United States Senate
WASHINGTON, DC 20510

March 27, 2011

The Honorable Ken Salazar
Secretary, Department of Interior
1849 C St., NW
Washington, DC 20240

Dear Secretary Salazar:

We are concerned with the veracity of statements you made in recent weeks regarding domestic energy production on our federal resources. These statements are similar to claims made by other members of the Administration including the President himself. As you may know, the federal government owns almost 2.5 billion acres of mineral estate, an area larger than the entire land mass of the United States. As director of the Bureau of Land Management, Robert Abbey, testified this month, oil production on our federal property is actually down 14% and offshore production from federal areas is down 17% from only a year ago. Just last week, the Congressional Research Service issued a report revealing that 96 percent of the increase in domestic oil production since 2007 has occurred on non-federal lands. It further revealed that in 2011 production on federal public lands has actually declined by an average of 275,000 barrels per day. Oil production on private lands is indeed up year-over-year, but the Administration does not manage private lands and should not attempt to take credit for private market decisions.

Oil production on federal lands increased in 2009 and 2010 as a result of leasing and permitting decisions made before your Administration took office. However, the falloff in leasing and permitting actions under the Obama Administration is apparent, and even your own Energy Information Administration anticipates continued falloff in production in 2012 and beyond.

We also ask that you rectify the President's claim that we only have 2% of the world's oil. Nothing could be further from the truth, as even the Washington Post reported last week.[1] He bases this statement on U.S. "proved reserves" but the U.S. Energy Information Administration has stated that proved reserves is "not an appropriate measure for judging total resource availability in the long-term." As Secretary of Interior, surely you are aware of the vast oil resources we possess both onshore and offshore that are currently off limits due to this Administration's combined actions. America is endowed with resources that exceed a TRILLION barrels of oil.[2]

---

[1] http://www.washingtonpost.com/blogs/fact-checker/post/pinocchios-obama-gets-a-downgrade-romney-an-upgrade/2012/03/21/gIQAX7uPSS_blog.html#pagebreak

[2] *NORTH AMERICAN ENERGY INVENTORY*, Institute for Energy Research, December, 2011. http://www.instituteforenergyresearch.org/energy-overview/oil-shale/

According to the Institute for Energy Research, "USGS estimates that unconventional U.S. oil shale resources hold 2.6 trillion barrels of oil, with about 1 trillion barrels that are considered recoverable under current economic and technological conditions. These 1 trillion barrels are nearly four times the amount of oil resources as Saudi Arabia's proven oil reserves.

We provide the following examples of what we would view as further inaccurate statements by the Administration regarding the state of federal energy production and resources:

1. **Claim**: "Expanding offshore oil and gas production is a key component of our comprehensive energy strategy to grow America's energy economy, and will help us continue to reduce our dependence on foreign oil and create jobs here at home." Secretary Ken Salazar, DOI Press Release 1/26/2012

   Fact: You made the two most pivotal decisions to shrink domestic offshore energy production over the last three years that could have been made. First, you eliminated the 2010-2015 OCS lease plan that would have opened areas of the Atlantic, four geologic basins off S. California, one geologic basin off N. California, while expanding areas in Alaska, including the Cook Inlet. Instead, you have proposed a new 5-year plan that excludes all of the areas of the OCS where the moratorium was lifted in 2008, and reduces the number of planned lease sales by roughly half. Essentially, the moratorium lifted by President Bush and a Democrat Congress in 2008 will continue in effect for a decade under your plan.

2. **Claim**: The proposed 5-year offshore lease plan will "make more than 75 percent of undiscovered technically recoverable oil and gas estimated on the OCS available for development." Secretary Salazar, DOI Press Release 11/08/2011

   Fact: These numbers distort the facts. The Outer Continental Shelf (OCS) is 1.76 billion acres. Of that 1.76 billion, less than 35 million acres are actually leased (less than 2%). Your proposed 5-year lease plan does not open a single new lease planning area, and therefore we have no way of knowing what estimates of "technologically recoverable" oil in all of the areas that remain off limits are because you have chosen to keep them off limits. Most of our OCS has not been explored for decades, and providing access to only a fraction gives us no clue what is truly there.

