

**New Energy Reform Act of 2008 (New ERA)**  
**Myth vs. Fact**

**Offshore drilling in too few states**

**Myth:** The New Energy Reform Act of 2008 (New ERA) says it allows offshore drilling, but practically speaking, it will not.

**Fact:** New ERA is a pro-drilling bill. Under the current federal moratorium, offshore drilling is not permitted except where it currently is taking place. New ERA takes offshore drilling out of the federal government's hands and allows pro-drilling states Virginia, North Carolina, South Carolina, and Georgia to opt out of the moratorium and allow drilling off their coasts. It also automatically opens up the Eastern Gulf of Mexico to drilling in a manner that is consistent with our national security needs. In total, the New ERA bill will allow access to over 200 million additional acres of the Outer Continental Shelf.

**Windfall tax profits for oil companies**

**Myth:** New ERA imposes a windfall tax credit on oil companies.

**Fact: This is patently false.** New ERA contains no windfall profits tax. New ERA merely closes a tax loophole inadvertently enacted in 2004 for the big five oil companies and for CITGO, which is owned by the Venezuelan dictator Hugo Chavez.

**Offshore drilling moratorium**

**Myth:** The ban on offshore energy production is set to expire at the end of September if Congress does nothing.

**Fact:** The Congressional moratorium on offshore drilling is maintained each year through a provision to the annual Interior Appropriations spending bill passed by Congress (see below for more information). The fiscal year ends on September 30, and a new fiscal year begins on October 1, leading some to claim that the moratorium will expire on that date. However, in order to keep our federal government functioning and provide essential services to the American people – like funding our military efforts, our homeland security needs, and even your mail delivery - Congress must pass a “Continuing Resolution,” which extends the current spending bills that contain the moratorium until such time as Congress passes new spending bills. When the Senate begins consideration of new spending bills and there is an opportunity to vote to lift the moratorium, Senator Chambliss will do so.

The offshore leasing moratoria began with the FY1982 Interior Appropriations Act (P.L. 97-100), which prohibited new leases off the shore of California and was signed into law by President Reagan. The imposition of other moratoria came about after many coastal states and environmental groups contended that leasing tracts in environmentally

sensitive areas might lead to activities that could cause economic or irreversible environmental damage.

Eventually, the moratoria were expanded to include New England, the Georges Bank, the mid-Atlantic, the Pacific Northwest, much of Alaska, and a portion of the eastern Gulf of Mexico. Because of environmental and economic concerns, Congress for the past two decades – with both parties in control – has supported annual moratoria on leasing and drilling in the OCS. Congress enacted the moratoria for each of fiscal years 1982-2008 through the annual Interior Appropriations bill, and it is fully expected that this year will be no different, which is why New ERA provides the best framework to realize the goal of new domestic production.

In 1990, President George H.W. Bush, responding to pressure from the states of Florida and California and others concerned about protecting the ocean and coastal environments, issued a presidential directive ordering the Department of the Interior (DOI) not to conduct offshore leasing or preleasing activity in places other than Texas, Louisiana, Alabama, and parts of Alaska until 2000 -- prohibiting leasing in the same areas covered by the annual moratoria. In 1998, President Clinton extended the presidential offshore leasing prohibition until 2012.

### **Regulatory Roadblocks**

**Myth:** New ERA allows PETA, the ACLU, Sierra Club, and other special interest groups to put additional regulatory roadblocks in the way of new drilling.

**Fact:** There are no additional regulatory steps in New ERA. The proposal uses the same regulatory steps that exist today with regards to the leasing process. Special interest groups are not given any powers under New ERA and play no role in determining what areas are drilled.

### **Arctic National Wildlife Refuge (ANWR)**

**Myth:** Republicans in the group caved and agreed to not drill the Arctic National Wildlife Refuge (ANWR).

**Fact:** Senator Chambliss has voted numerous times to open the ANWR to environmentally responsible oil exploration, and has cosponsored legislation to that end as well. While Senator Chambliss and Republicans in the Senate continue to strongly support environmentally responsible oil exploration in ANWR, the New ERA proposal is patterned after Senator Mitch McConnell's Gas Price Reduction Act of 2008, which had 43 Republican cosponsors and also did not include provisions relating to ANWR. New ERA is designed to remove ANWR as an excuse for some in Congress to hide behind.

### **Nuclear**

**Myth:** There are no provisions in this proposal to increase the use of nuclear power in our country.

**Fact:** New ERA includes support for nuclear energy by increasing staff at the Nuclear Regulatory Commission so that permits of new nuclear plants can be processed in a timely and efficient manner. It also provides workforce training for construction and operation of new nuclear power plants, as well as accelerated depreciation for nuclear plants. Finally, New ERA supports research and development on spent fuel recycling to reduce nuclear waste.

### **50 mile buffer zone**

**Myth:** The 50-mile buffer zone prevents exploration of significant oil resources within that zone.

**Fact:** Technology exists to drill from existing platforms outside the 50 mile zone up to 7 miles inside the zone. Using horizontal drilling, we are able to explore the untapped resources in the 50 mile zone.

### **12 mile limitation on U.S. territorial waters prevents drilling**

**Myth:** The United States is prevented from drilling outside a 12 mile territorial water limit.

**Fact:** International conventions allow each coastal nation to establish an exclusive economic zone (EEZ) adjacent to its territorial sea, extending a maximum of 200 miles seaward from the baseline. Within its EEZ, the coastal nation has sovereign rights for the purpose of exploring, exploiting, conserving, and managing living and nonliving resources, whether found in ocean waters, the seabed, or subsoil. It also has jurisdiction over artificial islands or other structures with economic purposes. In 1983, President Reagan proclaimed the U.S. EEZ, which occupies the area between 12 miles (the seaward limit of the territorial sea) and 200 miles offshore.