still well above what we were paying several years ago; and, as my colleague from Missouri mentioned, it is having an adverse impact throughout our economy, not the least of which it is having a serious adverse impact on our agricultural sector.

I believe the fact that prices have decreased at all is directly due to the fact that we passed the Energy Policy Act last year. We have all seen the figures: 27 new ethanol plants have broken ground; 401 E–85 fueling pumps have been installed. These are pumps that provide an ethanol-gasoline mixture. And the number of hybrid vehicles has increased. Between now and the year 2020, the 15 new efficiency standards included in the bill will save 50,000 megawatts of energy, and the amount of electricity generated from renewable sources has increased dramatically. But we need to do more to encourage domestic production of oil and gas.

It is argued—and I think argued well—that we should be reducing our energy consumption and increasing the amounts of energy we get from renewable and alternative sources. I agree. But the reality is that reducing consumption and increasing alternative resources does not happen overnight. I cannot ask my constituents to park the car and turn off the lights until we get there.

The estimates of the resources that will be made available under this proposal are 1.26 billion barrels of oil and 5.8 trillion cubic feet of natural gas. These are not insignificant amounts. These resources will provide a strong source of domestic energy for our country.

I believe that the compromise struck by this bill is a good one. The fact that almost every Member who represents a coastal State that is affected cosponsored this bill strikes me as significant. I strongly believe in local control, and as part of that, I often defer to Members who represent a State if a bill will directly affect that State. I use the example of wilderness designation. If a bill designating wilderness in a certain State is sponsored and supported by both Members of that State, I see no reason not to support it. The same is true here. If the Members from the coastal States are supportive of this bill, I support them.

I was hopeful that we would have the chance to address an amendment I wanted to offer on funding for the Payment in Lieu of Taxes Program. This particular program is extremely important to States, such as Colorado, that have a high percentage of federally owned land. Many people are unaware of the fact that 35 percent of Colorado is owned by the Federal Government. Federal ownership of these lands can be beneficial, but there is an unseen cost to local communities, to local governments. The Federal Government does not pay property taxes, and this translates into reduced revenue for local governments while there are some costs that they are burdened with in trying to meet the needs of the Federal agencies that are in that county or local community.

For Colorado, it means $129 million each year in lost property tax revenue. This is funding that could be used for education, law enforcement efforts or road building. Unfortunately, PILT, or payment in lieu of taxes, is chronically underfunded, and the amendment I planned on offering would have helped to overcome this annual shortfall.

Regardless of the fact that my amendment will not be considered, I am pleased that we are moving on this bill. I am hopeful that we can continue to put in place policies that will allow us to increase domestic production of all energy sources which will, in turn, reduce our reliance on foreign sources.

Mr. President, I yield the floor and suggest the absence of a quorum.

The PRESIDING OFFICER. Will the Senator withhold his request?

Mr. ALLARD. I withhold my request, and I yield the floor.

The PRESIDING OFFICER. The Senator from Tennessee is recognized.

Mr. ALEXANDER. Mr. President, is there a limit on the amount of time I may speak?

The PRESIDING OFFICER. The Senator needs consent to speak, as the majority's time has expired.

Mr. ALEXANDER. Mr. President, I ask unanimous consent to speak for up to 15 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ALEXANDER. Mr. President, 2 years ago, the Senator from South Dakota, Mr. JOHNSON, and I introduced a bill we called the Natural Gas Price Reduction Act. We did that to give focus to the energy debate. We were hearing a lot about the price of gasoline. Gasoline prices were high and remain high because of the huge supply and demand around the world. We know that. We know that is going to continue for a while, most likely. We know that China is growing. We know that India is growing. We know that the United States and our huge economy uses 25 percent of all the oil in the world. And so the supply and the demand are going to require that the price of oil, therefore gasoline, is going to be high for a while.

We wanted to shift the focus to natural gas, which we didn't hear about as much at that time, because natural gas prices in this country had gone from the lowest in the world to the highest in the world. This was a huge problem for our country.

High gasoline prices are a big problem every day. Natural gas prices are a bigger problem every day. They are a bigger problem for farmers who have seen their fertilizer costs go up. They are a bigger problem for homeowners as they pay to heat and cool their homes, and they see their bills go up. They are a bigger problem for blue collar workers in this country, such as the 1 million blue collar and white collar men and women—Americans in good-paying jobs—who work in the chemical industry. These are the kinds of jobs about which we all make speeches. We don't want them to be outsourced. We don't want their jobs to go overseas.

