

The Honorable Sean Parnell, Governor of Alaska (Chair)
The Honorable Pat McCrory, Governor of North Carolina
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 2, 2013

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

RE: Comments on the Bureau of Ocean Energy Management's "Annual Progress Report on Outer Continental Shelf (OCS) Oil and Gas Leasing Program 2012-2017"

Dear Secretary Jewell,

On behalf of the Outer Continental Shelf (OCS) Governors Coalition (Coalition), we commend you and the Department of the Interior for your efforts to promote transparency by seeking public input on the progress of the OCS Oil and Gas Leasing Program for 2012-2017. The availability of the annual report for public review can create a new opportunity to establish a continuing dialogue with those coastal states and communities most affected by offshore energy development.

Developing Offshore American Oil and Gas Safely

The Bureau of Ocean Energy Management (BOEM) annual leasing report highlights some of the important developments in safety regulation and technology that have been successfully implemented since the Deepwater Horizon blowout and spill in 2010. The Coalition has spent extensive time learning about the regulatory regimes and technological advances that help ensure the safety of OCS operations. We have learned that since new regulations and voluntary programs have raised the cost of developing a deepwater well by 25 to 30 percent, these investments have further minimized the risk of an accident.

As governors of coastal states, we must balance the health and resilience of our coastlines with the economic opportunities that offshore energy development presents. We strongly believe that sound, efficient regulation combined with the ingenuity of OCS operators can ensure that development proceeds safely and sustainably.

Areawide Leasing in the Western and Central Gulf of Mexico Ensures Expeditious Development

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The Coalition applauds BOEM's ongoing commitment to pursue areawide leasing in the Western and Central Gulf of Mexico. The program's Western and Central Gulf lease schedule properly permits access at a level that will allow industry to develop these prodigious resources in a reasonable timeframe. The Gulf of Mexico continues to be an energy powerhouse, and advanced seismic surveying confirms that the area will continue to produce abundant resources for American consumers for generations to come.

At the same time, BOEM's leasing program for 2012-2017 does not effectively prepare for the expansion of OCS development into frontier areas, including the Arctic, Mid- and South-Atlantic, and the Eastern Gulf of Mexico.

Arctic Areawide Leasing Creates Efficiencies and Jobs

As to the Arctic, the Coalition opposes the adoption of tract-selection leasing rather than areawide leasing in the region. By curtailing access to pre-selected areas, the federal government will significantly limit the jobs and energy development potential of offshore areas such as the Chukchi and Beaufort Seas without producing any notable environmental benefits. Areawide leasing – in effect for all U.S. OCS regions for over three decades – has the distinct advantage of allowing producers to more fully consider the geological structure of the region and adapt a more efficient drilling program. Furthermore, the U.S. Government Accountability Office has concluded that areawide leasing has encouraged “greater production and, ultimately, greater revenue from earlier receipts of rents, royalties, and taxes.” Under an areawide program, BOEM still reserves the right to retract certain areas from leasing during the environmental review process. More importantly, the Coalition disagrees with the discriminatory treatment toward the Arctic region. While the region does present certain challenges, uniquely subjecting Arctic oil and natural gas development to a tract-selection leasing process in order to minimize environmental impacts is neither necessary nor justified.

Moving Forward on Responsible Development in the Atlantic

In the Atlantic, the Coalition believes that the current five-year program and ongoing BOEM activities may not adequately prepare the region for future leasing and development. Principally, the Coalition strongly encourages the finalization of a Programmatic Environmental Impact Statement (PEIS) for geological and geophysical activity in the Mid- and South-Atlantic in order to allow seismic surveyors to uncover the true potential of our Atlantic resources. 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 commend BOEM Director Beaudreau for his recent comments acknowledging that the Department can proceed with including Atlantic leasing in the next five-year plan even if new seismic data has not yet been collected. We respectfully urge you to commence work now on the 2017-2022 program in order to fully consider the opportunity to include Atlantic leasing.

The Honorable Sally Jewell

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Expanding Responsible Development to the Eastern Gulf of Mexico

Finally, the Coalition commends BOEM for scheduling an Eastern Gulf of Mexico lease sale in 2014. Although most of the Eastern Gulf of Mexico planning area remains under congressional moratorium until 2022, BOEM's effort to move forward with leasing in this region is a positive step towards preparing for expanded access in the region once the moratorium expires. BOEM, however, should begin preparing now for future access to the region when the moratorium expires during the next five-year plan. Recent seismic studies show that the Eastern Gulf of Mexico could contain upwards of 5.1 billion barrels of oil and 16.1 trillion cubic feet of natural gas, and we should be prepared to harness this great resource responsibly.

Our nation's combined OCS energy resources have the potential to better secure America and generate significant economic opportunities, particularly for coastal states that host development off their shores. Access to these resources is paramount to achieving our nation's goal of energy self-sufficiency.

The Coalition applauds your outreach to the American public in seeking comments on the progress of the OCS leasing program, and we hope you will view us as a trusted partner in this ongoing dialogue. We look forward to continuing this conversation with you on policies affecting our OCS energy resources more in the future.

If you would like to learn more about the mission of the OCS Governors Coalition, please visit www.ocsgovernors.org. You may also reach out to Kip Knudson, my Director of State and Federal Relations for the State of Alaska, at 202-624-5859 or via email at kip.knudson@alaska.gov.

Sincerely,



Sean Parnell
Governor, State of Alaska
Chair, OCS Governors Coalition