United States Senate

WASHINGTON, DC 20510

March 8, 2013

Senator Ron Wyden
Chairman
Senate Committee on Energy & Natural Resources
304 Dirksen Senate Office Building
Washington, D.C. 20510

Senator Lisa Murkowski
Ranking Member
Senate Committee on Energy & Natural Resources
304 Dirksen Senate Office Building
Washington, D.C. 20510

Dear Chairman Wyden and Senator Murkowski:

We commend your leadership and stated commitment to put forward bipartisan energy proposals in the 113th Congress. As you consider these proposals, we want to be clear that we will vigorously oppose any effort that expands, or provides further incentive, for offshore oil and gas drilling in areas where drilling is currently prohibited.

We oppose expanding offshore drilling into these new areas because it represents a threat to our vibrant coastal economy. This economic engine creates jobs from fisheries to tourism and contributes over $11 trillion to our economy. Offshore oil and gas drilling represents a threat to the vitality of this economic resource and our constituents' livelihood.

Our coastlines are also a priceless environmental treasure worthy of protection for their beauty, recreational opportunities, and environmental value alone. An oil spill can quickly and permanently harm both the economic and environmental value of our coasts and therefore coastal drilling is simply not a risk worth taking.

In addition to these fundamental concerns, there are many other problems with any possible revenue sharing proposal that would incentivize offshore drilling – even in locations where it currently exists.

- **State Autonomy**: Offshore oil spills do not respect state boundaries. The *Deepwater Horizon* spill demonstrated that oil slicks can travel hundreds of miles, even when there is an immediate and extensive response. As a result, areas where drilling is currently prohibited must remain off limits and any state that could be affected by new drilling operations must have the ability to prohibit these lease sales.

- **Revenue Sharing**: Revenue sharing is inherently inequitable because it compensates a single state while other nearby states bear the risk, without receiving any resources to mitigate that risk. This places an unfair burden on the affected states.

- **Safe Drilling Operations:** It would be shortsighted to provide further incentives to drill without first shoring up federal law to make drilling safer. No need is greater than to eliminate the $75 million liability cap. An inherently dangerous activity like oil drilling should not get special treatment. Artificially capping oil spill liability creates another federal subsidy that encourages companies to take unnecessary safety risks. Passing a

law that would allow for revenue sharing would be premature without reforms designed to make the offshore oil industry safer.

- **Fiscal Responsibility**: It is also important to recognize that sharing revenues with states diverts funds from the federal government. In these tough fiscal times, we should be focused on raising revenue to pay down the debt through repealing oil subsidies, raising royalty rates, and closing loopholes before we consider proposals to implement revenue sharing.

Thank you again for your leadership in trying to craft bipartisan solutions to our energy challenges. We know you face a difficult task in passing meaningful energy legislation; a task that we believe will be even more difficult if accompanied by proposals to expand or incentivize offshore drilling.

Sincerely,

Robert Menendez
United States Senator

Bill Nelson
United States Senator

Frank R. Lautenberg
United States Senator

Bernard Sanders
United States Senator

Barbara Boxer
United States Senator

Patrick J. Leahy
United States Senator

Richard J. Durbin
United States Senator

Benjamin L. Cardin
United States Senator