United States Senate
WASHINGTON, DC 20510

December 7, 2004

The Honorable Gale Norton
Secretary
U.S. Department of the Interior
1849 C Street, N.W.
Washington, D.C. 20240

Dear Madam Secretary:

It is our understanding that in December 2004, the Department of Interior will issue a Request for Comments for the development of its new 5-Year Outer Continental Shelf ("OCS") Oil and Gas Leasing Program for 2007-2012. The result of this 5-Year Program will determine the size, timing, and location of all oil and gas lease sales on the OCS for the period 2007-2012.

While we recognize that many areas of the OCS are under administrative withdrawal and/or Congressional moratoria, we are writing to request that the Department of Interior solicit comments from all interested parties on the appropriateness of leasing in both moratoria and non-moratoria areas on the OCS. In addition, we believe that comments should be solicited on the possibility of issuing natural gas only leases in the moratoria areas on the OCS during this period.

As you know, while oil prices have been consistently over $40 a barrel for several months, our country also faces a serious natural gas problem. Demand continues to increase—in 2003 Americans used 22 trillion cubic feet (TCF) of natural gas, by 2025 consumption is expected to be 29 TCF to 34 TCF, according to the Energy Information Administration—but supply is not keeping up with demand. The imbalance we face has been years in the making. Quite simply, we have pursued a policy that is in conflict with itself. On the one hand we encourage the use of natural gas in this country to meet our energy needs and environmental goals. Of the new electric generating power either recently constructed or about to be in operation over the next few years, over 90% will be fueled by natural gas. However, we have ignored the supply side of the equation. Some combination of increased production, conservation and imports will be required to fill in this gap.

In the 1990s wellhead prices averaged about $2 per thousand cubic feet. They now exceed $6 per thousand cubic feet. For industrial users of natural gas in our states, such as the chemical industry, the implications are serious. Natural gas is not only a fuel but also an essential raw material or feedstock. The high price of natural gas is the real reason that we are losing manufacturing jobs overseas. We are deeply concerned about the impact of continued high prices of natural gas on manufacturing, chemical industry, and agricultural jobs. It is our hope that the Request for Comments could begin a constructive discussion on creative and environmentally responsible solutions to this looming crisis.

Sincerely,

Lamar Alexander

Senator Lamar Alexander
United States Senator

Senator Mary Landrieu
United States Senator

Senator Pete Domenici
United States Senator