

The Honorable Sean Parnell, Governor of Alaska (Chair)
The Honorable Pat McCrory, Governor of North Carolina (Vice 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



December 16, 2013

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

Dear 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 among 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 Assistant Secretary of the Interior for Land and Minerals Management-Designate Janice Schneider during her confirmation hearing before your committee on December 17, 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 had little consultation with the states before taking significant actions affecting OCS energy development. 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.

Should she be confirmed, the OCS Governors Coalition hopes to cultivate a substantive, ongoing dialogue with Ms. Schneider 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. Schneider:

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 state and federal officials, particularly in regard to the development of offshore leasing plans.
 - a. 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.

- b. 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.
 - c. 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.
 - a. 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 previous 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 their respective 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 that is capped and can only be used for limited purposes, Alaska and states along the Atlantic coast are not eligible for revenue sharing.
 - a. Do you believe there should be consistency on revenue sharing for all coastal states?
4. Virginia Governor McDonnell, North Carolina Governor McCrory, and South Carolina Governor Haley – all of whom are members of the Coalition – support the opening of the Atlantic for oil and natural gas exploration. The Bureau of Ocean Energy Management is working on a Programmatic Environmental Impact Statement (PEIS) for geological and geophysical activity in the Atlantic in order to allow seismic surveyors to uncover the true potential of the resources in that region. The PEIS review has already lasted nearly four years and the coalition has continuing concerns that further delays could ultimately forestall Atlantic leasing. At the same time, we are pleased that Bureau of Ocean Energy Management (BOEM) Director Tommy Beaudreau recently acknowledged that the Interior Department can proceed

with including Atlantic leasing in the next five year plan, even if new seismic data has not yet been collected.

- a. Can you please discuss your thoughts on including additional leasing opportunities in the Department's 2017-2022 leasing plan?
5. A recent report released by the Woodrow Wilson International Center for Scholars recommends that lease terms in the Arctic OCS be lengthened to ensure that operators have sufficient time to recoup the large capital investment required to extract resources in this region. Currently, lease terms are ten years in the Arctic. Greenland allows for 16 year extensions of leases, and Canada permits companies to retain leases indefinitely if oil or gas is found within the initial nine year lease timeframe. The report suggests that a combination of the Greenland and Canadian lease frameworks would be appropriate in the American Arctic.
- a. Could you please discuss your thoughts on the possibility of expanding the lease timeframe with respect to the Arctic OCS to ensure that operators are able to operate efficiently in a frontier region?

Thank you for consideration of these important matters as you prepare for the December 17th 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 for the State of Alaska, 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 Pat McCrory; Governor of North Carolina; Vice Chair, OCS Governors Coalition
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 Joe Balash, Commissioner, Alaska Department of Natural Resources
Kip Knudson, Director of State and Federal Relations, Office of the Governor, State of Alaska