

NATIONAL PRESS CLUB LUNCHEON WITH KEN SALAZAR

SUBJECT: SECRETARY KEN SALAZAR IS EXPECTED TO DISCUSS GAS PRICES, OFFSHORE DRILLING, DOMESTIC ENERGY DEVELOPMENT AND OTHER ENERGY-RELATED ISSUES.

MODERATOR: THERESA WERNER, PRESIDENT, NATIONAL PRESS CLUB

LOCATION: NATIONAL PRESS CLUB BALLROOM, WASHINGTON, D.C.

TIME: 12:30 P.M. EDT

DATE: TUESDAY, APRIL 24, 2012

(C) COPYRIGHT 2008, NATIONAL PRESS CLUB, 529 14TH STREET, WASHINGTON, DC - 20045, USA. ALL RIGHTS RESERVED. ANY REPRODUCTION, REDISTRIBUTION OR RETRANSMISSION IS EXPRESSLY PROHIBITED.

UNAUTHORIZED REPRODUCTION, REDISTRIBUTION OR RETRANSMISSION CONSTITUTES A MISAPPROPRIATION UNDER APPLICABLE UNFAIR COMPETITION LAW, AND THE NATIONAL PRESS CLUB RESERVES THE RIGHT TO PURSUE ALL REMEDIES AVAILABLE TO IT IN RESPECT TO SUCH MISAPPROPRIATION.

FOR INFORMATION ON BECOMING A MEMBER OF THE NATIONAL PRESS CLUB, PLEASE CALL 202-662-7505.

THERESA WERNER: (Sounds gavel.) Good afternoon, and welcome to the National Press Club. My name is Theresa Werner, and I am the 105th president of the National Press Club. We are the world's leading professional organization for journalists, committed to our profession's future through programming while fostering a free press worldwide. For more information about the National Press Club, please visit our website at www.press.org. To donate to programs offered to the public through the National Press Club Journalism Institute, please visit www.press.org/institute.

On behalf of our members worldwide, I'd like to welcome our speaker and those of you attending today's event. Our head table includes guests of our speaker as well as working journalists who are Club members. And, if you do hear applause from our audience, please note that members of the general public are attending. So it's not necessarily evidence of a lack of journalistic objectivity.

I'd also like to welcome our C-SPAN and our Public Radio audiences. Our luncheons are also featured on our member-produced weekly Podcast from the National Press Club, available on iTunes. You can also follow the action on Twitter using the hashtag #NPCLunch. After our guest speech concludes, we'll have a Q & A. And I will ask as many questions as time permits.

Now I would like to introduce our head table guests. And I would ask each of you here to stand up briefly as your name is announced. From your right, Mike Soraghan,

reporter *Energy Wire*. Margaret Ryan, Energy Journalist and Analyst at AOL Energy. Laura Davis, Chief of Staff, U.S. Department of the Interior and guest of the Speaker. Jennifer Dlouhy, Energy Reporter, *Houston Chronicle*. Marcilynn Burke, acting Assistant Secretary for Land and Minerals Management, U.S. Department of the Interior. Alison Fitzgerald, freelance journalist and Chair of the Speakers Committee.

I'm going to skip our speaker for just a moment. Debra Silimeo, Executive Vice-President, Hager Sharp, and the organizer of today's luncheon. Robert Abbey, Director, Bureau of Land Management, U.S. Department of the Interior and guest of the speaker. Mary Milliken, Washington Bureau Chief, Reuters. Matt Cannon, reporter, *Salt Lake Tribune*. Gary Gentile, Senior Editor, *Oil News at Platts*.

Few people understand or have a greater appreciation for land than a farmer. Farmers live on the land. They make their living from the land. And they know, firsthand, the effects of mother nature and father industry. Interior Secretary Ken Salazar hails from five generations of farmers. He was born and raised in Colorado on El Rancho Salazar, with no electricity and no telephones. So the focus was on hard work and a deep appreciation for the land.

After a stint in the seminary, he wound up going to college, getting a law degree, and being asked to work as a legal counsel for Colorado Governor Roy Romer. Salazar reportedly said, "I'll do it for one year because I don't want to be in politics." As the story goes, his political career was mapped out by a political mentor on a napkin in the back room of a tamale shop.

He served as Colorado's Attorney General, U.S. Senator, and now Secretary of the Interior, where he oversees public land, including the National Parks System, the Fish and Wildlife Service, the Bureau of Land Management, the U.S. Geological Survey, and Offshore Drilling.

Perhaps his biggest challenge is finding the balance between preserving natural resources and using them to create energy. At the beginning of the administration, Salazar was, along with President Obama's appointment at Energy and EPA, part of what some dubbed "The Green Dream Team." He quickly warned the oil and gas industry that public lands were no longer a candy store, and that we can't drill our way to energy independence.

