United States Senate
WASHINGTON, DC 20510

April 30, 2010

The Honorable Ken Salazar
Secretary of the Interior
1849 C St. NW
Washington, D.C. 20001

Dear Secretary Salazar:

We remain deeply concerned by the major changes you proposed in January 2010 to the onshore oil and natural gas leasing program and its impact on communities in Utah and Wyoming. As we have discussed with you on a number of occasions, oil and natural gas production is very important to the nation and particularly our states. It creates jobs in our communities, generates revenues for state and local governments and provides the energy that powers our nation. We have visited with community stakeholders, including many small business owners and local officials, regarding your proposed policies. The response has been clear – the policies you are implementing exacerbate the uncertain business environment on federal lands. As a result, employment is down, investment is down, and revenues to the federal treasury and our state treasuries are also down.

The Administration has suggested that the state of the economy and the low price of natural gas are the reason for the slow pace of energy development on public lands in the West. We disagree. The fact is, despite the relatively low price of natural gas in the last two years, significant new investments are being made on private lands that are not subject to Bureau of Land Management (BLM) control. The pattern of industry investment shows a significant shift in focus away from public lands in the West in favor of private lands in the East, with the resulting migration of jobs and revenues for federal and state treasuries.

Signs of the declining interest in oil and gas exploration in areas managed by the federal government are abundant. The most recent Utah Quarterly Oil and Gas Lease Sale (February 2010) resulted in the sale of only a single parcel and generated an anemic $6,315.50. This is very likely the smallest lease sale in Utah's history and, as we understand it, would not even cover the administrative costs associated with holding the sale. In Wyoming, revenues from oil and gas bonus bids and rental fees were down from $93 million in 2008 to $10 million in 2009. The revenues in Wyoming for 2009 are the lowest in over a decade, including in years when natural gas prices are lower than they are today. These trends will have a devastating impact on jobs and revenues in our states.

Finally, we are concerned that the Department is enacting policy reforms of this magnitude without engaging the public and without analyzing the economic impacts. We are surprised that the Administration would choose to do so in light of its stated goals of openness and transparency. Engaging the public is not only the right thing to do, it would give the Department a chance to improve the policies.

Given the economic impact of the proposed policies on communities in Utah and Wyoming, it is irresponsible to proceed without adequate consideration. We write to inform you of our intention to introduce legislation to block the Department from implementing these policies, until such time as you solicit and consider the views of the public, as well as consider the impact upon jobs and federal, state, and local revenues. Each of these actions is within the Department's authority to implement. We call upon you to suspend plans to issue these misguided policies until you fully assess their impact. We believe that doing so will lead the Department to rework or retract such policies.

Sincerely,

Robert F. Bennett
United States Senator

John Barrasso
John Barrasso, M.D.
United States Senator