AMERICAN RELIANCE ON FOREIGN OIL JUMPS 20%

FEWER VITAL AMERICAN JOBS AND A DRASTIC LOSS OF DOMESTIC OIL PRODUCTION CREATE HIGH NATIONAL SECURITY RISK

105,000 HIGH PAYING OIL JOBS LOST AND 1.1 MILLION BARRELS PER DAY OF DOMESTIC OIL ELIMINATED FROM THE MARKET SINCE 94.

(WASHINGTON D.C.)—Out of 800 active American drilling rigs, only 160 are searching for oil. At the new, greatly increased, 60% level of foreign oil imports, the OPEC cartel manipulates America’s price strings determining whether Americans pay $0.70 cents or $2.00 for gasoline.

Oklahoma Corporation Commissioner Denise Bode told the Heritage Foundation that each of these OPEC cartel manipulations of America’s oil supply result in price shocks for both oil and gasoline. But they also fire another volley across the bow of domestic oil. Bode said "each incident forces more U.S. production to be plugged and lost forever, investment is driven away, qualified employees are terminated and valuable infrastructure is destroyed."

Just last month Bode answered questions as part of a panel with former National Security Advisor Richard Perle in an unusual joint session of the U.S. Senate Foreign Relations Committee and Energy and Natural Resources Committee. Bode was there in her capacity as trustee of Oklahoma’s resource base and in her prior capacity as President of the Independent Petroleum Association of America (IPAA) to discuss a successful trade petition filed for the IPAA. That 1994 petition resulted in a Presidential finding of a national security threat posed by rising oil imports. The finding said "the United States and its allies may find themselves constrained from pursuing either unilateral or multilateral foreign policy actions for fear of provoking producer countries into actions that could result in the manipulation of oil prices and increased prices for consumer countries."

Bode recalls a bipartisan group in Congress presented the Clinton/Gore Administration with a domestic production plan calling for action on several fronts including tax credits, the elimination of penalties, federal royalty problems and export limitations. No action was taken. Later the Administration added 4.3 cents to the gasoline tax.

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To understand America’s security risk, it must first be realized that there is no free oil market in the traditional sense and never has been. Bode cites manipulations first by the old Standard Oil Trust, then government pro-rationing and price controls followed by OPEC’s nation quotas.

Actions by the OPEC cartel since 1997 have destroyed 105,000 American jobs in oil production and resulted in a dramatic loss of 1.1 million barrels of domestic crude oil production each day.

A second Presidential finding released the end of March, again found an increasing national security threat.
Twenty-eight states now have incentive programs for production with eleven states, including Oklahoma, enacting 25 new incentives since 1998. Oklahoma enacted a reduction in the gross production tax for low oil prices during a special session of its legislature. Bode proposed a similar holiday from part of the fuel tax to help protect consumers from OPEC shock.

Bode said she agrees with former National Security Advisor Perle who believes America needs a viable domestic production option to deal with the OPEC cartel. She believes the bipartisan congressional proposals from 1994 are a good starting point. Highlights of those proposals were:

- A tax credit to preserve marginal production
- A tax credit to encourage new drilling
- Elimination of tax penalties and updating of tax rules on geological and geophysical cost, percentage depletion, and enhanced oil recovery
- Open up access to production in frontier areas on federal lands such as the Artic National Wildlife Refuge (ANWR)
- Provide for federal royalty productions for marginal production and production in frontier areas such as the deep Gulf of Mexico
- Eliminate the limitation on exports or swaps of Alaskan crude
- Fix the overreaching of the Oil Pollution act of 1990
- Resolve federal royalty collection problems that limit production of natural gas

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