

March 9, 2018

Ms. Kelly Hammerle
Five Year Program Manager
BOEM (HM-3120)
381 Elden Street
Herndon, Virginia 20170

Subject: Oil and Natural Gas Industry Comments on Request for Comments on the Draft Proposed Outer Continental Shelf Oil and Gas Leasing Program for 2019-2024 and Notice of Intent to Prepare a Programmatic Environmental Impact Statement

Docket ID: BOEM-2017-0074

Dear Ms. Hammerle:

The Global Energy Institute (Energy Institute), an affiliate of the U.S. Chamber of Commerce, the world's largest business federation representing the interests of more than three million businesses and organizations of every size, sector and region, is pleased to submit written comments on the Department of Interior's Draft Proposed Outer Continental Shelf Oil & Gas Leasing Program for 2019-2024 (Draft Program).

Process

Energy development on the Outer Continental Shelf (OCS) has served as a stable and predictable backbone for America's energy security. While domestic energy production is always going to be intertwined with global market conditions, the stability of our offshore production has frequently insulated the U.S. economy against supply disruptions and market swings. The current 2017-2022 Leasing Program

precludes more than 94% of the OCS from not only energy production, but also exploration. By preventing analysis of new areas, the federal government and policy makers are disadvantaged by not having some of the most important information necessary to make sound policy decisions. All Americans deserve to know the size of oil and natural gas resource base that the federal government controls on their behalf.

The process for developing an OCS leasing program as prescribed by the Outer Continental Shelf Lands Act was designed by Congress to be comprehensive, analytical, and inclusive of input from any interested Americans. This Draft Program is a crucial step in that process and we commend the Bureau of Ocean Energy Management's (BOEM) effort to implement Congress' intent. It is not only important to look at all the country's potential energy resources, but also ensure participation by the many stakeholders. The business community appreciates its role in this process and firmly believes BOEM must establish a more robust OCS program to increase energy security, promote economic growth, and create jobs in an environmentally responsible manner.

Multiuse & Mutual Benefit

The U.S. Chamber represents the entire business community and all of its many sectors, including energy, tourism, and defense. While there is no singular consensus on every aspect of a federal OCS program, there is uniformity in support of a robust and stable leasing effort that increases America's energy security and bolsters the economy. We appreciate that not all areas are currently suitable for leasing under this program, but there is room for energy development in new planning areas that does not hinder tourism or military operations and could bring increased energy security and economic development. Specifically, we strongly urge BOEM to ultimately include lease sales in the Mid-Atlantic, South Atlantic, Western, Central, and Eastern Gulf of Mexico, the Chuckchi Sea, and Beaufort Sea Planning Areas.

Additionally, we encourage BOEM to methodically analyze all of the new planning areas for potential inclusion. This Draft Program is the first in nearly 40 years to begin without excluding most planning areas from the beginning. This is how Congress intended the process to work and ensures Americans have a better

understanding of the energy resources available and have the ability to opine on a final leasing program.

It is important to appreciate that the 2019-2024 Leasing Program will create the universe of potential areas industry may explore. If and when a lease sale is offered, energy companies will make decisions at that time whether or not to bid based on their own economic and resources projections going out decades. It is the responsibility of the industry, not the federal government to predict what will be and what will not be economically viable decades from now.

Energy & National Security

The shale revolution has propelled the U.S. to become the world's leading producer of oil and natural gas. This technological sea change was neither predicted nor predictable. It is increasingly difficult to credibly predict the pace of innovation and commercialization, as well as geopolitical events that impact energy markets. It is this lack of predictability that makes offshore energy production crucial U.S. energy security.

Because offshore energy production is a time-intensive prospect, investments made today may not bring product to market for a decade or more. This inherently means offshore energy production will be a reliable source of domestically produced oil and natural gas for decades to come, irrespective of unpredictable intervening events. Being able to rely on this domestic production decreases, if not eliminates, the need to rely on exporting nations that do not share America's values or foreign policy views increasing the nation's energy and national security.

Trade

Even as the U.S. produces more of the oil and natural gas it consumes every day, the Energy Information Administration recently projected it will become a net energy exporter by 2022. Exporting oil and natural gas not only creates more stability in global markets, it also helps to deleverage countries that use energy exports as a sword against energy-importing countries. Additionally, exporting energy creates new

economic growth and employment in the U.S. and decreases our trade deficit with importing countries.

Economic Potential

Offshore oil and natural gas development on the OCS represents a tremendous economic growth engine that needs to be optimized. A study produced last year by Calash found that pursuing a balanced regulatory approach in the Eastern Gulf of Mexico that allows for the timely development of projects in an environmentally responsible manner could create more than 160,000 new jobs and generate more than \$150 billion in additional economic growth over the next two decades¹. Additionally, a study produced by Northern Economics in March 2018 found that OCS development in the Beaufort and Chukchi Seas could create an annual average of 10,000 jobs and generate nearly \$35 billion in new government revenue.²

Safety

Since the Deepwater Horizon oil spill occurred in April, 2010, steps have been taken to significantly increase the safety of offshore development. Industry has proactively created a joint industry task force focused on increased safety and spill response, developed two subsea containment strategies—the Marine Well Containment Corporation and the Helix Fast Response System—and created the Center for Offshore Safety, which will establish additional safety standards and best practices. The government has initiated regulatory changes that increase industry’s spill response capacity, ensure sufficient subsea blowout infrastructure, and require independent certification of well design and construction, to name a few. These actions, coupled with technological innovation, have made offshore development much safer.

¹ Calash, <https://goo.gl/5xdeTg>

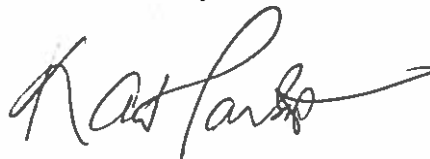
² Northern Economics, <https://goo.gl/fojQoP>

Conclusion

This Draft Proposed Outer Continental Shelf Oil & Gas Leasing Program for 2019-2024 represents a sound step in public policy and a great opportunity for U.S. energy security and economic growth. It is vital to U.S. energy and economic security to expand access to federal energy resources beyond the current severely constrained OCS Program. The national security dividend of becoming more energy self-sufficient should not be underestimated. With growing global energy demand and population growth, American has an unprecedented opportunity to be a significantly bigger contributor to meeting the world's energy needs.

We strongly urge BOEM to ultimately include lease sales in the Mid-Atlantic, South Atlantic, Eastern Gulf of Mexico, the Chuckchi Sea, and Beaufort Sea Planning Areas, in addition to continued and expanded access in the Western and Central Gulf of Mexico planning areas. Doing so will help ensure a stable and predictable domestic energy supply and secure America's energy future.

Sincerely,

A handwritten signature in black ink, appearing to read "Karen A. Harbert", with a long, sweeping flourish extending to the right.

Karen A. Harbert