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July 28, 2010

The Honorable Nancy Pelosi
Speaker
U.S. House of Representatives
Washington, DC 20515

The Honorable Harry Reid
Majority Leader
United States Senate
Washington, DC 20510

Dear Speaker Pelosi and Majority Leader Reid:

As Congress continues to craft comprehensive energy legislation in the wake of the tragic Gulf of Mexico accident, Consumer Energy Alliance (CEA) is concerned legislation that is designed as a “response” to this incident may further harm American consumers and the communities most impacted by the spill, while jeopardizing our national energy security.

CEA is a nonprofit, nonpartisan organization of more than 140 affiliate members and over 280,000 grassroots supporters that support the thoughtful utilization of energy resources in order to help ensure improved domestic and global energy security and stable prices for consumers.

The Gulf of Mexico is a significant, multi-use resource that is home to a variety of marine species and provides countless recreational and economic opportunities for the public. CEA believes these systems and uses can co-exist as they have for decades without reactive and onerous legislation and new regulations, including the imposition of a moratorium on domestic offshore oil and natural gas activity.

From an energy perspective, Americans rely on the offshore oil and natural gas from the Gulf of Mexico and Alaska each and every day to power our way of life and the economy. At a minimum, American consumers should be able to depend on the federal government for access to the energy resources they own – energy that, if developed sustainably, will continue to create millions of jobs, billions of dollars in local revenue, and the prospect of long-term energy affordability and security.

While CEA understands and respects the role of Congress to investigate the set of events leading up to and following the Macondo well blowout, a full investigation is warranted prior to enacting legislation to “fix” any possible flaws in the regulation and oversight of the offshore energy industry. In fact, enacting legislation and implementing regulations and policies that restrict or even limit offshore energy production without such an investigation could result in long-term and harmful unintended consequences for American consumers.

According to a recent analysis by Dr. Joseph Mason of Louisiana State University, approximately \$2.1 billion in economic activity will be lost in the Gulf region as a result of the current moratorium. Dr. Mason also contends that inactivity in the region beyond the current 6 month moratorium and well into 2011 could result in 36,000 jobs lost nationally and over 24,000 lost in the Gulf region alone.

To complicate matters further, some countries remain eager to benefit from the uncertainties caused by the Administration’s response to this incident, as deep water drilling rigs leave the Gulf of Mexico. Meanwhile,

Norway is observing the lessons learned from the Gulf of Mexico spill strategy, while continuing to responsibly move forward with offshore drilling plans and a regulatory structure and safety record similar to the United States.

We all must remain mindful of the fact that this incident was the first major blowout and release in the U.S. waters of the Gulf of Mexico— where over 50,000 wells have been drilled since 1947. We agree that one incident and the loss of 11 human lives are one too many. However, we can't lose sight of the fact that it would be fundamentally irresponsible for Congress to paint the entire industry and every exploratory well with a broad brush based on this incident.

Having both served in Congress following the Exxon-Valdez accident in 1989, you may recall that Congress moved in a very deliberative manner when crafting the Oil Pollution Act of 1990 (OPA). This legislation, which was introduced prior to the Valdez running ashore, was signed into law a full 15-months after the fact allowing for Congress to investigate, debate and craft a reasonable solution. It's also important to note that following the Valdez accident, the federal government did not ban all tanker traffic into the United States. Indeed, this is the model that Congress should adopt in addressing the current accident, while encouraging successful government-industry partnerships and the development of innovative, effective solutions that aim to ensure we never witness an oil spill of this magnitude again.

As the House and the Senate finalize and consider your respective energy and oil spill response packages, CEA remains hopeful Congress will take into careful consideration the importance of offshore energy production and the vital role that Gulf Coast states and Alaska play in meeting our energy needs. In particular, we encourage Congress to support policies that promote job creation, responsible domestic energy development and production, lower energy prices for American consumers, and reduced dependence on foreign sources of energy.

CEA believes it's now more important than ever for the federal government to create economic opportunities and incentives for our nation - such as increased use of renewables, new nuclear facilities, more access to abundant supplies of oil and natural gas, and equitable revenue sharing for energy production in the outer continental shelf - ultimately stimulating the economy and fostering greater confidence amongst American consumers, families, seniors and businesses.

The nation should learn from this accident and implement whatever safeguards and processes are needed to ensure that an accident of this magnitude never happens again. Unfortunately, the legislative measures now under consideration in Congress may do little to address the April 20th incident. Instead, the intent behind the bills may force an industry that employs over 9 million Americans and adds over \$1 trillion annually to our nation's economy to shut down.

Thank you for your consideration of our views.

Sincerely,

A handwritten signature in black ink, appearing to read "D. Holt", written in a cursive style.

David Holt
President
Consumer Energy Alliance