

United States Senate

WASHINGTON, DC 20510

June 16, 2016

The Honorable Sally Jewell
Secretary
U.S. Department of the Interior
1849 C Street, NW, Room 7229
Washington, D.C. 20240-0002

Dear Secretary Jewell:

We write to register our disappointment in the omission of Atlantic Lease Sale 260 from the Proposed 2017-2022 OCS Five Year Leasing Program and our frustration at the faulty justifications offered in its defense. To place this missed opportunity into context, the Proposed Program continues to close more than 85% of America's OCS to oil and gas activity. For the sake of America's national security and economic prosperity, this flawed decision must not be further exacerbated in the Final Program and we therefore urge that all proposed Gulf of Mexico and Arctic lease sales and sale areas be maintained without further reduction or restriction.

The Administration's decision to no longer consider Atlantic oil and natural gas leasing amounts to walking away from the conversation before it truly begins. The proposed sale was not scheduled until 2021, allowing for five more years of dialogue and investigation – including further environmental analysis and public dialogue required under the National Environment Protection Act and the Outer Continental Shelf Lands Act (OCSLA) – before making a final decision on whether to move forward with the sale. We are also still awaiting Administration action on pending Atlantic seismic surveying permits that, if ever issued, will allow for the collection of modern seismic data to better inform future leasing decisions. Instead of continuing this public discussion to better understand the Atlantic's true resource potential and bolster America's energy security, the Administration chose to turn on its heels and walk away.

This irresponsible decision contradicts your own statements on Atlantic leasing just last year when you called the Proposed Program and Atlantic leasing a “balanced proposal.” It also undermines BOEM's Five Year Program development process as mandated under OCSLA; a process that is transparent, inclusive, and robust with respect to environmental considerations and the views of state and local stakeholders.

First, when developing a Five Year Program, OCSLA clearly requires that deference be given to a state's official position as expressed by their Governor. A bipartisan collection of all four Governors from the proposed leasing region of Virginia, North Carolina, South Carolina and Georgia supported inclusion of Lease Sale 260. Their views were distinctly ignored.

Relatedly, the Atlantic lease sale enjoyed bipartisan support among all eight U.S. Senators and a majority of all four Congressional delegations from the proposed leasing region. Furthermore, a

majority of the more than one million public comments received on the Draft Proposed Program supported Atlantic leasing. The will of the affected Atlantic states and the American public was clearly ignored and the spirit of the process violated.

Second, the Administration's use of the Department of Defense's (DOD) Atlantic military training exercises in defending this decision is simply a red herring. DOD recently reported to your department on the compatibility of their military training regime with potential Atlantic oil and gas operations, and concluded that only 5% of the proposed sale area was in direct conflict. When DOD similarly declared "wind exclusion zones" in the Atlantic, your department reasonably moved forward with consultation to find agreeable solutions toward renewable energy leasing.

Yet, under nearly identical circumstances with regard to oil and gas, the Administration took a completely different and unreasonable path. The decision to use the DOD as an excuse to not issue an Atlantic lease sale does not correspond with the 2010 DOD Atlantic compatibility report - essentially identical to the 2016 version - issued before the Administration moved forward in 2010 on Atlantic lease sale 220, which was then scheduled for offshore Virginia. Whether examined against historical Gulf of Mexico cases, past Atlantic leasing plans or the realities of the current DOD report, the claim that military training and oil and gas activity are incompatible just doesn't hold water.

Third, the Administration cited "current market dynamics" in its justification for eliminating the Atlantic lease sale. However, current market dynamics are nearly irrelevant when considering a lease sale five years away and subsequent drilling and production activities another five to ten years after that. The deepwater offshore market contemplated in Sale 260 is impacted far less by near term price fluctuations, as these projects involve time horizons measured in decades and investments measured in billions of dollars.

Fourth, the Administration's argument on the Atlantic's "limited support infrastructure" with respect to oil and gas activity ignores the robust infrastructure of east coast ports and related industries, and discounts their existing overlap with the oil and gas industry. A December 2015 report prepared for the Southern Environmental Law Center revealed that roughly half of the industries comprising the South Atlantic states' ocean economy are already part of the offshore energy industry. These industries include marine construction, boat and ship building, deep-sea freight transportation, marine passenger transportation, marine transportation services, search and navigation equipment, and warehousing.

The fact is ample port and related infrastructure currently exists along the Atlantic seaboard and many of the industries represented therein have a presence in the Gulf of Mexico energy space. These Atlantic industries' particular applicability to oil and gas can be tailored and improved as future Atlantic oil and gas activity becomes more certain.

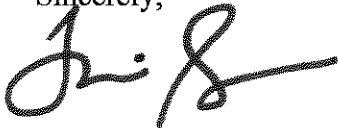
While America continues to turn our backs on even considering Atlantic oil and gas activity, other nations are moving forward with aggressive programs to lease, explore and produce their Atlantic offshore areas. This includes neighbors Canada, Mexico, Cuba and the Bahamas, as well as nations in South America, Africa and Europe. The related capital, technology and human

resources will be deployed to these countries rather than the U.S. because we failed to seize this opportunity.

We know this activity could be done safely and in coordination with existing ocean activities. For decades in the Gulf of Mexico, energy development, conservation efforts, and other industries -- be it tourism, commercial or recreational fishing, shipping, military training, or others -- have not only coexisted, but thrived alongside each other. There is no reason to believe this will not also be the case in the Atlantic.

The Administration's justifications for removing the Atlantic lease sale from the Proposed Program are without merit; run directly counter to public opinion, the historical record, and economic and market realities; and certainly undermines America's energy and economic security. This egregious mistake must not be exacerbated in the Final Program, thus we urge that all Gulf of Mexico and Arctic lease sales and acreage be maintained without further reduction or restriction.


Sincerely,



Tim Scott
U.S. Senator



Lindsey O. Graham
U.S. Senator



Thom Tillis
U.S. Senator