



Texas Drives U.S. Energy: Return Its Authority

Testimony before the Select Committee on State & Federal Power & Responsibility on HCR 84

by Megan Ingram

Good morning, Chairman Darby and Members of the Select Committee.

My name is Megan Ingram, and I am a research analyst in the Armstrong Center for Energy and the Environment at the Texas Public Policy Foundation.

I am here in support of HCR 84, a straightforward, timely, and justified resolution to Congress to return the rightful authority over upstream energy production back to the states.

Upstream oil and gas production has historically been the exclusive right of state authorities. Major oil- and gas-producing states, like Texas, have hands-on knowledge of the day-to-day operations of energy production within their boundaries and have developed effective regulatory frameworks that have allowed for industry activity and led to environmental health. Today, oil and gas markets in Texas are relatively unshackled by price controls and trade restrictions, but they have come under close scrutiny by the EPA and other federal agencies.

Consider the overall magnitude of the EPA's overreach. A recent Chamber of Commerce study found that between 2000 and 2013, a total of 30 executive branch rules had annual compliance costs of more than \$1 billion. 17 out of the 30 rules were promulgated by the EPA and together cost \$90.3 billion, while the remaining 13 rules from 5 other agencies together cost \$19.1 billion. In the same time period, of the EPA's total 7,615 final rules, only 2 percent—or 166 rules—had estimated compliance costs.

Under the previous administration, federal agencies have seized authority to restrict upstream oil and gas through a network of environmental regulations. Among these are the 2010 EPA rejection of the Texas Flexible Permit Program, the Obama administration's Climate Action Plan, Clean Power Plan, Clean Water Rule, and rules related to methane, greenhouse gases, and endangered species.

Texas, in particular, has earned the stripes to lead efforts to reclaim state authority over upstream production. The Lone Star State dominates the shale revolution—the achievement of entrepreneurial oilmen in small- to medium-sized companies. Through a combination of hydraulic fracturing and horizontal drilling, Texas launched an energy rebirth that has transformed the United States and the world. The state of Texas is the largest producer of oil and gas. In 2015, when the Energy Information Administration found that drilling productivity of the country's seven most productive shale basins was on the decline, only shale-rich Texas showed an increase in output. The state's—rather than the federal government's—ability to oversee energy production has been key in allowing Texas' energy production to thrive.

After decades of reliance on imports for almost 70 percent of its oil and natural gas, U.S. domestic production surpassed that of Saudi Arabia and Russia. The U.S. is minimizing imports: from 2007 to 2013, U.S. imports of petroleum dropped by 60 percent.

Although oil and gas regulations can play a role in protecting the environment, the federal government operates as an ineffective regulator of issues best handled by the states. Energy resources are no exception.

We praise the Chairman's and other members' efforts to ensure that energy markets are driven by property rights in the only country in the world that upholds private ownership of oil and gas resources. ★

About the Author



Megan Ingram serves as a Research Assistant with the Foundation's Armstrong Center for Energy & the Environment.

Born and raised in Austin, Megan is a graduate of Texas A&M University, where she earned a Bachelor of Science in Environmental Studies and a minor in Business. Upon graduation, she came to the Foundation first as a policy intern before joining the team full-time.

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