



August 19, 2008

Dear “Gang of 10”:

On behalf of the undersigned organizations representing hundreds of thousands of taxpayers, small businesses, shareholders, consumers and senior citizens, **we strongly urge you and your colleagues to consider the below concerns and redraft the bipartisan Senate energy plan to prevent further harm to the U.S. economy and its citizens.**

We commend the Senate’s attempts to find a bipartisan solution to Americans energy needs. Further, we are pleased with the removal of anti-“speculation” measures which save the marketplace from unwarranted government intervention and show confidence and support for the American investor.

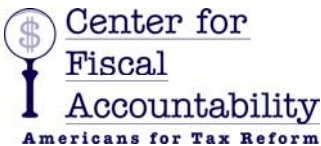
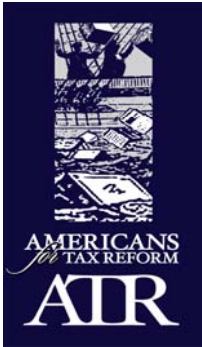
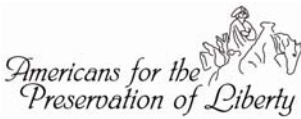
However, the current state of the proposal contains several potentially fatal flaws. The most glaring of which is the lack of certainty that the current proposed measures will not raise taxes on the American people. Sound energy policy should contain fiscally responsible measures that will actually result in lower prices – not penalties to the taxpayer. Why allow room for a tax increase when Americans are already paying so much at the pump?

Additionally, in a time when House Speaker Nancy Pelosi (D-CA) has expressed willingness to allow a vote on Outer Continental Shelf drilling, your proposal only permits four states to opt-in to oil leasing off their shores – retaining all regulatory powers at the federal level. It is not the job of the federal government to regulate the leasing of state waters and control when, where and how energy exploration can occur. The bill, by barring any drilling within 50 miles of the coast leaves much of the most productive OCS areas off limits. How will this create more supply and lower prices?

Any legislation which rejects proposals to expand oil and gas drilling, and other energy development on federal lands, prevents progress towards lessening America’s dependence on foreign oil. Only 32 percent of all oil and 35 percent of all natural gas produced in the United States comes from federal lands and waters. While other nations utilize their domestic oil and gas resources to boost their economies, this proposed energy package places heavy federal restrictions on offshore drilling and continues bans on drilling in ANWR and on domestic shale oil and gas.

As you know, the Congressional bans on offshore drilling and oil shale production expire at the stroke of midnight on Oct.1, which would increase American energy production far more than the compromise you have suggested. Rather than saddling American energy producers and consumers with billions of dollars in higher taxes, a wiser solution is to allow these bans on American energy production to expire as scheduled – and to oppose any effort to sneak an extension of these bans into any last-minute spending bills.

Further, this proposal will serve to stifle the much needed investment in all areas of energy production. The provision to discriminatively repeal Section 199 of the tax code for energy companies takes away capital that would otherwise be reinvested domestically. This means





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fewer American jobs while companies pass their costs (imposed by the repeal of Section 199) onto the consumer at the pump.

Promoting the use of alternative energy by limiting access to new domestic energy sources of oil and natural gas AND imposing new taxes on the U.S. oil and gas industry will not help supply stable and affordable energy to satisfy the demands of American consumers.

Moreover, the new taxes targeted at the U.S. oil and gas industry will even further reduce our nation’s energy security by discouraging new domestic energy production and discouraging new investment in refinery capacity. The results of the perverse incentives will tilt the competitive playing field for global energy resources against the United States and toward our foreign competitors.

This bill oversteps the bounds of government in micromanaging the will of private industry. Support for a comprehensive, bipartisan energy solution must not hinge on the unrealistic proposed fuel standards. Congress cannot be allowed to dictate corporate production models by requiring 85 percent of vehicles to run on non-petroleum-based fuel in 20 years. Studies show that increasing fuel standards to such extremes force manufacturers to produce lighter cars, exposing Americans to greater risk as road deaths increase to 8,000 per mile for each gallon gained in fuel economy.

Energy legislation should not attempt to define the market by creating “winners” and “losers”, but should institute sound, fiscally-responsible legislation that will decrease U.S. dependence on foreign oil and protect American jobs.

**We strongly urge you to reconsider your proposal by incorporating the aforementioned principles. Currently, your proposal directly interferes with a free-market economy and will increase the financial costs that already overburden the American people.**

Sincerely,

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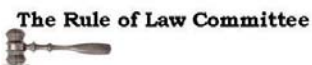
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