August 1, 2023

Via Email

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

Dear Mr. President:

The undersigned trade associations, representing every aspect of the American offshore oil and natural gas industry, strongly urge the Biden Administration to finalize a new National Outer Continental Shelf Oil and Gas Leasing Program (five-year leasing program) that includes the 11 lease sales proposed in the Proposed Program released on July 1, 2022, and to begin pre-leasing work now so that the Interior Department can start holding sales in 2024 without any additional delays.

U.S. offshore oil and natural gas production is fast approaching yet another period of extended uncertainty that could negatively impact American energy security. Though the administration has committed to issuing a new five-year offshore leasing program by the end of September, it already is a year and a half late because the previous program expired in June 2022. Additionally, the Proposed Program includes an unworkable option to hold zero lease sales.

Time is running out to avoid significant consequences that could result from a prolonged gap in federal offshore leasing and production in the years ahead. The last sale mandated by the Inflation Reduction Act (IRA), Lease Sale 261, is scheduled for September 27, so even if the administration's finalized program includes new sales, the ability to hold a sale in 2024 grows harder every day unless pre-leasing steps are taken now.

These arguments are grounded in federal statute. Congress, through the Outer Continental Shelf Lands Act (OCSLA) and more recently the IRA, has affirmed that the U.S. should make America's vast and valuable offshore oil and natural gas resources available for lease. The OCSLA has provided the energy policy backstop needed to foster offshore exploration, leasing, and development for decades, and it clearly endorses a broad, continuous leasing program that is balanced with appropriate environmental safeguards. Meanwhile, the U.S. Energy Information Administration expects that the U.S. will still depend on oil and natural gas for more than 60% of its energy needs in 2050, and failing to issue a new five-year program in a timely manner undermines the certainty the offshore industry needs to continue to invest billions of dollars in exploration and development of offshore oil and natural gas.

It is best for those resources to come from America and off its shores. The administration should embrace policies and actions that encourage continued investments in American offshore leasing, exploration, and development. Companies need consistent access to competitive lease sales and the ability to explore for new sources to try and replace depleting reserves. Both are critical to making the long-term investments that offshore development requires, and this is especially true for deepwater projects.

Of course, such expertise is not developed overnight. The U.S. is a global leader in both emissions reductions and energy production, thanks to U.S. oil and natural gas industry innovations over many decades – and this investment has paid off.

A recent comprehensive study on global oil production and emissions by ICF[1] found that U.S. Gulf of Mexico production has a carbon intensity 46% lower than production in other parts of the world. Delaying or eliminating offshore leasing means that meeting oil and natural gas demand likely will come from regions with less stringent environmental standards and may generate more GHG emissions as compared to production from the U.S. Gulf of Mexico. This is precisely the opposite of the administration's stated goals.

In addition to the environmental benefits of continued U.S. offshore production, the offshore industry plays a significant role in the regional, state, and local economies of the Gulf Coast and provides nearly 15% of U.S. oil and natural gas production. Offshore producers' continued ability to provide oil and natural gas resources supports U.S. foreign policy goals and helps provide much-needed energy security for the U.S. and its allies. The current geopolitical landscape points to an urgent need for an offshore leasing program and associated policies that encourage opportunities to find and develop essential energy resources.

The development of offshore energy generates important revenues for federal programs, like the Land and Water Conservation Fund (LWCF). Since its inception in 1965, LWCF has funded $5.2 billion to support more than 45,000 projects in every county in the country to support increased public access to and protection for federal and state public lands and waters, and virtually the entirety of the LWCF is funded through revenues generated through offshore oil and gas activities. Just last month, the Department of the Interior touted the distribution of nearly $300 million dollars from the LWCF to all 50 states, U.S. territories, and the District of Columbia. Interior has also applied recent changes to ensure that Tribal nations can access LWCF grants to support future public outdoor recreation and conservation projects. Without a clear path of continued offshore oil and gas leasing, the administration is diminishing the outlook for this cherished program that benefits Americans across our nation.

The success of emerging offshore energy segments, which are prioritized by the Biden Administration, is closely intertwined with the long-term success of the domestic offshore oil and gas sector. Many companies operating in offshore energy, with roots in the oil and gas industry, are actively engaged in finding solutions, expanding, and building new energy segments like offshore wind and carbon capture and storage (CCS). However, the lack of a new offshore oil and gas leasing program introduces uncertainty that will inevitably hinder companies' ability to invest in these promising energy avenues.

Moreover, there is significant concern regarding the Department of the Interior's delay in initiating pre-leasing work. Of worry is the postponement of the start of sale-specific environmental reviews until after the leasing program is finalized. Typically, environmental assessments are conducted in parallel with the development of the leasing program to ensure adequate analysis time. This decision may needlessly impede the Interior Department from conducting lease sales in 2024 and potentially beyond.

The timely finalization of the leasing program and start of pre-leasing work will help strengthen U.S. energy security and support energy affordability for Americans and its global partners. The world needs

[1] ICF, *The GHG Emissions Intensity of Crude Oil and Condensate Production*, 2023

American energy leadership, but that leadership requires supportive energy policies from Washington. Without the certainty and predictability provided by a robust five-year leasing program, including yearly lease sales to obtain new acres, companies may explore opportunities elsewhere. Their decisions and the resulting economic, energy, and environmental benefits will be realized elsewhere, not in the U.S.

The Biden Administration can rectify this situation by taking actions that will allow for lease sales in 2024 and beyond. We look forward to working with the administration going forward.

Sincerely,

American Petroleum Institute
Consumer Energy Alliance
Louisiana Mid Continent Oil and Gas Association
National Ocean Industries Association
US Chamber of Commerce
American Chemistry Council
American Exploration & Production Council
EnerGeo Alliance
Energy Workforce & Technology Council
Gulf Economic Survival Team
Independent Petroleum Association of America
International Association of Drilling Contractors
Louisiana Oil & Gas Association
Louisiana Association of Business and Industry
Manufacture Alabama
Southeast Oil & Gas Association
Texas Oil & Gas Association
US Oil & Gas Association

Cc: John Podesta, Senior Advisor for Clean Energy Innovation and Implementation
Debra Haaland, Secretary of the Interior
Elizabeth Klein, Director, Bureau of Ocean Energy Management