Now, after more than three years at the helm, Salazar has learned that keeping the lid on the candy jar and responding to natural and manmade events such as the BP oil spill is no small task. When the BP operated Deep Water Horizon oil well exploded two years ago, and 53 gallons of oil spilled into the Gulf every day, environmentalists loudly criticized the Interior Department. And even the President said the clean up was moving too slowly.

Today, gas prices topped \$4 dollars a gallon in some places. And the Obama administration is under pressure to boost U.S. oil production. This week the Interior

Department announced a plan to streamline permits for land-based drilling. And last week, Salazar moved a step closer to allowing seismic mapping surveys off the Atlantic coast to determine what oil and gas resources exist in that area.

When Salazar appeared with President Obama to accept the nomination as Interior Secretary, he created some buzz by wearing a cowboy hat at the White House. Even after all these years in Washington, he wears his Stetson so frequently that almost every profile piece makes some mention of that. So this introduction wouldn't be complete without saying something about that hat. And I must say, even though you didn't wear your hat today, because we are indoors, Mr. Secretary, welcome to the National Press Club.

[applause]

KEN SALAZAR: Thank you very much, Theresa, for that kind introduction and for being President of the National Press Club, I understand that it's also a political place, where you have to run for office. And she won, having two other opponents that she just defeated. So she's no stranger to politics. Alison Fitzgerald, thank you for being a part of this effort and for being the Chair of the Speakers Committee, and to Debra Silimeo, thank you for helping put this event together, all the head table members of our team who are here, and people who I had worked with for a long time, Mike Soraghan. I remember him covering the 2004 United States Senate race. So today, in my honor, he wore a shirt that had Pete Coors for the U.S. Senate was here to the National Press Club.

[laughter]

So let me thank you all for being here today. And I want to speak about energy issues that are so important to our nation, which all of you are working on today. Now it seems that the conventional wisdom says that our nation is deeply divided over energy policies. I don't have to tell you that. So, if you were to pick up a newspaper, it would certainly appear that the division is seen everywhere. Almost every day, you have someone putting out a three point plan for \$2 dollar gasoline, or claiming that there is a secret agenda out there to shut down energy production.

But the reality is that, overwhelmingly, Americans agree on energy. Frankly, if you can just get beyond Washington, and you talk to folks directly, you hear the same things that I hear, over and over, about what our energy challenges are, and how we must tackle them. Americans know what they want. Americans want to cut our reliance on imported oil. They know that a lot of factors affect gas prices, including world markets and international events. And that, unfortunately-- unfortunately, there is simply no silver bullet in the near term.

Americans also agree that we need to broaden our energy portfolio. They support conventional energy, yes. But in state after state, all across this country, we have seen the states have been moving to vote in more solar, more wind, more geothermal, and more biofuels energy production into the mix. Americans want to see continued expansion,

yes, of offshore drilling. But they also believe that you need to choose the right places for that drilling to take place, and that you need to enforce strong safety standards to protect people and to protect the environment.

And, by large margins, people see stronger fuel economy standards for vehicles as a good thing. The proof is in the cars they are buying. For the first time ever, GM in March sold more vehicles than they have ever sold that are fuel-efficient vehicles, 100,000 cars, 100,000 cars, that can make more than 30 miles to the gallon. Now that's a remarkable achievement. Forty percent of GM's monthly sales are now in fuel-efficient vehicles. Who would have imagined that five years ago?

Now there is also this imagined energy world, the energy of maybe a world of fairytales and, I would say, falsehoods that we often see here in Washington, D.C. And it's in that imaginary world where we see the continuing and growing divide in the energy debate in America.

But the divide is not among ordinary Americans. It is between some people here in Washington, D.C. It is a divide between the real energy world that we work on every day and the imagined fairytale world. To be sure, the imagined energy world is a invention of campaign years and political rhetoric. It is a place where you hear cries of, "Drill! Drill! Drill!" notwithstanding the fact that most of the outer continental shelf resources in America's oceans are open for business.

And two-thirds of the public plants that industry has leased are simply sitting idle. It's some 50 million acres. It is a place where up is seen as down, where left is seen as right, where oil shale seems to be mistaken every day in the House of Representatives for shale oil, [laughter] where record profits, record profits justify billions of dollars in subsidies, and where rising oil, U.S. production, and our falling dependence on foreign oil somehow-- somehow add up to bad news.

One member of Congress went so far as to say that the jobs from solar, wind and biofuels are somehow phony. That if technology is new, it somehow is not real. President Obama got it right when he pointed out that if these folks had been in charge when Columbus set sail, they would have been the charter members of the Flat Earth Society. [laughter]

Now the good news is that the imagined energy world is actually very small. I think you can actually find its edge, the end of it, when you walk out of the House of Representatives, kind of at the very end of it. Now, for those of us who spend our time working in the real energy world, let's talk about the reality that we work on every day with this great team at Interior and my other colleagues on the Cabinet and in the White House.

