

United States Senate

September 28, 2010

The Honorable Ken Salazar
Secretary, U.S. Department of the Interior
1849 C Street, NW
Washington, DC 20240

Dear Secretary Salazar:

I am deeply concerned by the ongoing campaign by the Department of the Interior to discourage American oil and natural gas exploration, both offshore and onshore. Under your leadership, the Department has imposed a job-killing moratorium on offshore exploration, added duplicative and burdensome red-tape to the onshore oil and natural gas leasing process, arbitrarily cancelled existing oil and natural gas leases, and delayed permitting decisions. These policies are discouraging investment in American energy and threatening U.S. jobs at a time of high unemployment. Rather than pursuing an agenda opposed to American oil and natural gas, I urge you to start promoting policies rooted in efficient, responsive government and unbiased, scientific reviews.

The oil spill in the Gulf of Mexico is a tragedy that has cost lives, hurt the economy, and damaged the environment. It will take months to fully evaluate the causes of the disaster and the shortcomings of the response. Nonetheless, one thing is clear – the Administration’s moratorium will further hurt the Gulf’s economy. A federal judge struck down the first moratorium, saying it was “arbitrary and capricious” and “punitive.” A federal appeals court rejected the Administration’s request to reinstate the moratorium.

Rather than seriously rethinking the scope or economic consequences of its first moratorium, the Department immediately issued a second moratorium that took a modified approach to achieve the same blanket shutdown. This political exercise has halted new offshore energy exploration and recklessly threatened jobs and an entire industry. It will also have severe implications for American production capacity in the future.

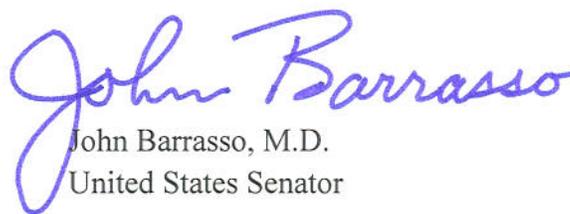
The Department’s mishandling of offshore energy exploration is compounded by a myriad of actions that undercut onshore oil and natural gas exploration. In January 2010, the Interior Department announced onshore oil and natural gas leasing reforms. Instead of increasing certainty by streamlining the process, the reforms create an additional round of environmental analysis and public comment that duplicates the existing reviews required under current law. The additional bureaucratic hoops hamstring onshore energy jobs while doing nothing to reduce litigation or improve the process.

These new regulatory hurdles follow a pattern of Department decisions that undercut onshore oil and natural gas exploration and the thousands of jobs and small businesses associated with it. In February 2009, the Department cancelled 77 existing leases in Utah, arguing the leases “were rushed without proper environmental review.” The Department’s Inspector General (IG) investigated your allegations and found them to be untrue. On December 29, 2009, the IG’s report found “no evidence to support the allegation that undue pressure was exerted on BLM personnel” so that the leases could be included in a sale before the end of the Administration. Furthermore, a Federal District Judge ruled that “the secretary exceeded his statutory authority by withdrawing leases after determining which parcels were to be leased and after holding a competitive lease sale.” If the federal government is not an honest broker, then companies and individuals are not going to invest in energy exploration when Washington is involved.

While the Department has not hesitated to void existing contract rights, it has delayed issuing permits and leases and has been slow to complete environmental reviews. In Wyoming, there are 1,059 unissued oil and gas leases that were sold as far back as 2008. The \$64 million that companies paid for these leases is sitting in an escrow account, rather than going to the federal and state government. The delays do not stop there. In the Buffalo Field Office, there are 1,685 backlogged drilling permits. When individuals or companies bid on a lease at auction or pay the fee for processing their drilling application, they deserve a degree of certainty the government will respond in a timely fashion. Without a functioning Interior Department, jobs and investment on federal lands in the West will move elsewhere. These jobs are critical to Wyoming’s economy.

In my view, American jobs and American energy are good things. The oil and gas industry supports millions of jobs in the United States, including thousands of jobs in Wyoming. It generates critical revenues for federal, state and local governments. The Interior Department’s policies under your leadership have sent a clear signal to energy producers and their employees working in the West and offshore – pack your bags and look elsewhere. America’s energy and economic future demand better leadership. I encourage you to chart a new course. Washington should promote American jobs by promoting responsible development of all forms of American energy.

Sincerely,


John Barrasso, M.D.
United States Senator