



June 13, 2012

Honorable David Dreier  
Chairman  
Committee on Rules  
U.S. House of Representatives  
Washington, DC 20515

Dear Mr. Chairman:

The Congressional Budget Office has prepared the enclosed cost estimate for H.R. 4480, the Strategic Energy Production Act of 2012, as posted on the Web site of the House Committee on Rules (Committee Print 112-24). CBO estimates that enacting the bill would reduce direct spending by \$385 million over the 2013-2022 period; therefore, pay-as-you-go procedures apply. Enacting the bill would not affect revenues. In addition, CBO estimates that implementing the bill would cost \$189 million over the 2013-2017 period, assuming appropriation of the necessary amounts. The bill contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act.

H.R. 4480 would establish certain fees for activities related to the development of oil and gas on federal lands. The bill also would direct the Secretary of the Interior to take actions aimed at facilitating onshore oil and gas leasing and production on federal lands; direct the Department of Energy to develop a plan to increase the amount of acreage leased for oil and gas development on federal lands if the department sells oil from the Strategic Oil Reserve; and establish an interagency committee to analyze the impact of certain rules and actions taken by the Environmental Protection Agency on gasoline, diesel fuel, and natural gas prices.

H.R. 4480 combines five bills approved by the House Committee on Natural Resources and two bills approved by the House Committee on Energy and Commerce. CBO has prepared cost estimates for the following bills:

- [H.R. 2150](#), the National Petroleum Reserve Alaska Access Act, as ordered reported by the House Committee on Natural Resources on July 13, 2011;

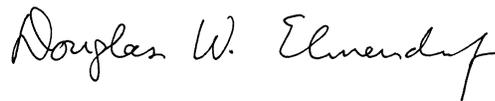
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- [H.R. 2752](#), the BLM Live Internet Auctions Act, as ordered reported by the House Committee on Natural Resources on October 5, 2012;
- [H.R. 4381](#), the Planning for American Energy Act of 2012, as ordered reported by the House Committee on Natural Resources on May 16, 2012;
- [H.R. 4382](#), the Providing Leasing Certainty for American Energy Act of 2012, as ordered reported by the House Committee on Natural Resources on May 16, 2012;
- [H.R. 4383](#), the Streamlining Permitting of American Energy Act of 2012, as ordered reported by the House Committee on Natural Resources on May 16, 2012;
- [H.R. 4471](#), the Gasoline Regulations Act of 2012, as ordered reported by the House Committee on Energy and Commerce on April 25, 2012; and
- [H.R. 4480](#), the Strategic Energy Production Act of 2012, as ordered reported by the House Committee on Energy and Commerce on May 17, 2012.

These cost estimates provide further details on the budgetary effects of the components of H.R. 4480. The CBO staff contact is Jeff LaFave.

Sincerely,



Douglas W. Elmendorf  
Director

Enclosures

cc: Honorable Louise Slaughter  
Ranking Minority Member

**TABLE 1. ESTIMATED BUDGETARY EFFECTS OF H.R. 4480, THE STRATEGIC ENERGY PRODUCTION ACT OF 2012, AS POSTED ON THE WEB SITE OF THE HOUSE COMMITTEE ON RULES ON JUNE 8, 2012**

	By Fiscal Year, in Millions of Dollars					2013- 2017
	2013	2014	2015	2016	2017	
<b>CHANGES IN DIRECT SPENDING <sup>a</sup></b>						
Application for Permit to Drill Fees						
Estimated Budget Authority	-33	-36	-36	-36	-36	-176
Estimated Outlays	-33	-36	-36	-36	-36	-176
Protest Fees						
Estimated Budget Authority	-3	-3	-3	-3	-3	-15
Estimated Outlays	-3	-3	-3	-3	-3	-15
Prohibition on Lease Deferrals						
Estimated Budget Authority	*	*	*	*	*	-1
Estimated Outlays	*	*	*	*	*	-1
Total Changes						
Estimated Budget Authority	-36	-39	-39	-39	-39	-192
Estimated Outlays	-36	-39	-39	-39	-39	-192
<b>CHANGES IN SPENDING SUBJECT TO APPROPRIATION</b>						
Oil and Gas Administrative Costs						
Estimated Authorization Level	18	19	19	19	19	95
Estimated Outlays	17	19	19	19	19	94
Renewable Energy Administrative Costs						
Estimated Authorization Level	6	9	13	17	19	64
Estimated Outlays	6	9	12	16	19	62
Other Costs						
Estimated Authorization Level	20	3	3	3	3	33
Estimated Outlays	16	7	3	3	3	33
Total Changes						
Estimated Authorization Level	44	32	35	39	42	191
Estimated Outlays	39	35	35	39	41	189

Note: Components may not sum to totals because of rounding; \* = less than \$500,000.

a. CBO estimates that enacting the bill would increase offsetting receipts by \$39 million a year over the 2018-2022 period, for a total increase of \$385 million over the 2013-2022 period.

**TABLE 2. CBO ESTIMATE OF PAY-AS-YOU-GO EFFECTS FOR H.R. 4480, THE STRATEGIC ENERGY PRODUCTION ACT OF 2012, AS POSTED TO THE WEB SITE OF THE HOUSE COMMITTEE ON RULES ON JUNE 8, 2012**

	By Fiscal Year, in Millions of Dollars												
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2012-2017	2012-2022
<b>NET DECREASE IN THE DEFICIT</b>													
Statutory Pay-As-You-Go Impact	0	-36	-39	-39	-39	-39	-39	-39	-39	-39	-39	-192	-385