If a chemical plant uses natural gas as a raw material—meaning, for example, as Dow Chemical testified before our Energy Committee that 40 percent of the cost of its product was natural gas—and if the price of natural gas is $14 or $15 a unit in the United States compared to $2 or $3 a unit in some other part of the world that has a good, reasonable economy, guess where that chemical plant is going to end up. It is going to be there, not here. Guess where those 1 million jobs are going to be. They are going to be there, not here.

That is why of the 70 or 80 new chemical plants being built around the world, only one of them is in the United States. There are several reasons for that, but the main reason is the high cost of natural gas.

So for the farmer, for the blue collar worker, for the homeowner, the high price of natural gas is a great big problem. We saw that 2 years ago, and so Senator JOHNSON and I offered our bill to try to lower the price of natural gas.

Energy policy is like a big freight train. It is hard to get started, it takes a long time to get going, and then it is hard to stop.

So the Energy Policy Act that the Congress adopted in a bipartisan way a year ago, which included a great many of the parts of our Natural Gas Price Reduction Act, is just beginning to have some effect. But today as we talk about this deep sea drilling in the Gulf of Mexico, it is important that we put it in the context of the whole picture because this is the whole picture: If we want to reduce the price of natural gas in the United States and lower the cost of home heating and cooling bills, and lower the cost of fertilizer for farmers, and if we want to keep those chemical jobs and other jobs in the United States, then there are several things we need to do.

The first thing we need to do is conservation, and the Energy Policy Act of a year ago had an important section on conservation.

The second thing we need to do is produce large amounts of electricity in some way other than using natural gas. Using natural gas to produce electricity is like burning the antiques in your backyard to make a fire. But most of the new electric powerplants have been using natural gas over the last 10 or 15 years.

The Energy Policy Act had important new sections to encourage the use of nuclear power, which supplies 20 percent of our power while producing no mercury, no sulfur, no hydrogen, and no carbon. It is 70 percent of our carbon-free energy. That affects global warming.

So the first way to reduce the cost of natural gas is conservation. We provided for that.

The second way was to encourage nuclear power, and there has begun to be a renaissance of nuclear power production in the United States.

The third thing we did was to encourage the production of power from clean coal. Fifty percent of our electricity comes from coal. We have a lot of coal. We are the Saudi Arabia of coal—we all say that—but it is dirty. It does produce mercury, it does produce nitrogen, it does produce sulfur, and it does produce carbon. So we need clean coal, and eventually we need to capture the carbon, put it in the ground to store it somewhere, and we need large amounts of energy.

We also had significant dollars in support of renewable energy, whether it was for fuels or for electricity. We also made it easier to import natural gas through LNG terminals from around the world, which we are going to have to do for a while. We also made it easier to refine. All of those things had to do with natural gas. But one thing we didn't do was increase our supply of natural gas at home.

But we have come a long way. Two years ago, you couldn't even talk. You couldn't have a polite conversation on the Senate floor about offshore drilling because it was an unmentionable word. People would run out of the room as if you said something bad. But, last year, when the Energy Policy Act came up, we had a majority of votes on this floor for an offshore drilling provision that would have permitted a State such as Virginia, for example, to drill for gas and oil—with the rigs so far off the coast you couldn't see them—and give a share of the revenues to Virginia, which it might use for education or to lower taxes or for coastal beach refurbishment, and put the rest in the Federal Treasury. That is a pretty good idea, but we couldn't get it passed because here it takes 60 votes to overcome objections from a minority of senators.

We also had the perfectly obvious idea of enlarging the area of drilling in the area called Lease Sale 181 in the Gulf of Mexico, deep sea drilling for natural gas which we are talking about today, but we weren't able to do that a year ago. So what this piece of legislation does—at a time when high natural gas prices still are problems for the homeowner, the blue-collar worker, and the farmer in this country—is to give the most immediate relief we can in terms of supply. It doesn't take the place of conservation. It doesn't take the place of nuclear power. It doesn't take the place of coal or renewable energy or LNG or all of these other things we authorize—but it adds to that, and we ought to do it. Lease Sale 181 means that the four gulf producing States will have a chance to share in the revenues that come; that is coastal assistance in this area damaged by the hurricanes.