Without question, we face serious energy challenges in this country. We know that today, and we've known it for a long time. Gas prices are taking on a real toll and creating a real pain on family budgets. Our economy is still vulnerable to the ups and the

downs of world oil markets. And they have been for the 12 oil spikes that we've seen since the formation of OPEC.

But, because so many Americans, including industry, and environmental conservation organizations, but especially the American people are results-oriented, and all of the above energy approach is the right approach, and our nation has made remarkable progress over the last three years. Industry, government, investors, scientists, stakeholders all deserve credit.

On the broader scale, U.S. gas production is at an all-time high. Gas production is at an all-time high. And oil production, oil production is at an eight-year high, eight-year high. Total oil production, from the lands which we oversee at the Department of Interior, have increased 13 percent, 13 percent over the first three years of this administration. Now that's compared to the last three years of the prior administration.

Now, something that I've worked on for a very long time, just to get rid of our dependence on foreign oil. So we in America, in the heartland of America, and the Rockies of America where I come from, are proud of the fact that oil imports have gone down every single year since President Obama took office. Now, thanks to the booming U.S. oil and gas production, and more efficient cars and trucks, and a world-class refining sector that last year was a net exporter for the first time in 60 years, we cut net imports by 10 percent. That's a million barrels a day in the last year alone. Imagine that, a million barrels a day less being imported into the United States of America. Line up those million barrels on a part of the interstate highway, or in a number of warehouses, that's a lot of oil. We cut a million barrels a day in the last year alone.

Now, we all know oil and gas is very much a part of our energy portfolio. We have embraced it, and it will continue to be part of our energy portfolio. But we also know that renewable energy and the new energy frontier are something that is important for the people of America. Renewable energy production has now doubled over the last three years. Renewable energy production has doubled over the last three years.

And on public lands, we are well on our way to meeting the President's goal of permitting 10,000 megawatts of large-scale renewable energy power by the end of the year. We'll power millions of American homes through that renewable energy effort that Bob Abbey and the people of BLM, Steve Black and so many other people have worked on over the last three years.

Now all of these trends show the gathering strength of an American energy economy. But they also reflect the practical problem-solving mindset that we are bringing to bear at all levels of our decision-making. Now, when President Obama asked me to come and run the Department of Interior, he sent me here to fix problems, to help us find solutions for the long-term on problems that had escaped solutions from people who had been in my position, and people who had served in the White House for decades and decades in the past.

So let me give you three concrete examples that helped illustrate the problem-solving approach to energy that I believe is the hallmark of this administration. First, and the story here is well-known to all of you, because we worked on this matter, let's look at offshore oil and gas safety. Jennifer, you have followed this, so you know the details of what has been going on over the last three and a half years.

Deep Water Horizon shook the confidence of Americans in offshore energy development. You all remember-- and I believe that most Americans remember that sight of 50,000 barrels a day, spewing out endlessly into the Gulf of Mexico. Now, witnessing that oil spew at that level for 87 days could have easily prompted the public to say, "No more. *No más*. That's it. No more oil and gas development in America's oceans. It's too dangerous."

But we knew that oil and gas was very much an important part of our energy security and our economy. And so we had to move quickly, as we did, to aggressively strengthen safety standards and environmental protections. We had to ensure that companies drilling in the deep water miles below the surface of the ocean were prepared to drill with-- to drill safely at those depths under the sea. We had to make sure that they were prepared to deal with another blowout if one should occur.

And we had to take an organization that had been created long before there was deep water production and de-conflict the three missions that existed in the Minerals Management Service. We had to de-conflict those missions into strong and separate agencies which have become world-class agencies in the work that they do.

Industry, for its part, also had to answer our call to raise the bar. Today, drilling activities in the Gulf are now back to pre-spill levels. And the U.S. is now positioned as a global leader in offshore oil and gas safety. That's true, whether I visit Petrol Bras and the energy leaders in Brazil, or as we host, co-host another international forum on offshore safety in Norway this June. So it's been good that the bar has been raised. That's good for domestic production in America's oceans. And it's also good for industry as a whole. And, at the end of the day, it's good for American energy securities.

Now, a results-oriented approach doesn't just stop in the oceans of America, where we see-- oversee hundreds of millions upon hundreds of millions of acres. It also goes to the onshore areas, where we have oversight of some 700 million acres of the lands that belong to the American people. So we have moved on a reform agenda in that areas as well.

You can see the benefits of our practical results-oriented approach in our oil and gas leasing in the onshore. When we took office, the onshore oil and gas leasing program was, frankly, in a disarray. It was in a disarray. Imagine this. Nearly half of all leases, half of all leases on public lands were protested, put into the framework of endless litigations. Projects with thousands of wells were simply stuck because they could not move forward.

