June 5, 2022

Via Email

The White House 1600 Pennsylvania Avenue, N.W. Washington DC 20500

Dear Mr. President:

As highlighted by the world's reaction to Russia's unprovoked invasion of Ukraine, leadership on energy issues is important to supporting our allies and meeting the needs of American families and businesses. The undersigned groups represent a diverse cross-section of industries, from energy producers and manufacturers to retailers and small businesses that stand ready to collaborate with your administration on policies that support U.S. energy security and increase supply through the domestic production of oil and natural gas. A critical and urgent place to start is on implementation of a new 5-year offshore leasing program ("5-year Program"), which under the *Outer Continental Shelf Lands Act* (OCSLA), must be finalized by July 1, 2022, when the current program is scheduled to expire.

The world needs energy from many sources, including oil and natural gas. According to the U.S. Energy Information Administration oil and natural gas is expected to represent nearly half of the world's energy use in 2040. U.S. leadership on energy is critical and we are positioned to help meet the growing demand efficiently and responsibly from domestic and lower emissions offshore operations. The Gulf of Mexico currently represents over 15 percent of U.S. oil and natural gas production that is also some of the lowest-carbon intensive production in the world with a small environmental footprint. The Gulf of Mexico oil and natural gas industry plays a significant role in the Gulf Coast's regional, state, and local economies. For the U.S. to continue to be an energy leader into the future, smart and effective energy policies are needed today.

However, your administration's policies have often hindered domestic producers' ability to deliver on this growing demand. Oil and natural gas leasing on Federal lands and waters has essentially stopped, despite court orders, and while the Department of the Interior ("DOI") has taken steps to complete and implement the next 5-year Program, there will be an unprecedented gap between the current and next 5-year Program. While recognizing that much work needs to be done, Secretary of the Interior Deb Haaland, in recent testimony before the House Subcommittee on Interior, Environment and Related Agencies, made it clear that the administration will fail to meet the statutory requirement in OCSLA to "prepare... and maintain an oil and gas leasing program."¹ For new offshore lease sales to be held, a new 5-year Offshore Leasing Program must be finalized to replace the current program which is scheduled to expire on June 30, 2022. A few weeks later, Secretary Haaland then testified before the Senate Energy and Natural Resources Committee and stated that there was no deadline for the completion of the next 5-Year Program, despite knowing that there will be a large gap between Programs and would not commit to the future final Program including any lease sales.

The failure to develop a 5-Year Program on time, coupled with other restrictive energy policies, is already having a dampening effect on investment in American energy. Companies need a robust leasing

¹ Fiscal Year 2023 Budget Request for the United States Department of the Interior, House Subcommittee on Interior, Environment and Related Agencies, April 28, 2022.

program with consistent opportunities to secure new leases to effectively plan, execute, and manage their businesses. Even temporary lapses in the legally required leasing program can have a significant impact on valuable jobs and needed production as highlighted in a recent study prepared by Energy and Industrial Advisory Partners.² These issues could be exacerbated by the ongoing problems currently faced by many industries, which include labor shortages and reestablishing supply chains. We are at a critical time where a lack of federal action and regulatory uncertainty may discourage companies from making the multi-billion-dollar investments needed to develop offshore resources in the U.S. and ensure the long-term viability of a lower-carbon national strategic asset. If the door closes to new U.S. production, investment dollars will instead flow abroad to more active basins to the detriment of American workers, energy consumers, and the environment.

To avoid further economic impact and help ensure accessible, affordable, and reliable energy here in the United States, we urge your administration to immediately take the following actions:

- Execute the laws that mandate the DOI complete a long-term offshore leasing program with robust lease sales to avoid unnecessary production and development disruption. This requires the prompt completion of the steps necessary to finalize the OCS Leasing Program for 2022-2027. The expected delay will harm American investment, production, and jobs³. The delays are already having an impact on investment and jobs throughout the supply chain.
- Provide certainty on oil and natural gas leasing by compelling the DOI to meet deadlines and honor its obligation to lease on federal lands and waters.

