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DISTRICT 5



Arizona State Senate

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CHAIRMAN

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ETHICS

April 17, 2006

The Honorable George W. Bush
President of the United States
The White House
1600 Pennsylvania Avenue
Washington, DC 20500

Dear Mr. President:

We are writing about a matter of great concern to our state. Energy prices are on the rise across the nation, affecting citizens, industrial consumers and the agricultural industry. Since 2000, natural gas prices have risen 140% and oil prices have risen 107%. These rising prices have taken a toll on families and businesses across the nation. Our state of Arizona is particularly hard hit by our energy situation, a situation made more frustrating when we note that a large portion of the country's energy resources have been summarily withheld from the American people.

We understand that approximately 80% of the 1.6 billion acres of the Outer Continental Shelf is currently withdrawn from leasing for oil and gas development. However, when that withdrawal was instituted by President George H.W. Bush in 1990, his Executive Order was to be in place for ten years until necessary scientific studies could be completed. However, President Clinton then issued an Executive Order in 1998, extending the withdrawal until 2012, with no guidance to review or adapt the information learned in the studies. These are submerged lands and resources that are owned by all the American people, including the people of Arizona, and we urge you to revoke this withdrawal.

The effects of our energy shortfall can be seen throughout Arizona. As of January of this year, the Energy Information Agency expected Arizona residents home heating costs to increase by 63 percent while gas prices had increased by approximately by twenty percent since 2004. High energy costs have imperiled

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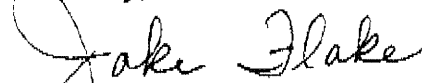
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manufacturing jobs in the state over the past five years. The high prices have caused the number of applications for low-income home energy assistance in Arizona to increase by more than 6,200. This coming spring, our farmers face fertilizer prices of \$500 or more per ton, more than double the 2002 price. High energy costs are threatening the viability of the chemical industry, which employs over 3,800 Arizonians. The increase in natural gas prices is even affecting the state's universities. This fiscal year, Arizona State University is expecting a 20 percent rate increase for natural gas, costing the University approximately \$700,000.

We are doing our part to deal with the nation's crisis. Arizona is working with state utilities to make sure that more than 10 percent of the state's electricity originates from renewable resources by 2025. Our state is also cooperating with federal agencies to coordinate energy production on public lands that lie within state borders, in an effort to meet the energy needs of all Americans.

However, the 1.6 billion acres of submerged public lands that lie off our nation's coasts also hold enormous potential for energy production, which could significantly help meet the energy needs of all Americans. The people of Arizona are partial owners of the lands and resources on the Outer Continental Shelf, and we ask that you revoke the withdrawals so that the country's energy resources can be developed in an environmentally responsible manner.

Sincerely,



Jake Flake
State Senator – District 5

cc: Senator John McCain
Senator Jon Kyl
Representative Rick Renzi
Representative Trent Franks
Representative John Shadegg
Representative Ed Pastor
Representative J.D. Hayworth
Representative Jeff Flake
Representative Raul Grijalva
Representative Jim Kolbe