And, at the end of 2008, the previous administration even offered some areas near Arches National Park, where, just in the last few days, I was looking at a commercial from the State of Utah, where they were advertising the great wonders of Utah and Arches National Park. That program, at the end of the last administration, had become so highly divisive and unnecessarily controversial.

And so, when we moved in, we said, “We’re going to move forward with oil and gas production on the onshore.” But we also said that we would restore to work towards certainty and to reduce conflict in the development of oil and gas on our public lands. So our onshore leasing reforms have helped. They’ve helped bring the public into the leasing process earlier. We call it “The Smart from the Start Approach.” So that fewer leases end up in court and endless litigation.

We worked to resolve the controversies on some of the largest oil and gas projects in the west, including, for more than 3,500 new wells, just in one state, in Anadarko’s Greater Natural Buttes Project in the State of Utah. It’s 3,500 gas wells that will move forward because we are fixing problems.

In another part of the world, through the inter-agency effort which is led by Deputy Secretary of Interior David J. Hayes, the United States Government, under President Obama’s specific direction, is closely coordinating its energy permitting activities in Alaska. And it’s to a good result. And we are working to deploy a new system for processing drilling permits on BLM lands. We expect to reduce permitting times by two-thirds. We expect to reduce permitting times by two-thirds.

Now this is a common theme. There is a common theme in all this to all of us. And that is, tackling a problem head-on. Getting it done right. And then moving on to the next challenge, because we know there are other challenges ahead. So offshore ocean energy development in the United States. Onshore and the many reforms that we have brought into place.

And the last area where we have spent a very significant amount of time is in the renewable energy world. As of early 2009, when I first came to the Department of the Interior on the 21st of January of that year, not a single large-scale solar energy project had been approved for construction on the public lands of the American people. Offshore, Cape Wind had been a process disaster from day one, languishing for eight long years in a process that seemed to have no end.

Since 2009, however, we have moved in a new direction, achieving results. We have authorized 29 utility scale solar, wind and geothermal projects on public lands. I’ve been there and have seen these projects rising out of the desert. They will make believers out of the skeptics that we can catch the power of the sun. When these projects are built, they will provide over 6,500 megawatts of clean power for over 2.3 million American homes. And they will create thousands of jobs as we grasp the new energy frontier.

We also have approved Cape Wind at the Department of the Interior. And, even more importantly than Cape Wind, what we have done is, on the Atlantic and even in places on the Pacific, working with the governors of those states, we have, from the ground up, built an offshore wind leasing program for the United States. None of this would have happened if not for the teams of people we have deployed, to help make sure government reviews are coordinated and done in a timely basis. I'm very proud of what we have done on this new energy frontier. And I believe that it will be a lasting legacy for the American people.

Now, I began my remarks today by suggesting that there was a widening gap between the real energy world that I work on every day, which we have made so much progress over the last three years, and the imagined fairytale world of the falsehoods of a campaign year and a political season.

Now I want to be realistic about what we can expect from this House of Representatives. But I do believe that there are some things that they could work on, some low-hanging fruit that should and could be passed even this year. This House of Representatives should put the energy security of the United States of America ahead of the politics of the times.

And I'll mention just three items. There could be many more items that they could work on to help us get to this energy future. But first, I believe Congress should move immediately to codify the reforms we have implemented since the Deep Water Horizon disaster. It's inexcusable that Congress has yet to enact one piece-- not one piece of legislation to make drilling safer. Now, for the American people, for all of you.

For those of us who lived through that crisis, it would seem to me to be a clarion call to action. What is it that we should do as the United States of America to make offshore drilling more safe? My early days in this administration, in testimony before the Senate Natural Resources-- the House of Natural Resources Committee and Nick Rahall, they said, "Ocean energy is such an important part of America's energy portfolio that we should, indeed, have organic legislation that codifies what this agency does on behalf of the American people."

It wasn't done then. And, even since the Deep Water Horizon, it still hasn't been done. The oil spill liability gaps that have been in place for such a long time, at \$75 million dollars, are still the same today as they were before the Deep Water Horizon spill. You know, some people may have amnesia about the Deep Water Horizon and the national crisis that we had to live through. I don't have that amnesia. I don't believe that the American people have that amnesia.

And I do believe that the American people want the United States House of Representatives to act on responsible energy legislation. And one of those aspects of responsible energy legislation would be to codify the reforms that we have implemented in the Executive Branch.

Number two, I'm not trying to give a laundry list of 100 things because I'm not sure that they can get it done. So these are simple things. Codification of much of what we've done and some liability reforms that we have proposed and endorsed, they ought to be able to get that done. They should be able to get that done in 48 hours.

But there is a number of other things that they could do. We are working with the Congress right now on legislation that is needed to implement an agreement that we reached with Mexico to open the trans-boundary oil and gas reservoirs for development. The agreement would terminate a moratorium on drilling along our maritime boundary and provide a framework for new exploration and development in an area the size of Delaware.

