United States Senate

WASHINGTON, DC 20510

June 25, 2014

The Honorable Sally Jewell
Secretary
Department of Interior
1849 C Street NW
Washington, DC 20240

Dear Secretary Jewell:

Beginning the process of developing the Department of Interior's (DOI) next 5-year leasing plan is an important step to furthering our nation's goals of providing a secure, stable source of domestic energy, leading us towards energy independence and improving our hobbled economy. This latest leasing plan, which will govern oil and gas leasing for 2017-2022 on the Outer Continental Shelf (OCS), should serve as an important step in rectifying the self-inflicted damage done by President Obama's moratorium on energy development in the Gulf of Mexico, as well as the unnecessary termination of the proposed 2010-2015 leasing program that would have rightfully expanded, rather than restricted, access to our federal offshore resources.

As we have pointed out in the past, Section 18 of the Outer Continental Shelf Lands Act (OCSLA) requires that these 5-year leasing plans be designed to "best meet national energy needs for the 5-year period following its approval." The Administration clearly failed to follow the intent of the OCSLA in the previous lease plan by placing over 85% of America's OCS off-limits to energy production and offering the lowest number of offshore lease sales ever offered in the history of the process. You now have a final opportunity during the Obama Administration to put forward a plan that will not only generate substantial government revenues, create jobs, and improve the economy of our nation as well as states and localities, but could have long-term geopolitical benefits through ensuring a decreased reliance on foreign resources in light of a deteriorating situation in Eastern Europe and the Middle East.

The current Obama DOI lease plan, under which you are currently operating, excludes areas of the Outer Continental Shelf (OCS) where expansion had significant bipartisan support. In response, the House of Representatives has sent a clear signal by passing multiple bipartisan bills that call for opening new offshore areas that the Obama administration placed off-limits in their misguided 2012-2017 lease plan. Further, a bipartisan coalition of governors from Gulf Coast and Mid-Atlantic states have recognized the significant economic and job creation benefits of offshore energy production and have repeatedly encouraged the administration to expand offshore access to states that have been blocked from participating in the process. The administration's lost opportunity included leasing off the Atlantic Coast, significant acreage in the Eastern Gulf of Mexico, areas off the coast of Southern California, and multiple areas off the Alaska shoreline. If this new lease plan is to have any credibility, it is imperative that these areas be opened and included in the new plan.

Study after study has shown the positive impacts of expanding offshore oil and gas development in regions that this Administration has blocked. A study by Wood Mackenzie concluded that developing oil and gas resources in the Pacific OCS and Eastern Gulf alone would generate more than 200,000 jobs and add $218 billion to the U.S. economy. A recent study by Quest Offshore Resources also found that oil and gas development in the Atlantic could generate nearly 280,000 jobs, expanding the U.S. economy by up to $23.5 billion. To further underscore the incredible economic potential of offshore oil and gas development, previous reports have even found that simply speeding up permitting could create hundreds of thousands of jobs nationally and over 155,000 in our states alone.

The opportunity for offshore oil and natural gas production provides a significantly positive contrast when compared to offshore wind energy production, which the Administration has spent significant resources pushing. Wind leases net the government $1 to $2 per acre versus $100 per acre for oil and natural gas energy resources in the deepwater. In addition, there is strong indication that the royalty rate for wind energy is a fraction of the tax credit it receives, meaning the government will end up with a net loss of revenue on each project. Moreover, we are unaware of any operating offshore wind facility at this stage despite significant commitment of resources and time by this Administration. With the wind energy production tax subsidy slated to expire at the end of 2014, we cannot imagine any circumstances in which an offshore wind farm is competitive and question why the Administration has devoted many resources to promoting the offshore wind industry when the benefits of developing more domestic oil and gas are proven.

A recent analysis by Mark P. Mills, Senior Fellow at the Manhattan Institute, found the following:

- In the 10 states at the epicenter of oil & gas growth, overall statewide employment gains have greatly outpaced the national average.
- A broad array of small and midsize oil & gas companies are propelling record economic and jobs gains—not just in the oil fields but across the economy.
- America's hydrocarbon revolution and its associated job creation are almost entirely the result of drilling & production by more than 20,000 small and midsize businesses, not a handful of "Big Oil" companies. In fact, the typical firm in the oil & gas industry employs fewer than 15 people.
- The shale oil & gas revolution has been the nation's biggest single creator of solid, middle-class jobs—throughout the economy, from construction to services to information technology.
- In recent years, America's oil & gas boom has added $300–$400 billion annually to the economy. Without this contribution, GDP growth would have been negative and the nation would have continued to be in recession.

Given the tremendously positive impacts that opening these waters to new drilling would have on our struggling economy, the massive job creation an expanded plan would yield, and the foreign policy benefits from expanding domestic fossil fuel production as unrest increases in areas of the world such as the Middle East and Russia, we respectfully advise that now is not the time to play politics with such a decision. This administration and the DOI should take this opportunity to strengthen both the American economy as well as our geopolitical standing by issuing a 5-year leasing plan that expands offshore access to new areas consistent with our nation's energy and economic needs.

Sincerely,

David Vitter
U.S. Senator
Louisiana

Roger Wicker
U.S. Senator
Mississippi

Jeff Sessions
U.S. Senator
Alabama

Tim Scott
U.S. Senator
South Carolina