

**Opening Statement**  
**The Honorable Lisa P. Jackson**  
**Administrator, U.S. Environmental Protection Agency**  
**May 24, 2011**  
**Committee on Oversight and Government Reform**  
**U.S. House of Representatives**

Thank you for inviting me to testify.

Americans are again suffering at the pump. Gasoline and diesel cost more today than they did a year ago.<sup>1</sup> As ExxonMobil's CEO recently testified, the prices of those fuels are a function of crude oil prices, which are set by global supply and demand.<sup>2</sup> As a matter of geology, America will never control more than a tiny fraction of the world's oil supply.<sup>3</sup> America cannot prevent gasoline and diesel prices from rising when global supplies are constrained and world demand for oil is steady or increasing.

Still, there are benefits to being less reliant on oil imports. Last year, American oil production reached its highest level since 2003, and this Administration supports increasing safe and responsible oil production here at home.<sup>4</sup> President Obama recently announced steps that the Interior Department is taking to advance that goal.<sup>5</sup> Deputy Secretary Hayes will describe those steps.

For certain portions of the Outer Continental Shelf, Congress has declared that a company cannot operate drilling ships and rigs that emit large amounts of air pollution without first demonstrating through an Environmental Protection Agency permitting process that the emissions will not harm Americans.<sup>6</sup> Requirements like those are not simply red tape, because a single exploratory drilling operation could emit approximately as much air pollution on a daily basis as a large state-of-the-art oil refinery.

In 2007, Shell Oil began seeking from EPA's Region 10 office air permits for a small number of exploratory drilling operations on the Outer Continental Shelf off Alaska. Region 10 has since issued five permits to Shell. After Alaska residents challenged two of those permits, an administrative court within EPA called the Environmental Appeals Board remanded them last December and said that EPA must conduct further analysis before the permits can become actionable. I am confident that we will give the Board the analysis it has called for, in time for the permits to be upheld before the start of the next drilling season. I should note that, on average, the Board decides air permit appeals in just over five months; that only four of the Board's more-than-100 air permit decisions have ever been appealed to a federal court; and that, to date, none of the Board's air permit decisions have ever been overturned. The Board's review provides a meaningful opportunity for communities that might be affected by drilling operations to have their concerns addressed, while providing a process that is almost always faster for the applicant.

Currently, there are only four pending air permit applications for drilling on the Arctic OCS. That includes the two I just mentioned. We anticipate many more, though. So, at the President's direction, the

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<sup>1</sup> <http://www.eia.doe.gov/oog/info/gdu/gasdiesel.asp>

<sup>2</sup> <http://finance.senate.gov/imo/media/doc/Testimony%20of%20Rex%20Tillerson.pdf>

<sup>3</sup> <http://www.whitehouse.gov/blog/2011/05/06/president-jobs-gas-prices-read-his-remarks-download-graphic;>

<http://www.whitehouse.gov/the-press-office/2011/03/30/remarks-president-americas-energy-security>

<sup>4</sup> <http://www.whitehouse.gov/the-press-office/2011/05/13/weekly-address-president-obama-announces-new-plans-increase-responsible->

<sup>5</sup> *Id.*

<sup>6</sup> Clean Air Act § 328, 42 U.S.C. § 7627.

White House has formed a team of relevant experts at the Department of the Interior, the Department of Commerce, EPA, and other offices to coordinate closely and find ways to prevent unnecessary delays.<sup>7</sup>

This Administration is also committed to promoting timely and safe domestic natural gas development. Thanks to advances in drilling technology, including hydraulic fracturing – or “fracking” – America’s potential natural gas resource is nearly fifty percent larger than we believed it was just a few years ago.<sup>8</sup> The price we pay for natural gas is not set on a global market the way the price of oil is, and burning natural gas creates less air pollution than burning other fossil fuels. So, if done safely, increasing America’s extraction of natural gas can have a number of economic benefits.

Fracking involves injecting chemicals underground at high pressure, and various substances come back to the surface with the gas. It is not surprising, then, that Congress has directed EPA to study the relationship between fracking and drinking water. We are doing that with input from the public, industry, and our Science Advisory Board. In the meantime, EPA will use its authorities to protect local residents if a driller endangers water supplies and the state and local authorities have not acted. President Obama has made clear that we need to extract natural gas without polluting our water supplies.<sup>9</sup>

We can mitigate the impact of high fuel prices on American families and businesses by enabling them to travel the same distances and conduct the same commerce on less gasoline and diesel. The fuel efficiency standards that EPA and the Department of Transportation established last year for new cars and light trucks will save the average American driver three thousand dollars over the life of the car and conserve 1.85 billion barrels of oil over the life of vehicles of Model Years 2012 through 2016.<sup>10</sup> The Administration will soon issue similar standards for heavy-duty vehicles of Model Years 2014 through 2018 and is designing ones for cars and light trucks of Model Years 2017 through 2025.

I am proud of the role EPA is playing to shield Americans from the harmful economic impact of high gasoline and diesel prices. EPA’s core mission, though, is protecting Americans from harmful pollution. That is what Congress has ordered EPA to do, and that is what the American people expect. EPA will do its part to ensure that oil and gas exploration, production, and use are conducted in a manner that is protective of the environment and the American people.

Thank you, Mr. Chairman.

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<sup>7</sup> <http://www.whitehouse.gov/the-press-office/2011/05/13/weekly-address-president-obama-announces-new-plans-increase-responsible->

<sup>8</sup> [http://www.eia.doe.gov/energy\\_in\\_brief/about\\_shale\\_gas.cfm](http://www.eia.doe.gov/energy_in_brief/about_shale_gas.cfm)

<sup>9</sup> <http://www.whitehouse.gov/the-press-office/2011/04/19/remarks-president-town-hall-annandale-virginia;>

<http://www.whitehouse.gov/the-press-office/2011/03/30/remarks-president-americas-energy-security>

<sup>10</sup> 75 Fed. Reg. 25324, 25329, 25347 (May 7, 2010).