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Ms. Renee Orr
U.S. Minerals Management Service
381 Elden Street, MS-4010
Herndon, Virginia 20170

RE: My support for opening U.S. waters in the 2012-17 OCS Five-year Leasing Program

Dear Ms. Orr and Mr. Bennett:

All Americans lament the social, economic and environmental tragedy created by the current Gulf of Mexico, Deepwater Horizon disaster. But we cannot cut off our noses to spite our faces by foolishly transferring our oil and gas wealth production and jobs to foreign exporting countries at great cost to our economic recovery and the security of our Nation.

I offer this testimony as a private citizen and former regulator, not representing any special interest or organization. In this private capacity, I urge President Obama and Secretary Salazar to proceed with a robust, new 2012-2017 Five-Year Leasing Program for ALL OCS waters. I also urge the department to not raise royalty fees—in order to keep our resources competitive and prices for consumers reasonable—and hope that the Administration and Congress will endeavor to provide all coastal states with a share of revenues derived from production off their coasts as some Gulf of Mexico-adjacent states now receive. Finally, I urge all concerned to do as we are naturally inclined to do anyway: carefully understand how to improve safety of OCS exploration and development as a result of the Deepwater lesson without disincentivizing oil and gas exploration and development investment in American waters.

Having recently participated in a Study Group to determine the significant social, economic and environmental costs to America of NOT developing our energy resources, I can assure you that the public interest demands a robust leasing program for at least the next dozen years. Please find a copy of that study here: http://www.naruc.org/Publications/NARUC_MORATORIA_REPORT_02-17-10.pdf. You will note that the study used the NARUC-NEMS version of EIA's National Energy Modeling System and may constitute the most complete and accurate possible array of data points available to the MMS and other energy decision makers today!

Some findings of the Moratoria Study (which also updated the resource base) were:

- The domestic natural gas resource base on federal lands should be increased over previous estimates by **132 Tcf** onshore and by **154 Tcf** offshore - - a total estimated increase in domestic natural gas from **1748 Tcf to 2034 Tcf**. To give that number perspective, in 2009 the United States consumed 22.8 Tcf and, of that amount, imported 2.7 Tcf.
- The domestic crude oil resource base is estimated to increase, offshore, by **37 Bbo** (excluding parts of Alaska); onshore, the crude oil resource base is estimated to increase by **6 Bbo** for the Arctic National Wildlife Refuge (ANWR), with no estimated increase in the Lower-48 resource

base - - a total estimated increase in domestic oil from **186 Bbo to 229 Bbo**. In 2009 the United States consumed 5.2 Bbo oil, produced 1.9 Bpo at home and imported 3.3 Bbo.

The report goes on to project effects on the nation of maintaining moratoria under a variety of scenarios. Two scenarios include: 1) determining the social, economic and environmental effects of maintaining moratoria and the updated oil and natural gas resource base estimates, and 2) determining those effects without the updated resource base.

According to the study, under an extreme case which combines the estimated increase in the oil and gas resource base with maintaining moratoria restrictions from 2009-2030, model projections show that[1]:

- Cumulative domestic oil and natural gas production decreases by 15% and 9%, respectively.
- Average natural gas price increases by 17% and average electricity prices increase by 5%.
- Cumulative national real disposable income decreases by $1.163 Trillion ($4,500 per capita).
- GDP decreases cumulatively by $2.36 Trillion ($1.16 Trillion NPV), an average annual decrease of 0.52%
- Cumulative oil imports from OPEC countries increase by 4.1 Billion barrels.
- Cumulative national payments to OPEC countries increase by $607 Billion ($295 Billion NPV).
- If resources within the moratoria areas are not developed, there would be no new environmental effects within the U.S. jurisdiction attributable to development of those resources. However, as a non-modeled item, the study observes that there could be environmental effects on domestic and international waters as a result of increased tanker transport of oil and gas imports and unknown environmental effects in countries from which the U.S. would import the resources.

Carefully managing national energy resources will: strengthen our national security; produce hundreds of thousands of jobs; massively stimulate the national and state economies (without subsidies); deliver billions of dollars of wealth to local, state and federal governments from royalties and taxes; help reverse America's balance of payments deficit; fight inflation; and bring new, domestic supplies of oil and natural gas into our markets while working to stabilize energy prices.

Sincerely,

Dave Harbour

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[1] While this is an 'extreme' case, other cases are modeled to conform to many scenarios. It could also be thought of as a somewhat 'conservative' case insofar as moratoria established following the Deepwater Horizon disaster include production areas which would not have been subject to the moratoria in the model. Where financial impact is described, "actual" as opposed to "nominal" dollar estimates are used.