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### **OPINION EDITORIAL – PRESS RELEASE**

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### **Obama's Climate Control Promise Conflicts with Energy Independence**

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(Topeka, Kansas) During an address to a joint session of Congress in February, President Obama said, "I ask this Congress to send me legislation that places a market-based cap on carbon pollution and drives production of more renewable energy in America." His plan, however, is not market based but government based (government determines the number of emission allowance and the price). It will enhance renewable energy, but at what price?

Two days later Obama released his proposed 2010 budget calling for repeal of eight tax provisions that are very important to the small businesses that make up the independent oil and gas industry. Small independent producers drill 90% of the nation's wells and produce more than 80% of the nation's natural gas, and more than 68% of the nation's oil. Eliminating these tax provisions would be devastating to the production of energy in this nation. The bigger integrated companies (majors) do not rely on these tax provisions in the same manner as the small independent oil and gas producer. Taking away incentives to explore for oil and natural gas is not getting the majors to pay for renewable energy resources. It is crippling the ability of our nation to produce energy and making us more dependent on foreign sources of oil.

During a hearing of the Senate Finance Committee on March 4, 2009, Senator Kent Conrad (D-ND) asked Treasury Secretary Geithner to explain how the tax revisions would encourage more American production. "Senator," Geithner replied, "we don't believe it makes sense to significantly subsidize the production and use of sources of energy that are dramatically

going to add to our climate change imperative. We don't think that's good economic policy, and we think changing those incentives is good for the country." Senator Conrad was surprised by Geithner's answer and responded, "But do you – do you understand that raising taxes on small and independent companies, producers here who developed 90% of U.S. oil and gas, natural gas, will actually hurt job creation in that sector of the economy as opposed to help, which I thought is what we were about?" Geithner replied, "I think this is a reasonable policy, given the overall objective of again making sure we're not providing artificial incentives to produce and use energy that's going to make our broader climate change affairs worse."

During his campaign, Obama said many times that the U.S. can become "energy independent" from foreign oil. Even though he gave few details how he would accomplish this goal, most believed that he would need every source of American energy, including natural gas and crude oil. He even made some comments about natural gas being the cleanest burning fossil fuel and it could be used as a transportation fuel to offset some oil imports.

It came as no surprise; however, that Obama would stake the nation's energy future on the big gamble that wind, solar, biomass, and "clean" coal would finally be produced in large enough quantities to replace crude oil and coal. The magnitude of the problem seems to have slipped by the President and his advisors.

Robert Bryce, Managing Editor of Energy Tribune, wrote in the March 5, 2009 issue of The Wall Street Journal that even if Obama is able to double electric production from wind and solar by 2012 the production will "still be almost inconsequential." Bryce pointed out that total solar and wind output for 2008 will be about 45.5 million megawatt hours about 1% of 4.18 billion megawatt hours of total electricity generated during the rolling 12-month period that ended in November.

Bryce took it another step further by comparing wind and solar to oil. He said, "one barrel of oil contains the energy equivalent of 1.64 megawatt hours of electricity. Thus 45.5 million megawatt hours divided by 1.64 megawatt hours per barrel of oil equals 27.7 million barrels of oil equivalent from solar and wind for all of 2008. Now divide that 27.7 million barrels by 365 days and you find that solar and wind sources are providing the equivalent of 76,000 barrels of oil per day. America's total primary energy use is about 47.4 million barrels of oil equivalent per day. Of that 47.4 million barrels of oil equivalent, oil itself has the biggest share – we consume about 19 million barrels per day. Natural gas is the second biggest

contributor, supplying the equivalent of 11.9 million barrels of oil, while coal provided the equivalent of 11.6 million barrels of oil per day.”

If the nation was to increase its production of wind and solar by the 76,000 barrels of oil equivalent every year, it would take more than 600 years to reach today’s total energy needs.