

Murphy Demands Bush Administration End Practice of Giving Oil Companies Billions in Breaks

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WASHINGTON, D.C. - Late yesterday, the Government Accountability Office (GAO) released a report that proves that the Bush Administration is failing to collect as much as \$53 billion in royalty payments from oil and gas companies which are drilling federally owned resources while Connecticut residents are paying more than \$4 a gallon for gas.

"It's indefensible that the Bush Administration continues to reward Big Oil while Connecticut residents are pouring more of their hard earned paychecks into their gas tanks. President Bush has to end this practice and help out American families who are struggling in this sour economy," said Murphy.

According to news reports, the GAO estimates oil companies will avoid paying roughly as much as \$53 billion in royalty payments to taxpayers for deep water drilling contracts on public lands in the Gulf of Mexico. These contracts were awarded between 1996 and 2000 after the Republican-led Congress passed the "Deep Water Royalty Relief Act" in 1995.

This "holiday" from paying royalties was supposed to end when the price of oil reached about \$40 a barrel. Instead, the Bush Administration has continued to provide royalty-free oil from public lands, as the price of oil has now risen to over three times the intended trigger.

In January 2007, Murphy pushed for and the House passed H.R. 6 to require oil companies, which have not paid royalties for deepwater drilling contracts in the Gulf region as a result of the 1998 and 1999 leases, to pay their fair share. That provision was also

included in the House version of the energy independence bill but did not make it into the final House-Senate passed package due to Republican opposition.

Currently, the oil and gas industry enjoy no shortage of permits to drill in federally owned resources. Between 1999 and 2007, the number of drilling permits issued increased 361%. Meanwhile, gas prices continue to rise.

"The evidence is clear - we can't drill our way out of this problem. We've got to continue to invest in alternative energy sources so that we can kick our oil habit. In the meantime, profit rich oil and gas companies should not be getting billions in handouts from the Bush Administration," said Murphy.

This spring, Murphy has supported passage of the following bills:

- Strategic Petroleum Reserve Fill Suspension and Consumer Protection Act - Congress has enacted legislation to suspend the fill of the Strategic Petroleum Reserve, starting June 30th and through the end of the year, as long as the price of crude oil remains above \$75 per barrel. The President, who was previously opposed, suspended shipments and signed the bill because of overwhelming bipartisan support in Congress.
- Renewable Energy and Job Creation Act -This legislation will extend and expand tax incentives for renewable energy, retain and create hundreds of thousands of green jobs, spur American innovation and business investment, and cut taxes for millions of Americans. A recent study showed that allowing the renewable energy incentives to expire would lead to about 116,000 jobs being lost in the wind and solar industries alone through the end of 2009.
- The OPEC and Big Oil companies accountability bill
- This bill will combat record gas prices by authorizing lawsuits against oil cartel members for oil price fixing, and creating an Antitrust Task Force to crack down on oil companies engaged in anticompetitive behavior or market manipulation. President Bush has threatened to veto this bill.

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