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COMMITTEE ON
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SUBCOMMITTEE ON HEALTH

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ENERGY AND POWER

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ENVIRONMENT AND ECONOMY

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Congress of the United States
House of Representatives
Washington, DC 20515

April 25, 2014

Senator Mary Landrieu
Chair, U.S. Senate Committee on Energy
and Natural Resources
304 Dirksen Senate Building
Washington, DC 20510

Dear Senator Landrieu,

You recently mentioned that lifting the cap on offshore revenue-sharing is your “number 1 goal” as energy chair¹. I want to bring to your attention a bill that was referred to the Senate Energy and Natural Resources Committee accomplishing that very goal. The Offshore Energy and Jobs Act (H.R. 2231) not only expands offshore energy production, but with the inclusion of the Cassidy Revenue Sharing Amendment, it also lifts the arbitrary revenue sharing cap placed on Louisiana and other gulf coast states by the Gulf of Mexico Energy Security Act of 2006 (GOMESA). In the spirit of working in a bi-partisan and bi-cameral fashion similar to the Senate’s adoption of the Grimm-Cassidy Substitute Amendment to House Resolution 3370, the Homeowner Flood Insurance Affordability Act of 2014, **I urge you to take up and consider the Offshore Energy and Jobs Act as soon as possible.**

The Offshore Energy and Jobs Act already passed the House with 238 Members supporting the bill, including Louisiana’s entire House delegation. The legislation opens up parts of the Alaskan, Atlantic and Pacific coasts for offshore energy production; providing access to an estimated 2.5 billion barrels of oil or 7.5 trillion cubic feet of natural gas² and creating over 1.2 million in new long-term jobs³. In particular, gaining greater access to the Atlantic Outer Continental Shelf (OCS) for oil and natural gas development would create an influx in new investment and economic activity. A study prepared by Quest Offshore⁴ estimates oil and gas development in the Atlantic OCS would generate \$160 billion in new capital investment between 2017 and 2035. This surge in offshore energy production activity would benefit Louisiana engineers, fabricators, shipbuilders and service marine operators who stand ready to support offshore drilling.

The Louisiana Delegation stands united in expanding revenue sharing derived from offshore energy production. Louisiana and other coastal states need to attain greater parity with onshore energy producing states. The U.S. House of Representatives took the initial step forward with the passage of the Deep Ocean Energy Resources Act on June 29, 2006. This legislation would have allocated 42.5 percent to Gulf States without an arbitrary dollar cap on energy production revenue generated beyond 100 miles off the Gulf coastline. GOMESA, which ultimately became law, provides Gulf States with 37.5 percent of

¹ Alexander, Rachel “Landrieu says lifting cap on revenue-sharing is her ‘No. 1 goal’ as energy chair.” *Business Report* 7 Apr. 2014. Web. Apr. 2014.

² “Offshore Energy and Jobs Act (H.R. 2231).” House Committee on Natural Resources. N.p., n.d. Web. 24 Apr. 2014.

³ “Economist Testifies That Hastings’ Energy Bills Could Create 1.2 Million American Jobs.” House Committee on Natural Resources. N.p., n.d. Web. 24, Apr. 2014

⁴ “The Economic Benefits of Increasing U.S. Access to Offshore Oil and Natural Gas Resources in the Atlantic.” Quest Offshore. Quest Offshore Resources, Inc., Dec. 2013. Web. Apr. 2014.

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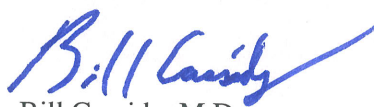
revenue generated from offshore energy production and mandates the arbitrary \$500 million cap, which in Louisiana's case, limits our state's ability to restore and sustain its working coast.

H.R. 2231 includes the Cassidy Revenue Sharing amendment (H.AMDT. 238 to H.R. 2231) that lifts the revenue sharing dollar cap thereby providing billions more for coastal restoration. Lifting the arbitrary dollar cap on offshore revenue will help enable the State of Louisiana to bring forward the value of this revenue stream to fund essential projects in the near term. In your new capacity as chair of the Senate Energy and Natural Resources Committee, I ask that you work to pass this legislation and send it to the Senate floor for consideration. The Offshore Energy and Jobs Act expands job growth for Louisiana workers, increases market access for Louisiana's energy sector, and provides a substantial improvement to the offshore energy sharing program by increasing the amount of funds Louisiana would receive for its coastal restoration and hurricane protection efforts.

Please note that H.R. 2231 does not add to the deficit, in fact it does the opposite by adding over \$1.5 billion new federal revenue to help pay down the national debt. It is not feasible to pass legislation in the House that adds billions to the deficit. **I urge you to advance H.R. 2231, with the Cassidy Revenue Sharing Amendment, while you work to provide reasonable offsets on broader revenue-sharing provisions.**

Over 85 percent⁵ of federal offshore acreage is off limits for oil and gas exploration. According to the Congressional Research Service⁶, U.S. crude oil production on federal offshore lands decreased 13 percent from 2009 to 2013. In fact, the 15 lease sales in President Obama's five-year plan represent the lowest number of lease sales⁷ ever offered in a plan since the process began in 1980. We need to provide greater access to offshore energy production and greater revenue sharing for the states that host offshore energy development. The passage of H.R. 2231, which has been referred to the Senate Energy and Natural Resources Committee, will help enable you achieve your "number 1 goal" as energy chair – lifting the cap on offshore revenue-sharing. I look forward to working with you on this critical issue for Louisiana and our country.

Sincerely,



Bill Cassidy, M.D.
Member of Congress

Cc: Senator Lisa Murkowski; Ranking Member, Senate Committee on Energy and Natural Resources

⁵ Ibid.

⁶ Humphries, Marc. "U.S. Crude Oil and Natural Gas Production in Federal and Non-Federal Areas." Energy & Commerce Committee. Congressional Research Service, 10 Apr. 2014. Web. Apr. 2014.

⁷ Hagerty, Curry. "List of Submissions to Congress Under Section 18 of the Outer Continental Shelf Lands Act (OCSLA)." Congressional Research Service, 16 July 2012. Web. Apr. 2014.