



Industrial Energy Consumers of America

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March 28, 2005

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

Dear Madam Secretary:

As the Department of the Interior proceeds to 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, we strongly encourage the inclusion of all areas under various forms of moratoria or Administrative Discretionary Withdrawal. Natural gas prices are 344 percent of 1998 levels and the highest in the world; US production declined by 4.9 percent and Canadian imports declined 23 percent from 2001 to 2004. The gravity of the supply challenge means we must keep our options open to producing natural gas in these regions.

Domestically produced natural gas provides a reliable and environmentally clean supply of energy that all consumers desperately need. LNG is a needed additional supply source, but is not entirely reliable and certainly cannot do the job as the only option.

The Industrial Energy Consumers of America (IECA) is a nonprofit organization created to promote the interests of manufacturing companies for which the availability, use and cost of energy, power or hydrocarbon feedstock play a significant role in their ability to compete in domestic and world markets. IECA supports a diverse and affordable supply of energy. We strongly support energy efficiency improvement across all sectors of the economy.

It has been nearly five years since the natural gas crisis started (June, 2000) and consumers have paid nearly \$200 billion more for natural gas than they paid in the previous five years. High natural gas prices have significantly contributed to the loss of 2.5 million manufacturing jobs. Job losses that result from high energy prices are completely unnecessary because we have ample quantities of natural gas reserves off of our coasts. Other nations such as the UK, Australia and Norway, continue to increase their offshore leasing programs yet we keep significant offshore areas under moratoria and, as a result, U.S. competitiveness is diminished.

Had it not been for “demand destruction,” a decline in consumption by the manufacturing sector because of high natural gas prices; and a cool summer and a mild winter; we could have experienced much higher prices and, possibly, even rationing of natural gas. At today’s natural gas price levels, we can expect unnecessary and continued demand destruction in the manufacturing sector along with the loss of good jobs.

Without increased supplies of natural gas, our nation is limited in its use of natural gas to help our many environmental challenges. For example, increased demand for low sulfur motor fuels demands greater utilization of hydrogen produced from natural gas. Increased demand for ethanol as a motor vehicle fuel increases demand for natural gas. Increases in electricity generation with less NOx, SOX, mercury, particulate and carbon dioxide emissions require more and more natural gas.

We know that several coastal states are concerned about drilling in their offshore areas. It is important for the Department of Interior to pursue an education program that shows offshore drilling can be done in a very environmentally safe way with today’s technologies. The public needs confidence you will continue to regulate and inspect for compliance. We encourage you to initiate an education program that cites the facts. Last years’ hurricane in the Gulf of Mexico is a good example. Powerful hurricanes hit various offshore drilling rigs with all their force and there was not a single incidence of environmental damage.

You have been a strong advocate as Secretary and we continue to need your help in pressing for rational development of this country’s resources. We look forward to your leadership and support on this important matter. It is an important step in building a solid foundation of energy supply for our country’s future. Please let us know how we can be of assistance in the matter.

Sincerely,



Paul N. Cicio
Executive Director

President George W. Bush
The Honorable Pete Domenici
The Honorable Jeff Bingaman
The Honorable James Inhofe
The Honorable James Jeffords
The Honorable Joe Barton
The Honorable John Dingell
The Honorable Richard Pombo
The Honorable Nick Rahall
The Honorable Sam Bodman