We estimate the area contains up to 172 million barrels of oil and over 304 billion cubic feet of natural gas. Now that agreement came about as a result of some very hard work between people in the Department of the Interior and the State Department and the Mexican government. And it culminated in a signing that was attended by President Felipe Calderon in Mexico at one of the-- at the D-20 meeting very recently.

The agreement was signed by Secretary Clinton and Secretary Espinoza from Mexico. Now some people say Mexico moves slow. But, in this case, the Mexican legislature has already approved the agreement. We shouldn't have to wait to act on the agreement here, either. Congress should act on approval of that trans-boundary agreement through implementing legislation.

It'll be good for the energy security of the United States of America. It also would be good for the entire Gulf of Mexico, because it is, after all, only one pond. It is a pond which is frankly shared mostly between the United States and Mexico. And it's a place where we know we have the largest proven reserves of oil and gas in our country. So those are two simple things that the Congress, I believe, could do, you know, codify what we've already done, offshore safety, approve an agreement that we've worked on very hard in the Gulf of Mexico, in the maritime boundary.

But I believe they might want to do a few other things, you know. I believe that Americans also want to see Congress implement a policy that makes for a long-term sustainable, renewable energy economy. That includes making tax credits for renewable energy generation permanent and refundable. So there is financial certainty. And so we don't face the boom and the bust that many of us witnessed in the 1970s with solar power.

And we need a clean energy standard. We are moving forward with our own in the Executive Branch. But it would be good if the United States Congress were to pass a clean energy standard that would provide the signal to investors that they need. If that signal were given, there would be billions of dollars of capital that would move off of the sidelines into the new energy frontier.

Now, is it likely that Congress will rise to the occasion this year, that they can do those three things and perhaps we had the kind of bipartisan effort that we have seen before in 2005 and 2007, that we could get to some real energy legislation? I would hope so. I would hope that the Congress can see that the needs of the American people are first and foremost as opposed to the politics of the day.

So I think that those who have stood in the way of solutions are going to find the ground shifting under their feet. The energy world is changing, with or without them. Whether it's our oil and gas technology, our solar power plants, the pace of American innovation is simply staggering.

The United States is determined to lead the new energy world. The President is determined to make sure the United States leads this new energy world for the United States. So it's no longer a question, in my mind, of whether you support renewable energy, or conventional energy, or whether you favor the environment, or you favor the economy. The American people have already decided to take an all-of-the-above energy approach. The all-of-the-above energy approach is what we have been implementing and will continue to implement under President Obama.

If there is a choice to be made, still it is whether you are going to be a part of that bright and promising energy future, or whether the politics of the moment are going to see us have a repetition of what we have seen the failed energy policies of past decades. Many of you here will remember the formation of OPEC and President Richard Nixon calling upon the nation to move towards energy independence. You will remember President Jimmy Carter talking about moving forward with the moral imperative war, as we sought energy independence. You'll remember the formation of what then was called SERI that became the National Renewable Energy Lab in Golden, Colorado.

And everyone here should remember, well, the oil and gas price shocks and gas shocks that we have seen since the 1970s. Every time they come around, it's the same old tired bumper stickers on solutions. Well, we're not into that business of bumper sticker solutions. We're into the business of real solutions, not imagined or political solutions for America's energy security.

And, with the work that we have done over the last three years and three months, we have laid a very solid foundation for America to finally get to an energy security that is worthy of the people of this great country. Thank you all very much.

[applause]

THERESA WERNER: Is there any compromise possible between the Republicans and Democrats on energy policy ahead of the elections?

KEN SALAZAR: I think that there is always that possibility. You know, I was a member of the United States Senate. I have great friends on both the Democratic side and the Republican side. I have great friends in the House of Representatives on both sides.

And I remember well being part of the coalitions that put together the 2005 Energy Act and the 2005 Energy Act. I remember the great work of Senator Jeff Bingaman, working hand in hand with Senator Pete Domenici. And we did some great things together.

And so the polarization that we see now in the United States Congress, especially in the House of Representatives, is troublesome. I think their view of just saying no is absolutely the wrong thing to do. What they ought to be doing is saying, “We have significant energy challenges here in America. Gas prices and the oil and gas future of America are tremendously important. And there are a number of things that we could do.” And so, instead of spending their time politicking and trying to get an upper hand through an imagined world, what they should do is to work on real solutions.

THERESA WERNER: What do you say to critics who say that the U.S. is not issuing oil drilling permits quickly enough?

KEN SALAZAR: You know, I think that you’ll find critics that will make those false charges against this administration. But frankly, just over the last three years, 15,500 permits have been processed through the Bureau of Land Management. Just in the last few years, we have done-- we have lived through a national crisis in offshore energy. We have issued, now, over 100 permits to drill in the Gulf of Mexico. And the Gulf is back.