We look forward to collaborating with you and your administration to reinforce our nation's role as an energy leader in these turbulent times and on efforts to support policies that ensure long-term American energy security and environmental progress.

Most respectfully,

American Petroleum Institute Consumer Energy Alliance Louisiana Mid Continent Oil and Gas Association National Ocean Industries Association US Chamber of Commerce, Global Energy Institute American Chemistry Council American Exploration & Production Council American Trucking Association EnerGeo Alliance Energy Marketers of America Energy Workforce & Technology Council

² a temporary lapse in the 5-year Program found that 16% of offshore jobs and an average of 500,000 barrels of oil equivalent per day could be lost in the coming decades, <u>https://www.api.org/~/media/Files/News/2022/03/EIAP-5-year-Program-Leasing-Delay-Report-03-24-22</u>

³ "The Consequences of a Leasing and Development Ban on Federal Lands and Waters." OnLocation, Inc., September 2020, https://www.api.org/-/media/Files/Policy/Exploration/2020/federal-leasing-and-developmentban-study.pdf

Independent Petroleum Association of America International Association of Drilling Contractors National Association of Manufacturers **Offshore Operators Committee** US Oil & Gas Association **API Colorado API Gulf Coast Region API Illinois API Midwest Region API Northeast Region** API Ohio **API Pennsylvania API Southeast Region** Arkansas Oil Marketers Association Associated Builders and Contractors of Pennsylvania Associated Builders and Contractors of West Virginia Associated Industries of Florida Associated Pennsylvania Constructors Chamber of Commerce Southern New Jersey **Chemical Industry Council of Illinois** Coalbed Methane Association of Alabama Colorado Business Roundtable Consumer Energy Alliance, Alaska Consumer Energy Alliance, Florida Consumer Energy Alliance, Gulf Coast Consumer Energy Alliance, Mid-Atlantic Consumer Energy Alliance, Midwest Consumer Energy Alliance, Northeast Consumer Energy Alliance, Rockies Florida Forestry Association Florida Independent Petroleum Producers Association Florida Natural Gas Association Florida Petroleum Marketers Association Florida Propane Gas Association Florida Restaurant and Lodging Association Florida Retail Federation Florida State Hispanic Chamber of Commerce Florida Tax Watch Florida Transportation Builders Association Gas and Oil Association of West Virginia **Greater Lafourche Port Commission Gulf Economic Survival Team** Illinois Manufacturers' Association James Madison Institute Louisiana Association of Business and Industry Louisiana Oil and Gas Association Manufacture Alabama Manufacturer & Business Association

Marcellus Shale Coalition Maritime Exchange for the Delaware River & Bay **Michigan Petroleum Association** New Jersey Chamber of Commerce New Jersey Gasoline, Convenience Store, Automotive Association **Ohio Chamber of Commerce** Pelican Institute for Public Policy Pennsylvania Aggregates and Concrete Association Pennsylvania Builders Association Pennsylvania Chamber of Business and Industry Pennsylvania Farm Bureau Pennsylvania Food Merchants Association Pennsylvania Grade Crude Oil Coalition Pennsylvania Independent Oil and Gas Association Pennsylvania Independent Petroleum Producers Pennsylvania Manufacturers' Association Pennsylvania Motor Truck Association Pennsylvania Restaurant & Lodging Association Pennsylvania Septage Management Association Pennsylvania State Grange Petroleum and Convenience Marketers of Alabama Texas Oil & Gas Association West Virginia Chamber of Commerce West Virginia Manufacturers Association Western Energy Alliance Western States Petroleum Association Williamsport/Lycoming Chamber of Commerce Wyoming County Chamber of Commerce

Cc: Ron Klain, White House Chief of Staff Debra Haaland, Secretary of the Interior