Twelve and a half percent of the revenues will go to the Land and Water Conservation Fund, so every State will have that for city parks, soccer fields and other things. That is an appropriate use. The remaining half of the revenues will go to the Federal Treasury.

So I am delighted that this bill has come to the floor. I was delighted with the large vote we had this morning—86 votes—to move ahead. I am very hopeful that with the cloture vote on Monday, we will have more than 60 votes.

I believe this is important for the American people to know that sometimes senators stand up and say: Well, why are we debating this issue or that issue? I see the assistant Democratic leader on the Senate floor. Sometimes I hear the assistant Democratic leader saying things like: Why are we talking about this issue or that issue? Why aren't we talking about gasoline prices or natural gas prices? Mr. President, we are. This legislation is about natural gas prices, this is about blue-collar workers, this is about farmers, and this is about homeowners. This is the way we increase the supply and lower the price.

It is that simple: produce energy here instead of bringing it in from the Middle East or some other part of the world.

Senator DOMENICI deserves an enormous amount of credit for working on this bill, as do Senator MARTINEZ, Senator LANDRIEU, Senator VITTER, and many others. The bill is a limited, sensible step in the right direction. I would like to see us go further and give Virginia the opportunity if it wishes to have offshore drilling, but that would disrupt the consensus we have here, and I don't want to disrupt that consensus.

So it is very important that the American people know that as we continue the debate this week and then come back here Monday and vote, we will be voting on the surest way to increase the supply of natural gas in this country. That will make it more likely for the 10,000 workers at Eastman Chemical in east Tennessee that their jobs will stay in east Tennessee instead of moving to Germany, and that the farmers' jobs will stay in west Tennessee instead of moving to Brazil, and that the homeowners will be able to turn on their heat in the winter and turn up their air-conditioner in the summer and still be able to afford it. That is exactly what this is about. A vote for this legislation is a vote for the blue-collar worker, for the farmer, and for the homeowner, and a vote against it is a vote against the blue-collar worker, against the farmer, and against the homeowner. That is pretty simple. That is pretty straightforward. We have several days to think about it.

I am delighted to see that there are Democrats and Republicans for this. I hope the large number of votes we saw in favor of cloture this morning continues.

We have a big economy, which means we have big energy needs. Yes, we want the conservation we put into law a year ago. We want this renaissance of nuclear power. We want clean coal with carbon recaptured. We want renewable power, we want LNG from overseas, and we want other things. We want more refining capacity. But supply is a part of the picture, and the legislation we are debating today is the most obvious example of increasing supply.

I am pleased to be a cosponsor of this legislation. I am delighted with the way the leadership has presented it to the Senate. It will help the country. I hope the blue-collar workers, the farmers, and the homeowners are listening because this debate and this vote will be about them and their future and their pocketbooks.

Mr. President, I yield the floor.

The PRESIDING OFFICER. The Senator from Illinois is recognized.

Mr. DURBIN. Mr. President, I thought my colleague from the great State of Tennessee, Senator ALEXANDER, made an excellent statement. Although I might disagree with some part of it, I really believe he is speaking to this issue in good terms. I was heartened by the fact that the first thing he said about energy was conservation. I believe that is a critical starting place.

I am going to give the Senator from Tennessee four numbers—not for the lottery, for the Powerball or anything, but four numbers to think about. The numbers are 3, 25, 4, and 3 again. Here is what they signify.

We have within our command and control in the United States of America 3 percent of the energy reserves of the world—3 percent. Everything we could possibly turn to and explore and bring out of the Earth, whether offshore or in the continental United States, is 3 percent.

Twenty-five: We consume 25 percent of the world's energy. It is clear that we cannot drill our way into energy independence. It just does not work. The numbers do not come together.

The next number is 4. Four represents the number of months of natural gas which we hope we can bring out of this offshore drilling for the United States—a 4-month supply of natural gas for our country.

The final number, 3, represents a 3-month supply of the oil our country consumes.

