

The Honorable Sean Parnell, Governor of Alaska (Chair)
The Honorable Bobby Jindal, Governor of Louisiana
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 Virginia
The Honorable Pat McCrory, Governor of North Carolina



March 6, 2013

The Honorable Ron Wyden
Chairman
Committee on Energy and Natural Resources
United States Senate
304 Dirksen Senate Building
Washington, DC 20510

The Honorable Lisa Murkowski
Ranking Member
Committee on Energy and Natural Resources
United States Senate
304 Dirksen Senate Office Building
Washington, DC 20510

Dear Chairman Wyden and Senator Murkowski,

I am writing on behalf of the Outer Continental Shelf (OCS) Governors Coalition, which is a group of coastal state governors who joined together in May 2011 to promote a constructive dialogue on OCS energy resource planning and development amongst coastal state governors and federal policy makers. Currently, I serve as chair of the Coalition. On behalf of the Coalition, I respectfully request that you consider addressing the topics listed below with Interior Secretary Designate Sally Jewell during her confirmation hearing before your committee on March 7, 2013.

As you know, all federal decisions regarding energy exploration and production on the OCS must be made in consultation with affected states. However, in recent years, the federal government has taken significant actions affecting OCS energy development with little consultation with the states. For this reason, the governors have joined the Coalition to foster a more productive dialogue between the federal government and the coastal states on energy resource evaluation, sustainable resource development, and other OCS policy matters.

With the change in leadership at the Department of the Interior, the OCS Governors Coalition hopes to cultivate a substantive, ongoing dialogue with Ms. Jewell on the opportunities and challenges facing offshore energy development and the roles that coastal states play in the development and execution of federal OCS policy.

Items of Interest for Discussion with Ms. Jewell:

1. One of the core missions of the OCS Governors Coalition is to promote a constructive dialogue with federal policy makers on decisions affecting offshore development. Unfortunately, over the past few years, the governors have been concerned with the lack of communication between federal and state officials, particularly in regard to the development of offshore leasing plans.

Of note, President Obama canceled Lease Sale 220 off Virginia in December 2010, without sufficient consultation with the Commonwealth of Virginia. The bipartisan leadership in Virginia has clearly indicated multiple times that it supports a leasing program in the Atlantic, and Governor McDonnell has addressed the Administration's concerns about safety and spill containment infrastructure and coordination with military operations in the area.

Similarly, prior to release of the proposed Final Outer Continental Shelf Oil and Natural Gas Leasing Program for 2012-2017, the State of Alaska was not consulted on the Department of the Interior's decision to postpone lease sales off Alaska one year from the initial timeframe.

Understanding the multiple stakeholder conversations that go into planning a leasing program, can you discuss the legal and otherwise appropriate role for the input of state governments? What actions would you take to ensure sufficient and ongoing input from the states?

2. A second priority for the OCS Governors Coalition is the pace of permitting for OCS oil and natural gas operators. Following the temporary deepwater-drilling moratorium in 2010, operators experienced significant delays in plan and permitting approval. Even though operators in the Gulf of Mexico are starting to return to pre-Macondo operation levels, several concerns with the inefficient and inconsistent regulatory regime for offshore operators remain.

What measures can be taken by the Department of the Interior to ensure a more timely and consistent regulatory framework for all operators without sacrificing environmental safety?

3. In a recent meeting of the governors, we each agreed that revenue sharing of royalties generated from offshore leasing and energy production should be shared equally with all coastal states that produce energy – either traditional or renewable – off its shores. These revenues are critical for funding state coastal restoration and conservation efforts as well as other state programs. While Texas, Louisiana, Mississippi, and Alabama (all OCS Governor member states) benefit from revenue-sharing, Alaska and states along the Atlantic coast are not eligible for revenue sharing.

Do you believe there should be consistency on revenue sharing for all coastal states?

4. Three members of this Coalition – Virginia Governor McDonnell, North Carolina Governor McCrory, and South Carolina Governor Haley – corresponded with you recently regarding your stance on revising current leasing plans to permit a lease sale in the Atlantic. As you understand, each of these governors supports the opening of the Atlantic for oil and natural gas exploration. The Bureau of Ocean Energy Management is finalizing its evaluation of the impact of seismic activity in the Atlantic, a critical first step in assessing the resource base in the area. However, it is unlikely industry will move forward with these costly studies without the promise of a lease sale.

The Honorable Ron Wyden
The Honorable Lisa Murkowski
March 6, 2013
Page 3

Can you please discuss your thoughts on reissuing a lease sale in the Atlantic now and including additional leasing opportunities in the Department's 2017-2022 leasing plan?

5. Ongoing budget constraints and cuts to the Department of the Interior's budget will undoubtedly affect the ability of federal regulators to develop and execute leasing plans, process permits and plans, and move forward on new programs for renewable offshore energy. At the same time, the Bureau of Ocean Energy Management and the Bureau of Safety and Environmental Enforcement are continuing to institute reform efforts following the restructuring of the Minerals Management Service. Parts of these efforts focus on improving the quality and number of regulators.

How would you mitigate the impact that budget cuts could have on the ability of the Department of the Interior to issue permits and execute environmental studies and leasing programs in a timely manner? Further, what measures can you institute, as a former business executive, to attract talented and experienced regulators?

Thank you for consideration of these important matters as you prepare for the March 7th hearing.

For general information on the Coalition and its members, please visit our website at <http://www.ocsgovernors.org/>. If you have any questions or if the OCS Governors Coalition can be of any further assistance, please contact Kip Knudson, my Director of State and Federal Relations, at 202-624-5858 or via email at kip.knudson@alaska.gov.

Best regards,



Sean Parnell
Governor of Alaska
Chair, OCS Governors Coalition

cc: The Honorable Bobby Jindal, Governor of Louisiana
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 Virginia
The Honorable Pat McCrory, Governor of North Carolina
The Honorable Dan Sullivan, Commissioner, Alaska Department of Natural Resources
Kip Knudson, Director of Federal/State Relations, Office of the Governor