And so those critics simply don’t know what the facts are. And I think it’s another example of the falsehoods that are being spread in this political season. I was with the governor, a Republican in North Dakota and two Senators, one a Democrat and one a Republican in the Fort Berthold Reservation. As we looked at what is happening in the Bakken formation and the development of oil and gas there, where we really look at the Bakken as having as much oil, perhaps, as we now find in Saudi Arabia.

I was there three years ago. And I remember that Senator Dorgan and Senator Conrad took me to the Fort Berthold Reservation. They said, “We have a problem here. the government isn’t working. Permits aren’t being issued. And so there’s no oil and gas development taking place in this million acre reservation.” We set up a permit process to try to break through a bureaucracy that simply wasn’t working at the end of the last administration.

Today, when you go out to the Fort Berthold Reservation, 200 permits have been granted. Oil and gas activity is being seen everywhere. In Indian country alone, where there are millions and millions of acres of potential development, the oil development and production, just on Indian lands, has doubled-- doubled in the last three years. And so, for those who say we are not issuing permits, frankly, they’re simply wrong.

THERESA WERNER: How has the Obama administration improved oil production in the U.S.? And is it lowering gas prices for American families?

KEN SALAZAR: On the oil and gas production, as I said in my comments, we are producing more oil than at any time since 2003 here in the United States of America. Those are just the facts. Those are just the facts. And more gas is being produced in the United States than at any time in our history.

And, when one looks at the question of production from public lands, where we have critics who say we aren't doing enough on public lands, we are now producing 13 percent more oil off of our public lands than was being produced three years ago. So we're doing as much as we can to make sure that we are implementing the "all of the above" energy strategy.

At the end of the day, we all know that we cannot drill our way to energy independence. And those who have tried that approach in the past, frankly, are responsible for the failed energy security policies of the United States last 40 years, because they have not taken the kind of approach that President Obama and we are taking, which is an "all of the above" energy approach, knowing that we need all of the sources of energy to power the American economy.

THERESA WERNER: Gasoline exports are up, squeezing supply and keeping prices high. Shouldn't American oil serve Americans first?

KEN SALAZAR: Well American oil is serving Americans first, because the oil that we're producing here is what we are using to power our economy. From the Gulf of Mexico alone, today about 30 percent of all the oil and natural gas that we produce in the United States comes from the Gulf of Mexico. And it is consumed here in the United States.

So the energy that we are creating here in the United States is partly responsible for the fact that last year alone, we imported less than a million barrels a day than we had in the prior year, a million barrels a day. So the energy that is being produced here is, in fact, being used here in the United States.

On the issue of gas prices, as everybody here in this audience knows, it is determined through global economics. No one has the ability-- not even Harry Potter, okay, to simply wave a magic wand to say that we're going to have gas prices at \$2 dollars or \$2.50 or \$3 dollars, it doesn't work that way. It just doesn't happen that way.

And that really is the point that I hope most Americans understand, that there is no silver bullet. There is no magic wand. And, if we're going to find our way to addressing one of the very most important fundamental questions of the security of the United States, you need to have an energy framework and an energy policy in place, like the one that President Obama and his team have put into place.

And that's an "all of the above" energy strategy that, yes, understands oil and gas is part of our energy future. Renewables, like solar, wind and geothermal, opening up a new chapter that had been closed for such a long time on nuclear. Bio refineries, where

we now have the first four of those commercial bio refineries, where we are going to see advanced biofuels. But it's an "all of the above" energy strategy. And that's what we need to do, is to stay the course in order to get us to a place where the American people are not subjected to the pain of the ups and downs that we've seen in the United States for the last 40 years.

THERESA WERNER: Are gas prices out of control? Will they ever recede? We had someone here who said they visited Greece, and it was at \$9 dollars per gallon. Are we headed in that direction?

KEN SALAZAR: You know, we do not control the price of oil. I check the price of oil every day, because I care. And I know that it's a painful time for the American people. I don't think anyone can speculate what will happen with respect to oil prices and gas prices, because they are set on the global economy.

And what we see happening today are the influences, first, of unrest in places like the Middle East and Iran, which disrupt the markets and allow the futures markets to play on some of what they see the unrest around the world. And secondly, the huge demand that you start seeing in places like China and India and Brazil, where you have lots of people who want to be just like people here in the United States. They want to have their vehicle, and they want to be able to drive their vehicle.

So the unsettled nature of conflicts in the Middle East and what is happening with respect to the global economy, really is what has led to the price hikes that we have seen here today. So where it will all end, no one knows. But what I do know is this, that the "all of the above" energy framework is what we need to stay the course on, in order for us to be able to avoid the kinds of upheavals that we have seen since the formation of OPEC, since the Gulf War 1, Gulf War 2, and so many other events that have transpired since the early 1970s.

THERESA WERNER: I am told that this is breaking news. The Justice Department makes its first arrest in the BP oil spill, a former BP engineer. Do you expect more people to be brought to justice?

