

The National Environment and Energy Development Act

“The NEED Act”

Purpose: “To greatly enhance the nation’s environmental, energy, economic and national security by terminating long standing federal prohibitions on the domestic production of abundant offshore supplies of natural gas, to dedicate fixed percentages of the resultant royalties for environmental restoration projects, renewable energy and carbon sequestration research, and weatherization and energy assistance for those in need; and to share such royalties with producing states and the federal treasury, and for other purposes.”

1. Environmental Restoration Reserves & other revenue sharing from new gas leases:

37.5 % to Producing States.....	(\$150 Billion)
25.0 % to U.S. Treasury.....	(\$100 Billion)
8.0 % to Energy Efficiency and Renewables Reserve.....	(\$ 32 Billion)
8.0 % to Carbon Capture and Sequestration Reserve.....	(\$ 32 Billion)
5.0 % to Chesapeake Bay Restoration Reserve.....	(\$ 20 Billion)
5.0 % to Great Lakes Restoration Reserve.....	(\$ 20 Billion)
3.0 % to Everglades Restoration Reserve.....	(\$ 12 Billion)
3.0 % to Colorado River Basin Restoration Reserve.....	(\$ 12 Billion)
3.0 % to San Francisco Bay Restoration Reserve.....	(\$ 12 Billion)
2.5 % to LIHEAP and Weatherization Assistance Program.....	(\$ 10 Billion)

*Revenue sharing is based upon \$400 billion in potential royalty revenue from federal gas leases.
This is all NEW money and will result in a net GAIN of \$100 Billion to the Treasury.*

2. No Oil: All current prohibitions on oil leasing and production in the Outer Continental Shelf (OCS) remain.

3. State Control: States control their own destiny with regard to gas leasing for the first 100 miles.

Buffer Zone: A prohibition on gas leasing within the first 25 miles remains.

State Approval Zone: Allow gas leasing from 25 -50 miles only if a state passes legislation to allow such leasing (if a state does not act, a prohibition remains).

State Action Zone: Allow gas leasing from 50-100 miles unless a state enacts legislation maintaining a prohibition.

4. Open Zone: Beyond 100 miles open to gas leasing immediately.

5. American Labor: American workers will produce America’s clean burning natural gas.

Revenue Sharing Analysis

Assumptions

- MMS assumes an average of 419.9 Trillion Cubic Feet (TCF) of technically recoverable natural gas in the deep water of the OCS (using outdated 1970's data).
- EIA calculates a Three Year Price Average (2004-2006) of \$6.40/thousand cubic feet (MCF) for natural gas at the wellhead.
- MMS calculates an average offshore natural gas royalty rate of 15%.
- $419.9 \text{ TCF} \times \$6.40/\text{MCF} = \$2,687,360,000,000 \times 0.15$ average royalty rate = \$403,104,000,000 in potential OCS natural gas royalties.
- History indicates that OCS inventory estimates are routinely low, with actual resources proving to be far greater. Also, MMS recently increased its royalty rate for deepwater Gulf of Mexico leases from 12.5% to 16.67%, and this increase has not been factored into the 15% average royalty rate figure. Thus, the royalty estimates are likely far less than actual figures.

Total Potential Royalty Payments =	approximately \$400 Billion
37.5 % to Producing States =	\$150 Billion
25.0 % to U.S. Treasury =	\$100 Billion
8.0 % to Strategic Energy Efficiency and Renewables Reserve =	\$32 Billion
8.0 % to Carbon Capture and Sequestration Reserve =	\$32 Billion
5.0 % to Chesapeake Bay Restoration Reserve =	\$20 Billion
5.0 % to Great Lakes Restoration Reserve =	\$20 Billion
3.0 % to Everglades Restoration Reserve =	\$12 Billion
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2.5 % to LIHEAP and Weatherization Assistance Program =	\$10 Billion

Restoration of our Great Waters = \$76 Billion

Chesapeake Bay Restoration Reserve = \$20 Billion

- The Chesapeake Bay Commission is a policy leader in the restoration of the Chesapeake Bay. As a tri-state legislative assembly representing Maryland, Virginia and Pennsylvania, the Commission's leadership covers a full spectrum of Bay issues: from managing living resources and conserving land, to protecting water quality.
- In a recent assessment, the Commission estimated the total need to restore the Bay as costing \$19 Billion.
- NEED fully funds the Chesapeake Bay Commission's restoration plan.

Great Lakes Restoration Reserve = \$20 Billion

- The Great Lakes Regional Collaboration was created in 2004 and consists of over 1,500 stakeholders with a vested interest in restoring our Great Lakes.
- The group recently released the Great Lakes Regional Collaboration Strategy, a plan for restoring the Great Lakes ecosystem, and estimated the total cost of implementing the Strategy to be \$20 billion.
- NEED fully funds the Great Lakes Regional Collaboration Strategy.

Everglades Restoration Reserve = \$12 Billion

- In 2000, Congress approved a 30-year restoration plan, termed the Comprehensive Everglades Restoration Plan, for the Everglades ecosystem in southern Florida.
- Implementing the plan is estimated to cost \$10.9 billion.
- NEED fully funds the Comprehensive Everglades Restoration Plan.

Colorado River Basin Reserve = \$12 Billion

San Francisco Bay Reserve = \$12 Billion

Producing States = \$150 Billion

- The 37.5% revenue sharing for producing states is identical to the percentage granted to Gulf states in S. 3711, the Gulf of Mexico Energy Security Act, which was signed into law in 2006.
- States are free to use these dollars for any purpose they choose, including: education, transportation, reducing taxes, coastal and environmental restoration, energy infrastructure and projects, state seismic monitoring programs, alternative energy development, energy efficiency and conservation, hurricane and natural disaster insurance programs, other purposes, and any other purpose as determined by State law.

U.S. Treasury = \$100 Billion

- NEED provides \$100 Billion worth of deficit reduction.

Energy Efficiency and Renewables Reserve = \$32 Billion

- H.R. 6 provided \$14 Billion for the Strategic Energy Efficiency and Renewables Reserve.
- NEED provides over twice as much funding as H.R. 6 for efficiency and renewable activities.

Carbon Capture and Sequestration Reserve = \$32 Billion

- The Department of Energy currently spends \$100 million on its carbon capture and sequestration program, and plans to spend \$1.5 Billion over the next 10 years on sequestration field tests and FutureGen, a project to build a zero emissions coal-fired power plant that integrates carbon sequestration and hydrogen production.
- NEED provides 20 TIMES this level of funding for carbon capture and sequestration activities.

LIHEAP and Weatherization Assistance Program = \$10 Billion

- Current FY 2007 funding for these two programs is \$2.4 Billion (\$2.2 Billion for LIHEAP, and \$200 million for Weatherization).
- NEED provides over 4 years worth of current funding for LIHEAP and Weatherization.