



2108 W. Laburnum Ave., Suite 230, Richmond, VA 23227

July 11, 2017

The Honorable Paul Gosar
Chairman
Subcommittee on Energy and Mineral Resources
U.S. House Committee on Natural Resources
Washington, DC 20515

The Honorable Alan Lowenthal
Ranking Member
Subcommittee on Energy and Mineral Resources
U.S. House Committee on Natural Resources
Washington, DC 20515

Dear Chairman Gosar and Congressman Lowenthal:

As you explore the state of offshore oil and natural gas development in Federal waters at your July 12, 2017 oversight hearing, the Virginia Manufacturers Association (VMA) offers its strong support for expanded leasing opportunities, including in the Atlantic.

The Virginia Manufacturers Association has been a leader on Atlantic access, going back to the 2006 legislation that created the Virginia Energy Plan which first prioritized offshore energy exploration 50 miles off our shores and overwhelmingly passed the General Assembly 70-20 and Virginia Senate 37-0. Again, in 2010 the VMA championed the legislation to prioritize exploration and production of offshore energy while also considering the impact on affected localities, the armed forces, and the Mid-Atlantic regional spaceport, which again sailed through the General Assembly (69-28) and Senate (32-8) by wide margins. This consideration included dedicating potential offshore lease royalty revenue to the VA Transportation Trust Fund, the VA Coastal Energy Research Consortium and local government infrastructure. Finally, in 2014, the VMA supported amendments to the VA Energy Plan to dedicate offshore lease royalties to the Virginia Offshore Energy Emergency Response Fund. All the while, we have advocated for Federal offshore lease royalty revenue sharing with Virginia.

The reasons for the strong history of support by VMA and members of both parties in the Commonwealth are simple. The economic benefits and energy independence that offshore energy, including wind energy, can bring to Virginia, the Mid-Atlantic and Southeast U.S are badly needed. One study found that for Virginia alone, Atlantic-wide oil and natural gas development could generate nearly 25,000 jobs, \$16.9 billion in economic activity, and nearly \$2 billion in new state revenue. The industry has also made incredible technological advances to improve environmental safety. Simply put, we disagree with the false narrative that you cannot develop offshore energy safely. Virginia can put the best minds and technology to work for our economy and our environment, and develop our offshore energy without harming the environment.

For Virginia's 5,000+ manufacturers, the development of these resources could mean new orders and long-term affordable energy prices for an industry that contributes \$43 billion to the gross state product and accounts for over 84 percent of the state's manufactured goods exported to the global economy. More stable and affordable energy supplies also mean lower overhead, more capital available to hire Virginians, and manufactured products that are made in Virginia.

Moreover, with the domestic energy renaissance, foreign energy imports still account for over half of our nation's total daily supply. Yet, the untapped Atlantic may hold enough resources to reduce our imports from the Persian Gulf by more than 60 percent, which could significantly move the needle towards greater U.S. energy self-sufficiency.

Opening up the Atlantic not only makes sense from an economic and national security perspective, it also makes sense for our environment. As the Obama administration itself noted in 2016, in addition to losing out on as much as \$37 billion in incremental net benefits, foregoing the previously proposed Mid- and South Atlantic lease sale could cause between \$1.6 billion and \$2.9 billion in negative incremental environmental and social costs, primarily due to greater reliance on other sources for energy.

These are just a few of the reasons why leaders of both parties helped make it the official policy of the Commonwealth to support the exploration and development of offshore energy. VMA appreciates the opportunity to provide input as you engage in this important issue, and urges your support for expanding leasing access to the Atlantic.

Sincerely,

Brett A. Vassey

President & CEO