



## ENERGY SECURITY

Energy Security is National Security. Choking off shallow water drilling increases U.S. dependence on foreign oil. In 2009, the U.S. produced just 37 percent of the oil we consume. The rest came from around the world, including nations whose governments and citizens are hostile to American interests. Of the 20 largest oil and gas companies in the world, 16 are foreign-owned, and 15 of those are state-owned. <sup>[1]</sup>

Since 2001, approximately 75 jackup rigs have left the U.S. Gulf of Mexico – leaving just 44 available shallow water rigs. Since the drilling moratorium was imposed on May 6, 2010, five jackup rigs have left the Gulf. A total of 11 deepwater and shallow water rigs have left and many others have been mothballed.

### CUBAN DRILLING IN THE GULF OF MEXICO

In August 2010, Cuba announced plans to drill seven test wells in the Gulf of Mexico with drilling assistance from China. The Chinese-made drilling rig is expected to arrive in Cuban waters in early 2011, and companies have begun preparations to drill once the rig gets to the island. Diplomatic and industry sources have indicated that preparatory work is moving ahead at the port of Mariel, the staging area for drilling operations. Cuba has divided its offshore oil reserves in the Gulf into 59 blocks, 21 of which are already under lease to seven companies. <sup>[2]</sup> [CLICK HERE FOR MORE INFO](#)

The Cubans are not alone. Companies from Norway, India, Malaysia, Venezuela, Vietnam and Brazil, have taken exploration leases in the Gulf. <sup>[3]</sup>

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### THE RISE OF CHINA

Like the U.S., China is a net oil importer. After being a net oil exporter during the 1970's and 80's, China became a net oil importer in 1993. In 2003, China sur-

passed Japan to become the world's 2nd largest oil consumer. In 2009, China consumed 8.2 million barrels of oil per day, with imports accounting for 51.2 percent of that consumption. <sup>[4]</sup>

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**UNLESS THE U.S. CAN BREAK ITS DEPENDENCE ON FOREIGN OIL, WE WILL INCREASINGLY FIND OURSELVES IN CONFLICT WITH CHINA FOR CONTROL OF FOREIGN OIL SOURCES.**

China is buying energy resources within the United States. China National Offshore Oil Corp. recently announced plans to purchase one-third interest in a South Texas oil and natural gas shale project. The project is in the Eagle Ford Shale, a 600,000 acre geologic formation that runs through south Texas between Laredo and Houston. <sup>[5]</sup> [CLICK HERE FOR MORE INFO](#)

Access to oil markets is a cornerstone of China's trade policy and foreign relations. The Chinese are increasingly providing arms and technology transfers to hostile foreign governments in exchange for oil. A 2002 report from the U.S. China Security Review Commission noted that "a key driver in China's relations with terrorist-sponsoring governments is its dependence on foreign oil to fuel its economic development. This dependency is expected to increase over the coming decade." <sup>[6]</sup>

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1. API, "Energizing America: Facts for Addressing Energy Policy," September 2010
2. Reuters, "Cuba plans 7 Gulf of Mexico oil test wells - U.S. group," August 18, 2010
3. New York Times, "Drilling Plans Off Cuba Stir Fears of Impact on Gulf," September 29, 2010
4. Country Energy Profiles, U.S. Energy Information Administration
5. Washington Post, "Chinese oil company, Chesapeake Energy enter deal for shale project in Texas," October 10, 2010
6. U.S. China Security Review Commission, Annual Report to Congress, July 2002