KEN SALAZAR: It's breaking news. I've been up here with you. [laughter] Let me just say that the United States has been committed, from day one, to make sure that we are holding BP and others accountable for what happened in the Gulf of Mexico. The Department of Justice obviously is involved in the criminal end of that. We are involved in the civil end of that, with the Justice Department as well.

And, what I can assure the people of this country is that Attorney General Holder and our team who has been working on making sure that BP and other companies are held accountable will, in fact, be held accountable. There are laws and regulations that are on the books. As our reports have shown, including the joint investigation between our department and Homeland Security, there were, in our view, a number of laws and regulations that were, in fact, broken. So people and companies will be held accountable.

THERESA WERNER: BP had at least two criminal felony convictions for safety and environmental crimes and is facing more for the 2010 Gulf oil spill. Yet your department continues to allow the company to drill in U.S. waters. Should there be a “three strikes and you're out” policy for companies just as there are for individuals?

KEN SALAZAR: Our approach is to hold companies accountable in making sure that they are meeting the standards that we have imposed. So, if you look at what happens in the oil and gas world, especially in the deeper waters, we have an approach which is essentially based on a three-legged stool. One of them is prevention. Nobody wants to see blowouts like the one we saw in Macondo before.

The second is containment. If something like the Macondo well blowout were to happen again, we want to make sure that we can move in swiftly, and that the situation can be contained. And the third is oil spill response. If you have an oil spill we want to make sure that we have the ability to be able to respond effectively to an oil spill.

And so, working with industry, with companies that have now been formed like the Marine Well Containment Corporation and Helix, we have made huge progress in terms of the preparedness on oil spill response, as well as containment, and led largely by our agencies and the Ocean Energy Advisory Committee which I have put into place. We are moving forward to make sure that we have good laws that can be followed. And we will keep people accountable for them.

Now, with respect to the question on BP, our expectation is BP will be held accountable for what it has done in the past. In the future, BP will be held accountable to meeting standards that we promulgate through the rules and the permitting process of the Department of Interior.

THERESA WERNER: What would you do differently if there was another oil spill?

KEN SALAZAR: We would move with the same sense of urgency, production in our oceans at depths of 5,000, 10,000 feet are not risk-free. There was always risk there. But the components of the plan that we have put into place, I think would give us an ability to respond very quickly. Because now you have, for example, caps, containment caps that are readily available, that could come in and could be used to stop a well like-- that would be an out of control well like the Macondo well.

So we are much better prepared today than we were before. Part of our effort also has been to try to make sure that the lessons that we have learned here are lessons that the rest of the world can also look at and hopefully follow. Because the oil and gas world is a global industry. So what's happening today in the pre-salts off of Brazil, what other countries are doing in the Arctic Circle, what's happening offshore in Nigeria and other places around Africa, where there are huge reserves of oil but in the very deep water, it's

important that the standards and the efforts that we have here underway in the United States are also learned by other nations.

And so we have worked to make sure that we are engaged in the international world, to assure that the kind of disaster that the BP oil spill brought to the station is not the kind of oil disaster that we will see again.

THERESA WERNER: Since the Deep Water Horizon disaster, are you being more strict on denying drilling permits based on safety and environmental concerns?

KEN SALAZAR: Yes. We have new sets of regulations that have been put into place. The permit reviews are rigorous. We make sure that any company that is going to be operating in the waters of the United States is complying with the rules that we have set out. And so, we are in a much better place today than we were before the Macondo well blew up in the Gulf of Mexico.

THERESA WERNER: How confident are you that Shell's planned drilling in Arctic waters near Alaska will go forward this summer, now that its oil spill response plans have been approved?

KEN SALAZAR: We are still in the process of moving forward with the evaluation of the applications to drill for Shell in two of the seas in the Arctic, the Beaufort and the Chukchi Seas in the United States. And we'll make those decisions soon and in a timely manner. If the decision is made not to move forward, it would be because of the fact that we don't find compliance with the requirements that we have imposed at the Department of Interior through the Bureau of Safety and Environmental Enforcement and through the Bureau of Ocean Energy Management, two agencies which I created.

If, on the other hand, the decision is made to move forward with the exploration of those Arctic seas, it will be done under the most cautious and watched-for exploration program in the history of the world. We need to recognize that we have already seen close to 30 exploratory wells, and prior times have been drilled into the Beaufort and into the Chukchi Seas.

In my view, if we move forward, part of what would happen is that we would be gathering additional information about those Arctic seas, so that then we, as an American public and American government can make informed decisions about how best to move forward.

THERESA WERNER: Senator David Vitter blocked a pay raise for you because he said you weren't approving enough oil drilling permits. Do you believe that this was an attempt at extortion? [laughter]

KEN SALAZAR: You know, Senator Vitter and I came to the Senate at the same time in 2004. I don't know what his motives are. But I can just say to anybody who has watched that debate, that I don't do this job because of the money I get paid. I do this

job because it is singularly the best job in the United States of America on this Cabinet. And I enjoy fixing problems for the American people. And we have made tremendous progress in the last three years. And so, that's what I focus on every day.

