

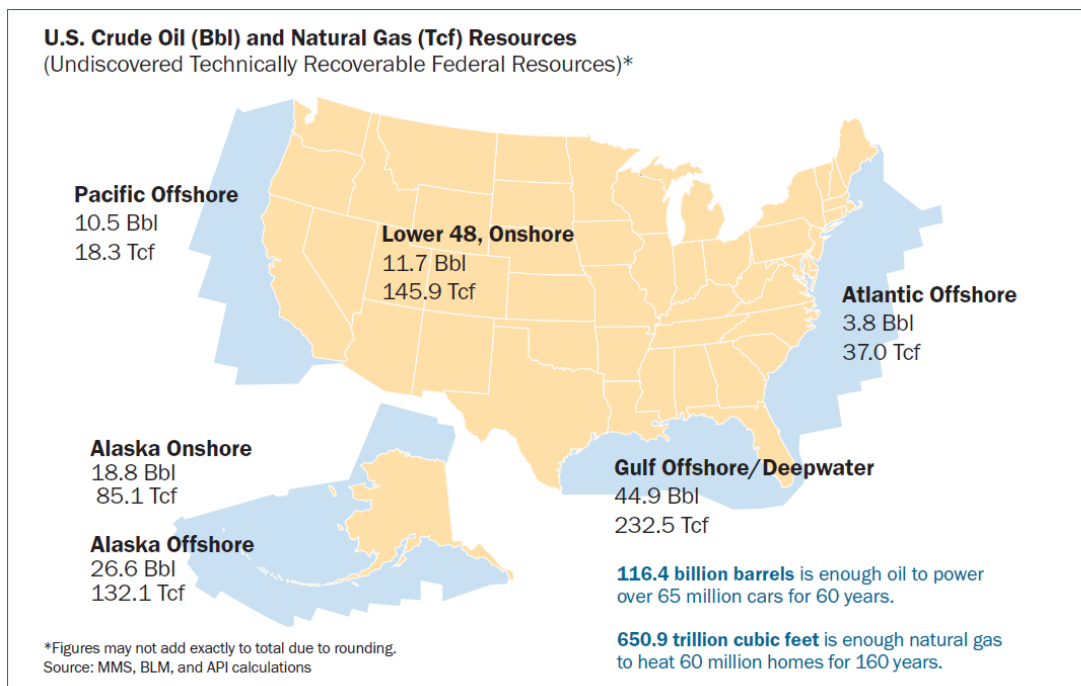
Last summer, when gasoline prices reached record highs across the nation, Americans and Californians began a dialogue about how and when we use our nation's domestic energy resources. For the past several decades, enormous amounts of oil and natural gas have been placed off limits as a result of state and federal policies. Until recently, those policies prohibited exploration and development of oil and natural gas reserves located off the coast of California and other states. WSPA believes it is essential to our state's and our nation's energy security that we make full use of those resources that are available, under our control and can be developed safely and in ways that are sensitive to environmental concerns.

The vast majority of the world's known crude oil reserves are under the direct control of foreign governments. According to a study by PFC Energy, commissioned by the American Petroleum Institute, 78 percent of the world's oil reserves are controlled by foreign governments – many of which are unstable or hostile to U.S. interests. Only 6 percent of the world's oil is owned by investor-owned or private sector oil companies.

While it is probably unrealistic to think we can become entirely independent of foreign sources of energy, we can and must increase our nation's energy security by ensuring that we are fully and efficiently utilizing our domestic energy resources.

Energy Resources Off the California Coast

- According to the U.S. Minerals Management Service (MMS), there is an estimated 10 billion barrels of crude oil and 16 trillion cubic feet of natural gas off the coast of California.
- According to the California Energy Commission (CEC), 45 percent of the crude oil processed in California refineries, or about 800,000 barrels per day, comes from foreign countries.
- If we produced oil from the estimated 10 billion barrels of undeveloped reserves of crude oil off the California coast at the rate of 800,000 barrels per day, we could replace California's foreign oil imports for 35 years.



The petroleum industry in California has demonstrated it can safely explore for and produce oil from offshore reserves.

- According to the MMS, since 1970 over 1 billion barrels of oil have been produced and brought to market from facilities in federal waters off California and less than 850 barrels of oil - an average of just 22 barrels per year - have been accidentally released into the marine environment.
- In contrast, an estimated 55,000 barrels of crude oil is introduced from natural seeps each year into the ocean off Santa Barbara, an area with a thriving marine environment and robust tourism. (Minerals Management Service, Pacific Region)

Alternative and Renewable Fuels vs. Conventional Petroleum-based Fuels

Increasing domestic energy security also means diversifying our energy resources by developing new fuels and technologies. WSPA members are major investors in alternative and renewable fuels research. The U.S. oil and natural gas industry invested an estimated \$121.3 billion between 2000 and 2007 in emerging energy technologies including renewables, frontier hydrocarbons (such as shale and oil sands), and end-use technologies (such as advanced technology vehicles, cogeneration and fuel cells).

However, according to the U.S. Energy Information Administration, even with enormous growth in alternative and renewable fuels and other energy sources, fossil fuels are expected to still provide close to 80 percent of the nation's energy supplies in the year 2030.

