

The Honorable Pat McCrory, Governor of North Carolina (Chair)
The Honorable Robert Bentley, Governor of Alabama
The Honorable Bill Walker, Governor of Alaska
The Honorable Bobby Jindal, Governor of Louisiana
The Honorable Paul LePage, Governor of Maine
The Honorable Phil Bryant, Governor of Mississippi
The Honorable Nikki Haley, Governor of South Carolina
The Honorable Terry McAuliffe, Governor of Virginia



March 30, 2015

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

RE: Request for Comments on the 2017-2022 Draft Proposed Outer Continental Shelf Oil & Gas Leasing Program

Dear Secretary Jewell:

The Outer Continental Shelf (OCS) Governors Coalition is pleased to submit comments on the Draft Proposed 2017-2022 Outer Continental Shelf Oil & Gas Leasing Program (Draft Proposed Program). We first would like to thank you for considering the requests of coastal governors in your decision regarding which areas to include for further offshore leasing consideration. States whose governor or representative specifically requested inclusion have at least a portion of the Outer Continental Shelf off their coast included in the Draft Proposed Program.

The OCS Governors Coalition is a bipartisan group of eight governors who support policies that encourage the safe, responsible expansion of offshore oil, natural gas and renewable energy to the benefit of the nation, our states and our citizens. Our principal role in the OCS Governors Coalition as state executives is to explore the opportunities and challenges associated with offshore energy development and coastal management in order to appropriately balance economic prospects with the health and safety of our citizens and coastal resources. We believe that opening up new OCS areas for responsible energy development and expanding revenue sharing to all participating coastal states and communities will lead to a more prosperous and secure future for our citizens.

The Draft Proposed Program is the first of three proposals issued by the Bureau of Ocean Energy Management (BOEM) during the formation of the new Five Year Program. It identifies the maximum extent of areas that will be further analyzed during the process. We understand that once an area is narrowed, it cannot be expanded without an act of Congress or restarting the entire Five Year Program development process. Therefore, the OCS Governors Coalition urges the BOEM to preserve the full extent of all eight OCS planning areas identified at this stage and not further restrict access to development until after the issuance of the Final Program. Any additional narrowing or exclusion of proposed lease areas should be delayed until after the BOEM has completed the Programmatic Environmental Impact Statement. Forthcoming environmental analyses during the National Environmental Policy Act process and ongoing conversations with the U.S. Department of

Defense, U.S. Coast Guard, National Oceanic and Atmospheric Administration, National Aeronautics and Space Administration, oil and gas operators, renewable energy producers, various marine industries and other stakeholders will best determine the areas that should be ultimately included in the final lease offering.

The Draft Proposed Program contains lease sale options for eight OCS planning areas within three regions. Under your preferred Option 1, 10 lease sales are proposed for the Gulf of Mexico (GOM) region including one sale each in 2017 and 2022 and two sales each year from 2018 to 2021; three lease sales are proposed for the Alaska region including Beaufort Sea (2020), Cook Inlet (2021) and Chukchi Sea (2022); and one lease sale is proposed for the Mid-Atlantic and South Atlantic program areas within the Atlantic region in 2021. The OCS Governors Coalition generally supports Option 1 but asks that a combination of Option 3 with Option 1 be selected for the GOM region and earlier leasing dates be considered for the Alaska and Atlantic regions.

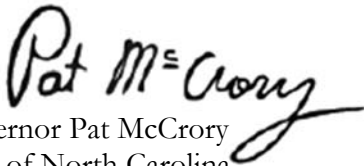
Option 1 opens the Mid-Atlantic and South Atlantic program areas within the Atlantic region to oil and gas development after several decades of being off limits. Tapping into the conservatively estimated 3 billion barrels of oil in the Atlantic region has the potential to create 130,000 good paying jobs, generate more than \$60 billion in local spending and fund critical coastal needs through revenue sharing. Advanced drilling techniques, marine well containment and spill response combined with greater regulatory oversight have made environmentally safe access to the oil and gas reserves in the Atlantic OCS attainable and economical.

As coastal governors, it is incumbent upon us to consider and prepare for all of the impacts and ancillary needs that offshore oil, gas and wind energy development present. Offshore energy development will require the building of new infrastructure, the expansion of public services and new environmental protection measures. Sharing of revenues with coastal states will help address the externalities that states and coastal counties assume with offshore energy development. These revenues would help state governments expand coastal management and conservation; build new roads, docks, ports and other necessary infrastructure; fund emergency preparation and response; and expand public service to support the influx of new industry and workforce. Improving the coastal infrastructure and management will add to the overall economic wellbeing of coastal communities adjacent to offshore development.

We urge the Obama Administration to support legislation that would expand revenue sharing to all participating coastal states and modify the existing revenue sharing structure for the Gulf States to ensure a more equitable system. During our most recent meeting of the OCS Governors Coalition in Washington, D.C. on February 20, 2015, we agreed to support and encourage regional and national revenue sharing legislation. Several members of our Congressional Delegations are currently drafting legislation to allocate a portion of the bonuses, rents and royalties from offshore drilling to the energy producing coastal states. Your support could help this funding be available for states to properly address the coastal impacts of offshore production.

We appreciate the BOEM's efforts to engage coastal governors in this important process and look forward to continuing this dialogue throughout the development of the leasing program. Please direct any questions to Donald R. van der Vaart, Secretary of the North Carolina Department of Environment and Natural Resources, at donald.vandervaart@ncdenr.gov or via telephone at 919-707-8625. Dr. van der Vaart serves as a point of contact for Governor McCrory, Chair of the OCS Governors Coalition.

Sincerely,



Governor Pat McCrory
State of North Carolina
Chair, OCS Governors Coalition



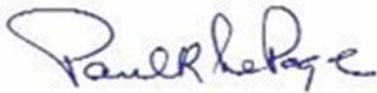
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State of South Carolina

CC: Abigail Hopper, Director, Bureau of Ocean Energy Management
Kelly Hammerle, Five-Year Program Manager, Bureau of Ocean Energy Management