

January 13, 2010

The Honorable Ken Salazar  
Secretary of the Interior  
1849 C Street, N.W.  
Washington, D.C. 20240

Dear Secretary Salazar:

I write to express the concern of the Independent Petroleum Association of America (IPAA) and its members regarding the oil and gas leasing policy changes announced by your department on January 6, 2010. These new regulations are not consistent with an American energy policy that provides more jobs and revenues to our nation's economy and strengthens our national security. Not only are these new regulations duplicative and unnecessary, they will further restrict access to vital oil and natural gas resources our nation needs and Americans deserve.

The Bureau of Land Management (BLM) should not limit the scope of oil and gas lease offerings or make it more difficult for independent producers to operate on federal lands. The current leasing program covering federal lands already provides a thorough examination of the environmental impacts any proposed leasing program will have on a specific area. The process currently includes an examination of the proposed action as part of an overall land use plan, a thorough review and project specific analysis under the National Environmental Policy Act (NEPA), consultation with the states and the requisite permits to drill that include compliance with wildlife, air, water and land quality regulations. In addition, producers operating on federal lands must also comply with the Endangered Species Act (ESA). No industry faces more scrutiny under the ESA than oil and gas operators on federal lands and any "enhancement" of that process will only cause further delay, litigation challenges and ultimately less resources being produced on federal lands.

While America's independent oil and gas producers recognize that operating on public lands requires a partnership with the federal land management agencies, we do not see the need to further expand the process already in place. We are particularly concerned by the new proposed "Master Leasing and Development Planning" (MLPD) process you outlined in your announcement. The MLPD will add significant, new and redundant reviews to the leasing process without any requisite improvement in the leasing program. The current leasing process on federal lands works, and if small changes need to be made to the system, the BLM has the ability to make those corrections.

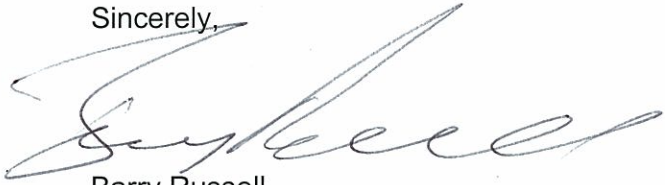
Finally, we are also concerned about the significant changes you propose to the categorical exclusion process outlined in the Energy Policy Act of 2005. The IPAA strongly supports the use of categorical exclusions and efforts to revise or allow the use of categorical exclusions under "extraordinary circumstances" will significantly limit the ability of independent producers to utilize these important tools. We believe that decisions regarding oil and natural gas development are best made by the BLM professionals in your agency at the field office level. The categorical exclusion

exemptions laid out in the 2005 Energy Bill are a helpful tool to provide flexibility to the land managers who know their regions the best.

The IPAA believes that energy production and environmental responsibility are not mutually exclusive. If any country is best suited for responsible energy development, it is America. Independent producers employ the best technology available to help us find, develop and deliver affordable energy while dramatically reducing our footprint. And it is America's independent producers who stand ready to deliver the reliable, affordable energy to our nation.

Thank you for your attention to this matter. The leadership of the IPAA would like to meet with you to further outline our concerns at your earliest possible convenience.

Sincerely,

A handwritten signature in black ink, appearing to read "Barry Russell". The signature is fluid and cursive, with a large initial "B" and "R".

Barry Russell  
President & CEO  
Independent Petroleum Association of America