THERESA WERNER: The Interior Department has been promising new regulations for hydraulic fracturing on public lands for months. But the rules have yet to materialize. What's the current status of these regulations? And why has it taken so long for them to be released?

KEN SALAZAR: Natural gas is a very important component of America's energy future. The President has endorsed natural gas even in the campaign of 2008, when he spoke about the importance of trying to move forward with the Alaska natural gas pipeline in meetings that I had early on in the administration to move forward in that agenda. So we are strong believers in the future of natural gas as a way to power our economy.

We know and believe that we have a supply which is an American supply, and frankly, not as expensive as oil today, which could power the economy of the United States for the next 100 years. So we will move forward and continue to cheerlead and push forward for a robust natural gas agenda for the United States.

Now, at the same time, as we move forward with the natural gas agenda for the U.S., it's important that people understand that, unless we do it safely and we do it responsibly, we could essentially create the Achilles heel for this great promise of the United States in terms of domestic energy supply. So the commonsense rules-- and they are very commonsense rules that we are putting forward-- are the ones which Director Abbey has held hearings all over the country on, there have been tribal consultations on. And they will involve making sure that there is disclosure of fluids, so people know what's being injected into the underground. It seems to me that that's commonsense.

It will involve well-bore integrity, so you don't have contamination of water quality for drinking water supplies. It will involve making sure that the water that comes back is full back water, that there are monitoring requirements that respect all that. But the finality of those rules has not yet been achieved. We are in the process of working through the final details of all that.

But I would note that we are not the only ones that have been involved in making sure that hydraulic fracturing is one that can be done in a safe way, and that has the support of the potentially affected public. If you look at the State of Colorado, we now have a new set of rules that require disclosure. If you look at the State of Wyoming, one is a Democratic governor, the other is a Republican governor of Wyoming, have moved forward with a commonsense set of hydraulic fracturing rules.

So we will move forward with a commonsense set of rules once we complete the refinement of those rules, which Director Abbey and Assistant Secretary Marston Burke and others have been working on.

THERESA WERNER: We are almost out of time. But before asking the last couple of questions, we have a couple of housekeeping matters to take care of. First I'd like to remind all of you about our upcoming luncheon speakers. On May 4th, Mike Rizzo, General Manager of the Washington Nationals. May 30th, Anna Marie Chavez, the Chief Executive Officer of Girl Scouts of the USA, talking about the 100th anniversary of Girl Scouting. And on June 4th, the Gerald R. Ford Journalism Awards with Chris Matthews will be here at our Club.

Second, I'd like to present our guest with our traditional NPC mug. [laughter] [applause] And a couple of quick last questions. Do you know when the Washington Monument will reopen for visitors? [laughter]

KEN SALAZAR: We're working on it very hard. And I think it will be maybe a year or so out by the time that the construction takes place.

THERESA WERNER: Since you once said you didn't want to be in politics, do you sometimes wish you didn't go beyond that one year? [laughter]

KEN SALAZAR: I think my family might have the opinion that I would have been home more than I am if I hadn't gone into the public world. But I will say this. At the end of the day, when I speak with Alison and Debbie and you, Theresa, the fact is, that we have so much to celebrate, in terms of what the United States stands for in the world, and what we stand for here in our own country.

And I was just back home celebrating my mother's 90th birthday, nine decades. And she's had a tough last 10-12 years. But she had a smile on her face. And I think back about her generation, and how wonderful they were. She, at the age of 19, found a way to get on the train to come work here in Washington, D.C. at the War Department for five years. My father served as a staff sergeant in that war and required us to make sure we buried him in his uniform of World War II because he was so optimistic about what this country could do.

And so I think, in these times of great division and polarization of our world, that we ought to hearken back to that generation that did so much and gave us the opportunity to become, really, the beacon and the hope of opportunity for all of America, but all of humanity. And that really is so much of what hangs in the balance today, is we deal with people who are wanting to deal with the imaginary world, and the unreal world of politics. And then, those of us who are in the trenches, trying to make the world a better place.

So my answer to the question is that I am very proud of the decisions that I have made. And I am very proud of my State of Colorado, that elected me twice to serve as the Attorney General of that state, and who elected me, yes, as a U.S. Senator, and who beat Pete Coor's Mike Soraghan in that very storied election of 2004. [laughter]

THERESA WERNER: How about a round of applause for our speaker.

[applause]

THERESA WERNER: Thank you all for coming today. I would also like to thank the National Press Club staff, including its journalism institute and broadcast center for organizing today's event. Finally, here is a reminder that you can find more information about the National Press Club on our website. And, if you'd like to get a copy of today's program, please check out our website at www.press.org. Thank you. We're adjourned.

END