

December 8, 2020

The Honorable Mitch McConnell
Majority Leader
U.S. Senate
U.S. Capitol, S-230
Washington, DC 20510

The Honorable Chuck Schumer
Minority Leader
U.S. Senate
U.S. Capitol, S-221
Washington, DC 20510

The Honorable Nancy Pelosi
Speaker
U.S. House of Representatives
U.S. Capitol, H-232
Washington, DC 20510

The Honorable Kevin McCarthy
Minority Leader
U.S. House of Representatives
U.S. Capitol, S-221
Washington, DC 20510

Dear Leader McConnell, Leader Schumer, Speaker Pelosi and Leader McCarthy:

As Congress wraps up negotiations on legislation to meet our nation’s critical needs during this trying time, we write to call your attention to and advocate for enactment of the Conservation Funding Protection Act, S. 4947. This legislation will provide much needed certainty to a critical piece of our nation’s economy that has been hard hit in recent months, help maintain robust domestic energy production in the Gulf of Mexico, and shore up recently enacted conservation programs.

Importantly, the Conservation Funding Protection Act will direct continued lease sales on available acreage in the Gulf of Mexico and protect the ability to produce energy in this heartland basin in a manner consistent with existing federal environmental laws and standards.

While production in the Gulf of Mexico is concentrated in one basin, sustaining production on its available acreage is of critical national importance.

Energy development in the Gulf of Mexico provides approximately 20% of America's energy production and is an integral component of our nation's national security. The Gulf of Mexico contains nearly 45 billion barrels of oil and 130 trillion cubic feet of natural gas¹, and development of these resources supports over 370 thousand jobs in businesses across all 50 states² contributing more than \$28.6 billion to our gross domestic product.

Our southern ally Mexico continues to accelerate its leasing and exploration programs in its adjacent Gulf of Mexico basin and Venezuela is ramping up production in its domestic basins as we speak. Enacting the Conservation Funding Protection Act will send a strong diplomatic signal to the global market that the U.S. will continue to produce its domestic energy resources and keep our energy producers here at home, employing hardworking Americans. If the U.S. halts, delays, or reduces in size its offshore leasing and production programs, our country can quickly cede its global energy leadership to our neighbors and other basins around the world. Operators in the Gulf of Mexico have dwindled from over 100 operators 10 years ago to under 60 operators now³. If we lose the ability to access and produce, these operators will quickly continue to dwindle and work in other foreign basins.

Gulf of Mexico energy production also helps sustain some of our nation's critical energy infrastructure along our Gulf Coast. Critical assets like our energy export terminals and our strategic petroleum reserve would lose footing if we did not also commit to regular and predictable exploration and production in this basin.

Offshore development contributes approximately 60 percent of federal energy revenue to the treasury, supporting programs heavily utilized across the U.S. In August 2020, Congress passed the Great American Outdoors Act (GAOA) which provides up to \$1.9 billion to support national parks, forests, wildlife refuges, recreation areas, and Tribal schools. While this legislation allows onshore energy development to contribute to these causes, offshore oil and gas continues to generate more than half of the revenue. Cutting leasing and production in the Gulf of Mexico would risk the funding sources for these important efforts.

The same legislation funds the Land and Water Conservation Fund with \$900 million a year from federal offshore oil and gas revenues to assist with nationwide conservation efforts. Gulf States receive another portion of offshore revenues generated from production off of their coasts to assist with hurricane protection, wetland conservation, and coastal restoration.

The Conservation Funding Protection Act protects the funding source for these critically important conservation projects around the country. Notably, the Conservation Funding

¹ Assessment of Undiscovered Oil and Gas Resources on the Nation's Outer Continental Shelf, 2016a." <https://www.boem.gov/Sites/Default/Files/Documents/Oil-Gas-Energy/Resource-Evaluation/Resource-Assessment/2016a.Pdf>.

² Shafer, Sean; Lynch, Cameron; Energy Industrial Environment Partners, 'The Economic Impacts of the Gulf of Mexico Oil and Natural Gas Industry,' eiapartners.com, 2020, www.eiapartners.com/blog/news/noia-economic-impacts, November 12, 2020

³ Rank Operator by Oil. December 6, 2020. <https://www.data.bsee.gov/Main/HtmlPage.aspx?page=rankOperbyOil>

Protection Act would not open up any new planning areas for development nor change any of the current allocations of revenues generated from development activities.

Gulf of Mexico energy production has a lower carbon footprint than similar offshore basins around the world. Gulf of Mexico producers adhere to the some of the most advanced environmental and safety regulations in the world. Simply stated, enacting the Conservation Funding Protection Act is critically important to meeting our national goals of economic recovery, supporting our national fiscal health, our national security and our national environmental objectives.

Therefore, we respectfully ask that you act quickly to pass the Conservation Funding Protection Act.

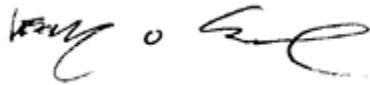
Thank you,



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Consumer Energy Alliance



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Vice President of Upstream Policy
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Erik Milito
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National Ocean Industries Association



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Nikki Martin
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Tim Tarpley
Vice President of Government Affairs
Petroleum Equipment and Services Association



Robert Darden
Chief Executive
Distribution Contractors Association



Mike Moncla
Interim President
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Mike Castle, Jr.
President
American Pipeline Contractors Association