

The Honorable Bobby Jindal, Governor of Louisiana (Chair)
The Honorable Sean Parnell, Governor of Alaska
The Honorable Rick Perry, Governor of Texas
The Honorable Phil Bryant, Governor of Mississippi
The Honorable Robert Bentley, Governor of Alabama
The Honorable Nikki Haley, Governor of South Carolina
The Honorable Robert McDonnell, Governor of the Commonwealth of Virginia



March 13, 2012

President Barack Obama
The White House
1600 Pennsylvania Avenue NW
Washington, DC 20500

Dear Mr. President:

On behalf of all of the Governors participating in the Outer Continental Shelf (OCS) Governors Coalition, we are writing to inform you of the status of our coalition and to express some concerns we have regarding the status of offshore energy development.

In May 2011, the Governors of Alaska, Louisiana, Mississippi, Texas and Virginia formed the OCS Governors Coalition with the goal of better understanding the promise and potential of offshore energy development. Since its inception, the Governors of Alabama and South Carolina have joined the Coalition.

Specifically, the mission of the Coalition is to improve the potential role of offshore energy production in a comprehensive national energy policy. In addition, the Coalition seeks improved communication with federal officials on offshore resource development and improved overall management and stewardship of coastal resources. We believe these resources could play an important role in job creation, increasing economic activity, mitigating national, state and local government deficits, reducing our foreign trade deficit and putting America on a path to energy independence.

Similar to your recent endorsement of an "all-of-the-above" energy policy, our Coalition embraces the understanding that the United States should develop all of our energy resources – both traditional and renewable sources – to provide our nation with a stable, secure supply of affordable American energy. The soaring cost of fuel further underscores how imperative a comprehensive domestic energy policy is for American families and businesses, particularly at a time of economic recovery.

As we begin a New Year, the Coalition has identified four priorities for 2012 and would like to begin a better dialogue with your Administration in order to address these concerns.

First, the Coalition recognizes that the pace and level of permitting for offshore exploration and production in the Gulf of Mexico and off Alaska must accelerate. We appreciate the safety and regulatory measures implemented by industry and regulators following the *Deepwater Horizon* tragedy in April 2010. Since the incident, delays in permitting, a lack of new permits issued and, in some cases, overly burdensome permit conditions have resulted in dramatically lower investment in U.S. offshore energy – both in comparison to historic levels and to current global norms. While some progress has been made to decrease the average wait time for approvals, we would urge stronger, swifter action. In order to resolve these delays and put our states back to work, the Administration must examine ways to streamline the permitting process and to ensure operators receive permits in a predictable and sustainable way that do not impose onerous, arbitrary conditions that may limit the economic viability of OCS development. This is critical to allow companies to plan their activities and make investment decisions.

Second, the Coalition urges the Administration to expand access to new offshore areas for traditional and renewable energy development. Principally, we remain disappointed by the Administration's failure to include new leasing areas in the Proposed Draft Five-Year Plan for Oil and Gas Leasing for 2012-2017. Despite strong bipartisan support from Virginia, the Administration did not reinstate a lease sale off Virginia. Areas of the Mid- and South-Atlantic and the Eastern Gulf of Mexico contain abundant reserves of oil and natural gas. But with the decision to exclude these areas from consideration where supported by adjacent states, exploration of these frontier areas will not proceed until at least 2018. We urge the Administration to consider more thoroughly the wishes of the affected states when considering offshore leasing plans.

Meanwhile, the Coalition is pleased to see progress on leasing for offshore wind development, including off Virginia's coasts. Other members in the Coalition look forward to similarly exploring the opportunities for offshore wind and tidal energy, and we would appreciate similar cooperation with the Administration on these potential initiatives in the future.

However, we do have concerns that the National Ocean Council (NOC) and its proposed coastal and marine spatial planning will have unintended consequences for all types of energy development, including offshore wind leasing. Before the Council proceeds with its planning program, we urge the Administration to allow for a better understanding of the bureaucratic hurdles that will be erected through this process and for our coalition states to play a more substantial role in NOC recommendations.

Third, the Coalition believes all states that host OCS development off its shores should participate in revenue-sharing associated with offshore energy production. Revenue-sharing provides states with resources to fund coastal restoration and conservation, helping to protect and preserve their coastlines. As an example, Governor Jindal recently released the Louisiana Comprehensive Master Plan for a Sustainable Coast. Funding from future OCS development received by Louisiana through the Gulf of Mexico Energy Security Act of 2006 is critical to protecting citizens from hurricanes and saving Louisiana's coast. As federal and state governments examine opportunities for expanded energy development, we hope the Administration supports efforts to extend revenue-sharing.

Finally, the Coalition seeks updated evaluations on OCS resources. In order to make sound decisions about OCS development, policymakers need current assessments of U.S. offshore energy reserves. Due to advances in technology, the Department of the Interior's estimates for OCS reserves has increased dramatically over the past decade. We believe expanded assessment of offshore resources – particularly in those areas not currently available for leasing – will allow the federal government and the states to reach more informed policies on the role of the OCS in a comprehensive national energy policy. As you know, the National Petroleum Council (NPC) report "Prudent Development" highlighted the vast oil and natural gas resources in the United States, including the OCS, and described how these resources can be developed safely without harming the environment.

The Coalition seeks to establish mechanisms for consistent dialogue with the Administration on these vital issues, and ways for states to have additional input into these determinations. In addition to improving communication via this Coalition, we would recommend that your Administration reestablish the OCS Policy Committee within the Department of the Interior. The previous Committee, whose charter expired in 2010, allowed participation from all coastal state governors, as well as several federal agencies, the business community, the environmental community and other local constituencies. This type of inclusive, consistent communication will help drive a sound OCS policy.

Improving our collective understanding of domestic offshore energy prospects and finding solutions that benefit all Americans through reduced dependence on overseas energy sources, increased domestic

energy production, decreased foreign trade deficit and more domestic employment opportunities will help to ensure a bright future for generations of Americans.

We appreciate your attention to these matters, and the Coalition looks forward to working with your Administration more closely to advance these objectives.

Sincerely,



Governor Bobby Jindal
State of Louisiana



Governor Sean Parnell
State of Alaska



Governor Nikki R. Haley
State of South Carolina



Governor Robert Bentley
State of Alabama



Governor Robert McDonnell
State of Virginia



Governor Rick Perry
State of Texas



Governor Phil Bryant
State of Mississippi

Cc: Secretary of the Interior Kenneth Salazar
Bureau of Safety and Environmental Enforcement Director James Watson
Bureau of Ocean Energy Management Director Tommy Beaudreau
National Oceanic and Atmospheric Administration Director Jane Lubchenco