



Industrial Energy Consumers of America

The Voice of the Industrial Energy Consumers

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June 10, 2016

Ms. Kelly Hammerle
Five-Year Program Manager
Bureau of Ocean Energy Management (BOEM)
45600 Woodland Road, VAM-LD
Sterling, VA 20166

Re: *Notice of Availability (NOA) of and Request for Comments on the 2017-2022 Outer Continental Shelf (OCS) Oil and Gas Leasing Proposed Program MAA104000, Docket No. BOEM-2016-0003*

Dear Ms. Hammerle:

On behalf of the Industrial Energy Consumers of America (IECA), we urge the Bureau of Ocean Energy Management (BOEM) to not exclude the one Atlantic lease (Sale 260) from the 2017-2022 5-year OCS Leasing Program. The stated BOEM reasoning for excluding it, namely, competing uses of the Atlantic Ocean, conflicts with military and NASA activities is not a rational, environmental, economic, or political justification, given that we have been leasing successfully in the Gulf of Mexico for decades without such conflicts. Also, BOEM states that there is no need for the resources. That is a very short-sided view when one of the key policy pillars of the 5-year plan is to plan "long term!" We emphasize that these are resources owned by the public that someday will serve the public's need for energy. The time frames from seismic to production are decades in length and require long-term planning by both government and the oil and gas industry. These are significant capital-intensive projects. BOEM should not exclude Atlantic lease Sale 260, because decades from now the supply will be needed.

The Industrial Energy Consumers of America is a nonpartisan association of leading manufacturing companies with \$1.0 trillion in annual sales, over 2,900 facilities nationwide, and with more than 1.6 million employees worldwide. It is an organization created to promote the interests of manufacturing companies through advocacy and collaboration for which the availability, use and cost of energy, power or feedstock play a significant role in their ability to compete in domestic and world markets. IECA membership represents a diverse set of industries including: chemical, plastics, steel, iron ore, aluminum, paper, food processing, fertilizer, insulation, glass, industrial gases, pharmaceutical, building products, automotive, brewing, independent oil refining, and cement.

IECA supports an "all-of-the-above" approach for energy production, which includes natural gas, oil, coal, nuclear, and renewable energy. As America's EITE industries, we consume 81.6 percent of the total energy of the manufacturing sector. EITE industries are price sensitive and relatively small changes to the price of energy have relatively large impacts on competitiveness and jobs. Therefore, we recognize the importance of increased energy production.

The Outer Continental Shelf (OCS) is an important contributor of oil and gas to our energy supply. According to the BOEM, the OCS resource assessment is estimated to equal 129.5 billion barrels of oil (Bbo) and 661.1 trillion cubic feet of gas (Tcfg).¹ These estimates could go a long way in continuing to improve U.S. energy security and keeping energy prices low.

The Energy Information Administration (EIA) projects in its 2016 Annual Energy Outlook Early Release that oil and natural gas will be needed to meet 67 percent of U.S. energy needs in 2040, up from 65 percent in 2015.² A forward looking U.S. energy policy must continue to include opportunities to explore and develop offshore resources – the proposed program leasing areas in the Gulf of Mexico and Alaska should not be further reduced. The Gulf of Mexico is the mainstay of U.S. oil and natural gas production, which currently provides approximately 16 percent of U.S. oil production and 4 percent of natural gas production. BOEM estimates that the Gulf of Mexico holds approximately 45 billion barrels of undiscovered oil and 68 trillion cubic feet of undiscovered natural gas.

Also, oil and natural gas production off our Atlantic coast is a potential significant untapped resource. Developing oil and natural gas in the Atlantic could put hundreds of thousands of Americans to work, make us more energy secure, and increase needed revenue for the government. But none of these benefits will appear unless the federal government follows pro-development energy policies.

According to the BOEM, the Atlantic resource assessment is estimated at a mean of 4.72 billion barrels of undiscovered technically recoverable oil and a mean of 37.51 trillion cubic feet of undiscovered technically recoverable natural gas.³ While local opposition was cited as a chief reason for removing the proposed Atlantic lease sale, the decision conflicts with the broad, bipartisan support that exists for offshore development as expressed by the Atlantic leasing region's Governors, federal, state, and local officials, stakeholders, and the public.

We urge you to not exclude Atlantic lease Sale 260 from the proposed 5-year plan. Our country is blessed with an abundant supply of crude oil and natural gas resources but it takes long-term planning to ensure that these supplies are available when we need them. Your support is needed to make this happen. We look forward to discussing this with you.

Thank you for your consideration.

Sincerely,

Paul N. Cicio
President

¹ Report to Congress: The Comprehensive Inventory of U.S. Outer Continental Shelf Oil and Natural Gas Resources: 2013 Update, Bureau of Ocean Energy Management, <http://www.boem.gov/Final-Comprehensive-Inventory-Report-Delivered-to-Congress/>

² Annual Energy Outlook 2016 (AEO2016) Early Release, Energy Information Administration (EIA), <http://www.eia.gov/forecasts/aeo/er/index.cfm>

³ Assessment of Undiscovered Technically Recoverable Oil and Gas Resources of the Atlantic Outer Continental Shelf, 2014 Update, Bureau of Ocean Energy Management, <http://www.boem.gov/Assessment-of-Oil-and-Gas-Resources-2014-Update/>