U.S. REPRESENTATIVE JACK KINGSTON

Vice Chairman, Republican Conference

REALIZING AMERICA'S FUEL INDEPENDENCE

Fuel Choices for American Security Act of 2005

A Blueprint To Achieve Oil Independence By U.S. Representative Jack Kingston

"For far too long, the United States has been at the mercy of foreign nations for its fuel. This dependence is one of our greatest risks because it not only threatens our national security, but also our economic security. America can and must do better. I have a plan to realize America's fuel independence from Middle East oil by 2015. America has proven in the past that when it sets a goal, it always crosses the finish line. ***The time to start and win this race is now.****"*

-U.S. REPRESENTATIVE JACK KINGSTON

✓ **A THREAT TO AMERICA'S ENERGY SECURITY IS A THREAT TO NATIONAL SECURITY.**

The United States is "**dependent**" on foreign oil. That dependence entangles us in the Middle East and makes the United States reliant on countries that are hostile to America and American interests. *America's dependence on foreign oil is an issue of* ***economic and national security****.*

✓ **IF WE ACT NOW, AMERICA CAN CHOOSE TO BE INDEPENDENT OF FOREIGN OIL BY 2015.**

Industry and national security experts agree that if we take immediate steps to implement and encourage technologies which are already available, and expand our current usage of domestic, renewable fuels like Ethanol and Methanol, Americans will be able to **choose** independence from foreign oil, including oil from the Middle East, by 2015.

✓ **AMERICA NEEDS TO WORK NOW TO MOVE TOWARD AMERICAN FUEL INDEPENDENCE AND FUEL SELF-SUFFICIENCY FOR THE 21ST CENTURY.**

While expanding current fuel reserves and increasing current refinery capacity will help ease the looming energy crisis, we need to explore and implement the tools of the 21st Century to help ensure America's fuel independence for our children and grandchildren.

✓ **A STATE-OF-THE-ART, COMPREHENSIVE FUEL POLICY WHICH BALANCES THE NEEDS OF THE ECONOMY WITH THAT OF THE ENVIRONMENT.**

America has the best scientists, the best engineers, and the best technicians in the world. We need their help to implement a responsible, comprehensive 21st Century fuel policy which ensures America's fuel independence while safeguarding the environment.

Facing The Facts About Oil

The current **high prices** for crude oil internationally and for crude oil derived fuels, like gasoline and diesel, domestically are the beginning of a substantial shift in our oil economy.

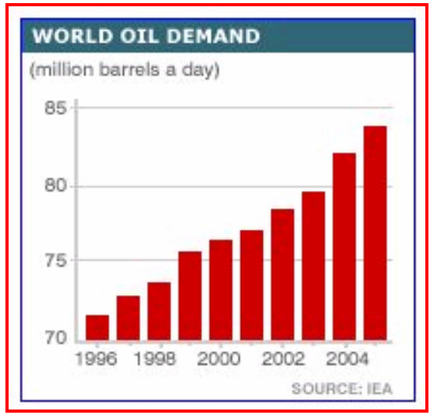
In 2004 global crude oil **demand** was over 82 million barrels per day while total **global production** was only 83 million barrels per day.

Global spare production capacity is at an ***ALL TIME LOW*** of merely 1 million barrels per day and is projected to decline below 500,000 barrels per day in the near future.

Global diversification of U.S. petroleum supplies continues to be an important goal but cannot be expected to meet demand with secure supplies and stable, low prices insusceptible to supply disruptions caused by terrorism, political instability or natural disasters.

Rapidly expanding worldwide demand for oil has overtaken this outdated "supply only" strategy and is depleting existing reserves faster than new, economical deposits are being brought on-line.

While U.S. crude oil demand is projected to grow by 300-400 thousand barrels per day over the next few years, China's demand continues to surge by over a half-million barrels per day and the rest of the worlds demand expands by over 1 million barrels per day.



America Moves On Oil

In 2004 the U.S. economy consumed over 20 million barrels of crude per day, nearly 25 percent of the global supply, but has only about 3 percent of the world's oil reserves.

In 2004 the U.S. imported over 11.8 million barrels of crude per day (over 58%), and if no action is taken this could grow to 70 percent by 2025.

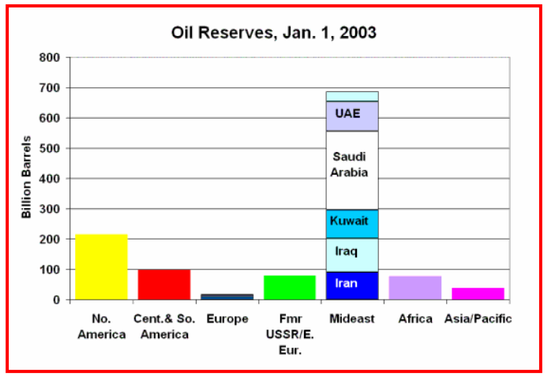
Consumer automobile gasoline accounts for 45 percent of U.S. oil consumption and diesel fuel consumption accounts for nearly 20 percent. Over the road transportation accounts for nearly 66 percent of our oil demand and is still 97 percent dependent on petroleum-based fuels.