   A more accurate statement is that your 5 year plan opens 75% of the oil and gas in areas where we think it exists because we have drilled there. We don't know about the vast majority of the OCS that isn't leased, much of which has not been assessed with the benefit of new information for a quarter century.

3. **Claim**: "Since we put in place new safety standards in the wake of the Gulf oil spill, we have approved more than 400 drilling permits. In fact, we are now permitting at levels seen before the spill, all while meeting these important new standards." Secretary Ken Salazar, 3/12/2012

Fact: There exists no evidence that permitting for production has indeed reached pre-moratorium levels. In fact, the families impacted in the Gulf are still reeling from the impacts of the slowed pace of permitting. Exploration and permitting has yet to recover to pre-2010 levels on account of the moratorium and ensuing permitorium on shallow and deepwater permits. According to one recent study, "Prior to the deepwater drilling moratorium, the U.S. oil and natural gas offshore industry was forecasted to grow significantly due to identified prospects, mostly in the deep water. With the establishment of the moratorium and the subsequent slowdown in the issuance of drilling permits at all water depths, an estimated $18.3 billion of previously planned capital and operational expenditures did not occur in 2010 and 2011."[3] The study further concludes that the permitting challenges have already cost 90,000 jobs. It is of importance to note that the moratorium was never endorsed by the National Academy of Engineers, as you had attempted to represent. An Inspector General investigation was required to uncover the political influence and misrepresentation by the White House and your office in an important scientific document.

4. **Claim**: "The fact of the matter is that we are producing more from public lands, both oil and gas, both onshore as well as offshore, than at any time in recent memory. And when you look back at the years of 2009, 2010, and 2011, we've continued to make millions and millions of acres of the public estate available both on the land, as well as on the sea." Secretary Ken Salazar, 3/12/2012

   Fact: As we pointed out earlier in this letter, there is significant lag time to production after the process of leasing. Presumably this is the reason for your repeated observation that "there is no immediate fix" for higher gas prices. After a company has leased property they then have to explore, develop and produce, with each stage requiring new permits and compliance with federal processes. The production gains we saw in 2009 and 2010 were the result of leasing and permitting that occurred in the Clinton and Bush Administrations, and was just beginning to come online. However, by 2011 we began to experience the impacts from the moratorium and falloff of leasing and permitting under your leadership. Total oil production on federal lands is down 14% over the previous year, offshore is even worse at down 17%, and federal lands saw the fewest number of new onshore leases since 1984. You also failed to hold a single offshore lease sale in fiscal year 2011.

   As a further example, in 2008 the industry spent $2.6 billion to obtain 487 leases in the Chukchi Sea for production offshore Alaska. So far, not a single well has been drilled on any of these leases. There have also been numerous new regulatory roadblocks and permit withdrawals from federal onshore production since you took over leadership of the Agency. Examples of onshore leasing

[3] *The State of the Offshore U.S. Oil and Gas Industry, An in-depth study of the outlook of the industry investment flows offshore*, Quest Offshore Resources, Inc., December 2011.

challenges include your withdrawn and slowed leasing in the West, including Montana and the Dakotas.

In July of 2008, then as a United States Senator, you had an opportunity to support increasing domestic energy production, if the price of gas increased beyond a certain threshold. You repeatedly objected to increasing domestic energy production, even if the price of gas were to have reached $10 per gallon.

Although gas prices are not $10 per gallon, they are increasingly impacting our economy and fellow Americans, particularly low-income and middle-class families. We are hopeful that similarly to Secretary Chu, you have reevaluated your position on gas prices and will redirect your efforts to alter what the agency has done to limit future production, and will instead work to develop our truly vast domestic oil resources, resources that well exceed "2%" of the world's oil.

Sincerely,

David Vitter
United States Senate

Jeff Sessions
United States Senate

John Cornyn
United States Senate