INDEPENDENT PETROLEUM ASSOCIATION OF AMERICA

February 7, 2012

Mr. Steven Textoris
5-Year Program Manager
Bureau of Ocean Energy Management
Room 3120
381 Elden Street
Herndon, Virginia 20170

Re: Comments on Proposed 5-Year Program for 2012-2017

Dear Mr. Textoris:

The Independent Petroleum Association of America (IPAA) appreciates the opportunity to submit comments on the Proposed 5-Year Program for Outer Continental Shelf (OCS) Oil and Natural Gas leasing for 2012-2017.

IPAA represents more than 6,000 producers of domestic oil and natural gas. Independent producers drill 95 percent of the nations' oil wells, produce 85 percent of America's natural gas and 54 percent of domestically produced oil. The members of IPAA that operate in the OCS are dedicated to environmentally sustainable energy production from the domestic offshore and are extremely interested in the development of the OCS 5-Year oil and gas leasing program.

The OCS has played a vital role in the nation's energy infrastructure by producing oil and natural gas in offshore waters since the 1950s. The offshore industry can and will bring large volumes of oil and natural gas to market in a timely fashion from currently unavailable areas of the OCS if those areas are reasonably made available for leasing. As global energy demand continues to increase, a failure to provide needed access to the U.S. OCS will increase American energy prices, slow U.S. economic growth and create hardship for consumers. It is essential that the Bureau of Ocean Energy Management (BOEM) develop a leasing program that maximizes the opportunities for our nation to address its energy needs. Increasing the development of offshore oil and natural gas resources creates the potential for vast increases in job creation and economic development, not only in the coastal states, but across the nation. The IPAA believes that U.S. energy security and job creation should be top priorities of our nation.

Since the 2012-2017 plan will be the first to be implemented since the presidential and congressional moratoria on OCS areas was lifted in 2008, it is extremely disappointing that the Proposed Program does not include the broadest area of the OCS as possible. We are encouraged that during his recent State of the Union Address President Obama indicated his desire to aggressively lease areas of the OCS for oil and natural gas exploration, however, the current Proposed Program is directly contrary to the impression the President left with the American people. The Proposed Program under consideration by BOEM would open no new areas of the OCS for assessment and leave exploration and development activities focused on previously leased offshore areas, most of which have been available for more than 50 years. Instead of being forward looking and creating new opportunities for American offshore energy production, the Proposed Program provides no new opportunities to expand our nation's offshore oil and natural gas production in highly prospective areas that have been unavailable for leasing for more than 25 years.

Since the Macondo incident in the Gulf of Mexico, the Department of the Interior has made substantial changes to the safety and environmental regulations governing OCS oil and natural gas production. Independent oil and natural gas producers operating in the offshore have worked hard to comply with the new regulatory provisions. Given the substantial regulatory changes in the offshore program and the outstanding work the offshore oil and gas industry has taken to restore confidence in our operations, we are disappointed that the Proposed Program fails to meet the intent of the Outer Continental Shelf Lands Act to provide the energy Americans need. The Obama Administration should not leave the entire Atlantic and Pacific Coasts and portions of the Arctic off-limits to new oil and gas production and job creation. We are especially disappointed that despite strong bipartisan support from the State of Virginia advocating for the inclusion of a lease sale offshore of that state, it is being denied the opportunity for a lease sale off its own shore.

The undiscovered resources in federal waters are essential for this nation's energy security. Energy development in the OCS is of significant importance to the country. Consider that the OCS currently is producing 27 percent of the entire U.S. oil production and approximately 15 percent of domestic natural gas production. According to recent studies, oil and natural gas resources in former OCS moratoria areas could generate $1.3 trillion in additional federal, state and local government revenue and over 76,000 jobs. Given this enormous potential, we are disappointed that the Proposed Program does not include the broadest area of the OCS possible. We urge BOEM to not further reduce the scope of the 2012-2017 Proposed Program, and provide the maximum access possible to increase American offshore energy production and development. The agency should work expeditiously to increase American offshore energy production, and we urge BOEM to finalize the 2012-2017 plan as soon as possible and immediately begin work to develop a new 5-Year Plan that includes the Atlantic, Pacific, all of the Arctic and the remainder of the Eastern Gulf of Mexico.

We appreciate the opportunity to provide BOEM with these comments on the Proposed 5-Year Program for 2012-2017.

Sincerely,

Barry Russell
President & CEO
Independent Petroleum Association of America