So as important as exploration is and finding new sources, you had the right starting point. You hit the nail on the head. We cannot drill our way out of energy dependence, looking at the 3 percent that we have, the 25 percent we consume, and we cannot rely on even offshore drilling to give us more than just a respite from the demands we are going to face in the future, the competition we face around the world.

So my feeling—and I think the feeling of many on both sides of the aisle—is what we should look for is environmentally responsible exploration.

I have made no secret of the fact that I think the notion of drilling in the Arctic National Wildlife Refuge is a terrible idea. It has been rejected by Congress year after year. It is an act of environmental desperation that we would go to a wilderness area—a wildlife refuge area, I should say to be more specific—and say that after a few years, we have to start drilling there because there is no other place for America to go in order to give us confidence we will have energy sources in the future. So I haven't hidden my feelings about that particular project, but I am open to the suggestion that this may work.

I have not made a final commitment on the bill pending before us. I join with my colleagues in moving it forward. Let's move this debate forward. Let's bring this issue to the floor.

A couple of the things mentioned by the Senator from Tennessee are intriguing. Nuclear power—I am not sure nationally how much electricity is generated by nuclear power. It may be a third, it may be a little more.

Mr. ALEXANDER. Mr. President, if the——

Mr. DURBIN. I am happy to yield to the Senator from Tennessee.

Mr. ALEXANDER. The answer is 20 percent of all our electricity in the United States and 70 percent of our carbon-free electricity is produced by nuclear power.

Mr. DURBIN. Mr. President, I thank the Senator from Tennessee. In my home State of Illinois, the number is 50 percent. Fifty percent of our electricity is generated by nuclear power. So for those who say: Get rid of it tomorrow, they better be ready to sit in darkness for a while in my State of Illinois if that is their option.

But I hope the Senator from Tennessee feels as I do, that the future of nuclear power is wedded to two issues we have to deal with forthrightly: what are we going to do with the nuclear waste that is likely to threaten us in some form or another for generations to come, for hundreds, if not thousands, of years; and secondly, how do we promote nuclear power without promoting the production of nuclear weapons?

We are facing that issue everywhere—in North Korea, in Iran. As we look at the world, we worry that countries moving toward nuclear power are, in fact, also creating an option for the production of nuclear weapons, which would make the world perhaps more self-sufficient when it came to electricity but in a more dangerous state if it led to nuclear proliferation.

Those are the two challenges with nuclear power as I see them.

I believe—maybe I am not being realistic here, but I believe they can be addressed and they should be addressed. If we address them in a responsible fashion, the day may come—and I hope it does—when we can say that the spent nuclear fuel rods coming out of the nuclear powerplants are no longer a threat to the health and safety of America and that the production of nuclear power is not an invitation to produce nuclear weapons. Those are two things I think we have to face head-on.

I am lured by the notion that this is carbon-free power—electricity—having seen a production of a documentary by a gentleman from Tennessee by the name of Gore. Al Gore's documentary "An Inconvenient Truth" was an unsettling experience as he laid out in an hour and a half or so, I thought with real clarity and precision, the challenge of global warming and what will happen if we continue to add carbon dioxide to the atmosphere, increasing greenhouse gases and global warming, watching climate change, and all of the things that are likely to occur. It is a challenge to all of us. So I salute the Senator from Tennessee because there are many things he said with which I agree.

I am going to look at this bill carefully. I am troubled; I think the allocation of money to the States is very generous. It is a departure from where we have been in the past for offshore drilling to this extent, this far away from the coast. But I am going to look at it carefully and honestly to see if it is the right approach before I make a final decision. But I thank him for his statement on the floor here this evening relative to energy, and there is probably more that brings us together than divides us on this important issue.

(The remarks of Mr. DURBIN pertaining to the introduction of S. 3744 are located in today's RECORD under "Statements on Introduced Bills and Joint Resolutions.")

Mr. DURBIN. I yield the floor and suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. BENNETT. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. DEMINT). Without objection, it is so ordered.

MORNING BUSINESS

Mr. BENNETT. Mr. President, I ask unanimous consent that there be a period of morning business, with Senators permitted to speak for up to 10 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

TRIBUTE TO THE 25TH ANNIVERSARY OF THE TAHOE RIM TRAIL ASSOCIATION

Mr. REID. Mr. President, I rise today to recognize the 25th anniversary of the Tahoe Rim Trail Association—an organization of volunteers that came