The Honorable Paul LePage, Governor of Maine (Chair)
The Honorable Phil Bryant, Governor of Mississippi (Vice Chair)
The Honorable Kay Ivey, Governor of Alabama
The Honorable Bill Walker, Governor of Alaska
The Honorable Greg Abbott, Governor of Texas
The Honorable Terry McAuliffe, Governor of Virginia

August 17, 2017

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

RE: Request for Information on 2019 – 2024 Outer Continental Shelf National Oil & Gas Leasing Program

Dear Secretary Zinke:

The Outer Continental Shelf (OCS) Governors Coalition is pleased to submit our views on areas to be considered for inclusion in the Department of the Interior's 2019 – 2024 National Oil & Gas Leasing Program. We appreciate your commitment to engage states in this process.

The OCS Governors Coalition was created by governors from coastal states in May 2011 to promote a constructive dialogue on OCS energy-resource planning and development between coastal state governors and federal policy makers. The bipartisan group of governors supports policies that encourage a safe, responsible expansion of offshore oil, natural gas, and renewable energy development to the benefit of the nation, our states, and our citizens. As state executives, our principal role in the OCS Governors Coalition is to consider the opportunities and challenges of offshore energy development and coastal management in order to appropriately balance economic prospects with the health and safety of our citizens and coastal resources.

The Bureau of Ocean Energy Management's (BOEM) multi-step process to formulate the five-year leasing program provides policy makers and the public the ability to review and revise the nation's offshore energy policy in light of new economic developments, environmental circumstances and energy demand. At this stage in the process, the OCS Governors Coalition urges the BOEM to include all unleased areas of the U.S. Outer Continental Shelf in its Draft Proposed Program. These include unleased areas in the Atlantic, Gulf of Mexico, and off the coast of Alaska. Forthcoming environmental analyses conducted during the National Environmental Policy Act process and ongoing conversations with federal agencies, states, oil and gas operators, renewable energy producers, various marine industries, and other stakeholders will determine the areas that are ultimately included in the final program and scheduled for potential lease.

The OCS Governors Coalition believes it is prudent to include all leasing options in the Draft Proposed Program, understanding that circumstances affecting leasing decisions could change during the course of the program's development and implementation. Access to offshore energy resources will allow coastal states and communities to realize great economic opportunities. The successful development of the Gulf of Mexico and the initial exploration of Alaska's OCS demonstrate how responsible offshore energy development can generate many good paying jobs, spur activity in a host of associated industries, and generate billions of dollars in tax revenue.

The OCS Governors Coalition also believes that states must have an up-to-date assessment of the potential resource base off their coasts in order to inform decision making regarding offshore development and, thus, we welcome your decision to reevaluate permits to conduct seismic surveys in the Mid- and South Atlantic. The acquisition of new geophysical data will increase understanding of the potential size and value of resources in this area. Expanded evaluation of offshore areas, especially those not currently open to exploration and production, is necessary for policy makers to make informed decisions about the economic and environmental goals of offshore energy policy and to allow more effective communication between federal and state officials regarding resource potential and offshore energy policy.

The OCS Governors Coalition also strongly urges the Trump Administration to support existing revenue sharing with states, as well as any legislative efforts to expand revenue sharing to all participating coastal states. Further, we urge that the existing revenue sharing cap for the Gulf States be lifted, thus ensuring a more equitable system of sharing the benefits of offshore development with the affected states. Sharing of revenues with coastal states can help address the externalities that states and coastal counties assume with offshore oil, natural gas, and wind development. The current system of limited revenue sharing utilized in the Gulf of Mexico provides state governments only some of the resources necessary to expand coastal management and conservation, build new roads, docks, ports and other necessary infrastructure, and expand other public services. We strongly believe that equitable revenue sharing allows states to properly address the coastal impacts of offshore production.

In addition to conveying our opinions on areas to be considered for leasing, the OCS Governors Coalition is also providing a response to the Request for Information on the impacts of additional leasing, exploration, and production on states.

Safe exploration and production of offshore resources must be part of a long term, "all-of-the-above" energy plan that permits access to onshore and offshore hydrocarbons, grows opportunities for alternative and renewable energy sources and expands efforts to use energy more efficiently. OCS energy development will provide a safe and stable domestic supply of oil and natural gas.

The BOEM estimates that the U.S. OCS holds approximately 90 billion barrels of oil and more than 327 trillion cubic feet of natural gas which are technically recoverable. Recent increases in onshore oil and natural gas extraction coupled with greater efforts to conserve energy and utilize renewable energy sources have helped reduce our dependency on overseas energy resources. However, the United States still relies on imported oil to meet demand and will continue to do so in the absence of new resource development. The U.S. Energy Information Administration estimated in its 2017 Annual Energy Outlook that foreign imports will comprise more than 40% of U.S. crude oil supplies in 2040 and almost 45% of domestic supplies in 2050. Greater access to offshore traditional and renewable energy resources will increase domestic supplies, advancing our nation's economic and energy security interests.

The OCS Governors Coalition has provided an excellent forum for Atlantic Coast governors to engage in meaningful dialog with governors from the Gulf Coast and Alaska regarding the economic impact of offshore development. Sharing these experiences informs us of ways to promote best practices and maximize opportunities for our coastal residents.

In fiscal year 2014, offshore energy development in the Gulf of Mexico supported more than 650,000 jobs and contributed $64 billion annually to the Gross Domestic Product. In that same year, the federal government collected more than $7 billion in revenue from offshore royalties, rents, and bonuses in the Gulf of Mexico. New access will allow other states and coastal communities to benefit from additional industry and supplier jobs and will spur enhanced economic activity. For Alaska, new leasing and continued access to the existing Beaufort and Chukchi leases could generate more than 54,000 jobs nationally, more than 26,000 of which would be located in Alaska.[1] Studies have similarly found that access to Atlantic OCS development could generate 215,000 jobs in the Atlantic Coast region.[2]

Expanded revenue sharing with the states will augment these economic benefits by providing resources to improve coastal infrastructure and management. This will, in turn, add to the overall economic wellbeing of coastal communities adjacent to offshore development.

We appreciate the efforts of BOEM to engage coastal governors in this important process, and we look forward to continuing this dialog throughout the development of the leasing program.

Please direct any questions to Angela Monroe, Acting Director Maine Governor's Energy Office, at angela.monroe@maine.gov or via telephone at 207-624-7446. Ms. Monroe serves as the principal point of contact for Governor LePage, Chair of the OCS Governors Coalition.

Sincerely,

Governor Paul R. LePage
State of Maine
Chair, OCS Governors Coalition

Governor Phil Bryant
State of Mississippi
Vice Chair, OCS Governors Coalition

Governor Kay Ivey
State of Alabama

Governor Bill Walker
State of Alaska

[1] Northern Economics and the Institute of Social and Economic Research, University of Alaska Anchorage, "Potential National-Level Benefits of Alaska OCS Development." February 2011. http://arcticenergycenter.com/wp-content/uploads/2015/08/National-Effects-Report-FINAL.pdf (accessed August 1, 2017).

[2] Quest Offshore Resources, Inc., "The Economic Benefits of Increasing U.S. Access to Offshore Oil and Natural Gas Resources in the Atlantic." December 2013. http://www.noia.org/wp-content/uploads/2013/12/The-Economic-Benefits-of-Increasing-US-Access-to-Offshore-Oil-and-Natura....pdf (accessed August 1, 2017).