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President

**NATIONAL
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The Honorable Donald J. Trump
President of the United States
1600 Pennsylvania Ave., NW
Washington, D.C. 20500

The Honorable David Bernhardt
Secretary of the Dept. of Interior
1849 C Street., NW.
Washington, D.C. 20240

Dear Mr. President and Secretary Bernhardt,

The National Ocean Industries Association (NOIA), founded in 1972, represents all facets of the domestic offshore energy industries. Today, NOIA member companies are dedicated to the safe development of offshore energy for the continued growth and security of the United States. NOIA represents the entire ecosystem of oil and natural gas companies operating in the Gulf of Mexico, comprised of oil and natural gas producers, including independent companies and majors, drilling contractors, equipment manufacturers and suppliers, seismic services, marine construction companies, service companies and transportation companies. NOIA also represents the rising U.S. offshore wind industry, which has growing ties the Gulf of Mexico's supplier and contractor network.

The men and women of America's offshore energy industry are working twenty-four hours each day, 365 days each year to provide our country with a secure and affordable source of energy that allows Americans to experience a standard of living that previous generations could have only dreamed about. Energy production is an American story that has expanded the development of the energy business worldwide. American ingenuity has brought along technologies that make possible energy production in all forms. U.S. tenacity and expertise in energy development can be seen in all areas of the world. Oil production in the Gulf of Mexico is near record levels, with nearly 2 million barrels of oil produced daily. U.S. Gulf of Mexico oil production ranks ahead of countries like Nigeria, Angola, Oman and Libya in terms of daily production. Furthermore, every barrel of oil produced in the Gulf of Mexico contributes to American economic growth and energy security and is produced under robust safety and environmental standards.

Despite all these positives, the collapse in oil prices caused by the COVID-19 virus and the ongoing price war between Saudi Arabia and the Russian Federation are pushing domestic energy producers to their limits. American energy companies are finding themselves in a dire situation, with a very real threat that producers and their supply chains will see a wave of work stoppages and cuts to staff. In fact, we are already aware of layoffs that will ripple across the economies of Texas, Louisiana and beyond.

Many in the industry have actively looked for ways that Washington can help. We are not asking for a bailout of the oil and gas industry, and generally believe that diplomacy is the most important step that the Administration can take to bring an end to the price war and take one of the threats to global markets off the table. However, it is also true that the Administration has significant untapped flexibility to provide a bridge to the

industry as it weathers these storms. For example, we believe the Department of Interior should:

1. Immediately grant a suspension of royalties for oil and natural gas produced in federal waters. Doing so would allow companies across the gulf to preserve capital, prioritize funds to cover payroll, and avoid more catastrophic steps by companies facing these decisions. Such an action could be offered broadly across the Gulf, and it could be tailored to ensure that U.S. companies stay in business and active so that their employees keep working. Whatever the exact form, this is without a doubt the single most important step you could take to protect the American energy industry and our global competitiveness outside of diplomacy efforts with the OPEC countries;
2. Grant an extension of primary lease terms in the Gulf of Mexico to any company requesting one on an expedited or even automatic basis, and similarly grant or extend Suspensions of Operations (SOO) and Suspensions of Production (SOP), to the fullest length allowed by law. Doing so will allow companies and others across the federal Outer Continental Shelf (OCS) to better map out their spending and work plans for the years ahead and preserve capital in the short term; and
3. Weigh in with the Small Business Administration, Federal Reserve, and other agencies granted new funding and authority as part of the CARES Act package of COVID-19 relief to ensure that small businesses in the energy supply chain are eligible for the full range of emergency lending and economic support facilities. As mentioned, we are already aware of layoffs among our members and believe this will only escalate in the days ahead.

We are well aware that some in Washington believe that *any* assistance to the oil and gas industry is unwise. However, the simple fact is that when COVID-19 ends there will still be demand for oil and natural gas. If by the time the quarantines and social-distancing have ceased we have driven thousands into unemployment and devastated family businesses across the supply chain, the only winner will be national oil companies of countries like Russia, Saudi Arabia, and Venezuela. We will simply reverse the trend of reduced energy imports and hand market share over to our global competitors resulting in a deep swath of damage across states like Texas, Louisiana and beyond. Using existing authority to avoid this *now* will preserve our national security and economic competitiveness for decades to come.

Sincerely,



Erik Milito,
NOIA President