When over two-thirds of all the oil consumed in the U.S. is burned on the road, and nearly all of these vehicles are powered by only gasoline or diesel fuels, transforming or changing the transportation sector must be central to any national effort to reduce dependence on foreign oil.

The U.S. Is Dependent On Foreign Oil

The U.S. imports over 2.4 million barrels of crude per day from the Middle East, including Saudi Arabia, Iraq, Iran, and Kuwait.

Canada, Mexico, Saudi Arabia, Venezuela and Nigeria each supply over 1 million barrels per day to the U.S. economy.



We Cannot Drill Or Carpool Our Way Out Of The Middle East

The U.S. must expand domestic oil production from domestic resources in Alaska, the deep ocean waters of the outer continental shelf, and other areas that will be economically viable in this new higher price oil market – western shale reserves for example.

Most of the 130 billion barrels of technically recoverable oil reserves in the U.S. are currently off limits due to restrictions on new development in Alaska, on federal lands, and on the Outer Continental Shelf.

Likewise, all previous conservation efforts and efficiency improvements in the transportation industry have been overwhelmed by rapidly expanding demand. With oil consumption expected to grow by another 60 percent over the next 25 years, conservation alone is not the solution.

Striking A Better Balance – Strengthening Supply, Increasing Conservation & Embracing Fuel Choice

The U.S. must ***STRENGTHEN*** its current oil supplies by modernizing and expanding its production, pipeline, refining and distribution capacity to better utilize its current supply. It must embrace newer and more flexible gasoline and diesel blends. It must ***INCREASE CONSERVATION*** and expand fuel efficiency methods across the transportation sector. The U.S. must now add a new pillar to its oil/energy strategy by ***EMBRACING FUEL CHOICE***. The U.S. must lead the world by transforming our transportation sector into a 21st Century model that is cleaner, renewable, accessible, affordable, efficient, and more dependent on American resources.

Fuel Choices for American Security Act of 2005

✓ Sets A National Goal.

Establishes a conservative **goal** to achieve oil savings of 10 percent (2.5 million barrels/day) by 2015 and 20 percent (5 million barrels/day) by 2025. 2.5M barrels/day is more than we import from **any single country** and is the amount of oil the U.S. imports from the **Middle East everyday**.

✓ Develops A Better Scorecard.

Establishes **new "scoring" requirements** in the federal government to "score" energy policy policies according to their "oil savings" to allow for a more accurate public debate over energy priorities and permit measurement of successful programs and progress toward the goal. **Requires a federal fuel-use audit and plan** to reduce government consumption of fuel, e.g., consider elimination of Saturday mail delivery.

✓ Changes The Way We Choose To Travel.

Provides incentives to auto manufacturers to produce and consumers to purchase hybrid vehicles, flexible fuel vehicles and "plug in" hybrid vehicles. **Encourages substantial incorporation** of plug-in and flexible fuel hybrids in federal, state, municipal and covered fleets. Implement policies to encourage mass transit, reduce vehicle miles traveled and decrease congestion. **Provides incentives** to corporate and taxi fleets to switch to plug-in flexible fuel vehicles. If by 2025 all cars on the road were some combination of hybrid electric, flexible fuel, and "plug in" hybrid electric vehicles, U.S. oil imports could drop by over 10M barrels/day from the 20M barrels/day level.

✓ Embraces New Fuel Choices For The 21st Century.

Adopts a national policy to achieve E-10 (10 percent ethanol across the transportation sector) by 2015 and a 20 percent reduction in fossil fuel demand by 2025. American farmers can grow more renewable fuel than we import from Saudi Arabia. **Increases research, investment and commercialization of technology** to generate liquid transportation fuels, like Ethanol and Methanol, from other domestic and renewable resources, particularly coal and agricultural waste products. Also, increase research and development for non-oil based Diesel fuel like Biodiesel which is already commercially produced and can be produced from other waste products. **Provides for duty-free importation of liquid ethanol** – we do not tax Saudi Arabian oil so why do we tax Brazilian sugar Ethanol?

✓ Increases Efficiency And Improves Consumer Knowledge.

Provides incentives to develop ultra-light materials. Advances in metals, plastics, and composites can cut weight and fuel consumption without compromising safety, performance or cost effectiveness. **Provide fuel efficiency labeling of tires** to allow consumers to choose the most fuel-efficient models that can provide 3-4 percent in increased fuel efficiency.

✓ Helps Renew America's Truck Fleet.

Provides incentives for APU (auxiliary power unit) upgrades, idling reduction, electrification, and other improvements that reduce diesel fuel consumption and dramatically improve mileage while reducing costs.

✓ Makes New Fuel Choices More Accessible.

Provides incentives to gas stations to install pumps for new fuel choices and mandate requirements for all new stations. It costs only $60,000 to add a fuel pump serving alcohol-based fuels.