July 18, 2014

Ms. Kelly Hammerle  
Five Year Program  
Bureau of Ocean Energy Management (HM-3120)  
381 Elden Street  
Herndon, VA 20170  

Subject: Request for Information and Comments on the Preparation of the 2017-2022 Outer Continental Shelf (OCS) Oil and Gas Leasing Program

Dear Ms. Hammerle:

Thank you for the opportunity to comment on the preparation of the 2017-2022 Outer Continental Shelf (OCS) Oil and Gas Leasing Program. Responsible development of our offshore oil and natural gas resources is vitally important to U.S. energy security and economic prosperity.

The American Chemistry Council (ACC) supports a 5-Year Program that includes all areas currently open for leasing in the Gulf of Mexico and offshore Alaska while allowing for leasing in new areas, particularly in the Mid- and South-Atlantic. Similarly, ACC supports inclusion of the eastern Gulf of Mexico in the scoping for the Programmatic Environmental Impact Statement (PEIS) as well as the lease sale schedule.

American chemistry is one of the largest U.S. manufacturing industries and a key element of the economy. It is the nation’s leading exporter, accounting for 12 percent of all U.S. exports. An $812 billion enterprise, the chemistry industry provides 793,000 skilled, high-paying jobs. For every chemistry industry job, nearly 7.5 are generated elsewhere in the U.S. economy, including construction, transportation, and agriculture.

The chemistry industry is highly energy-intensive. We use energy inputs, especially natural gas, as a fuel source as well as our main feedstock. Plentiful and affordable supplies of natural gas and natural gas liquids have led to plans for massive new investment in U.S.-based chemistry production. As of this month, 184 potential projects valued at $117 billion have been announced. These projects—new factories, expansions and process changes to increase capacity—could lead to more than $81 billion in new annual chemical industry output and 637,000 permanent new jobs by 2023. More than 60 percent of the announced investment is from firms based abroad.

This is a historic milestone for America’s chemical industry. Thanks to the natural gas production boom, the U.S. has become the most attractive place in the world to invest in chemical and plastics manufacturing.
Natural gas supply constraints, especially in the OCS, could inhibit the chemical industry’s continued expansion. For that reason, ACC supports an expanded 5-year leasing plan. As demand for natural gas increases in many sectors of the economy, much of it driven by government policy, access to domestic natural gas supplies must grow, too.

Unfortunately, as the U.S. Energy Information Administration reported last month, natural gas production from federal lands has declined steadily in recent years, down 43 percent by FY 2013 (see http://www.eia.gov/analysis/requests/federallands/pdf/table3_4.pdf) from FY 2003. The once-larger federal offshore volumes have declined every year through FY 2013, down 74 percent from FY 2003. Much of the drop is linked to policies that sharply restrict access to natural gas resources in the OCS, especially the Atlantic and Eastern Gulf of Mexico planning areas: Only 13 percent of OCS acreage is open to development.

To our knowledge, no other developed nation imposes comparable restrictions on access to its own energy resources. With offshore access and development growing across Canada and Latin America, the U.S. risks losing jobs, leasing revenue and technology to other countries if we continue to block OCS development. Building upon the America’s energy renaissance, opening new offshore areas would signal to the rest of the world, and to the global marketplace, that the U.S. is open for business. A robust five-year plan would help ensure that growing access to natural gas supplies can keep pace with strong growth in natural gas demand. By some estimates, natural gas consumption in the power sector will grow by more than 50 percent in the coming years. Natural gas demand is growing in the transportation, industrial and export sectors as well.

As an industry whose global competitiveness is closely tied to an abundant and affordable supply of natural gas, we reiterate our strong support for a 2017-2022 Five-Year Program that preserves all areas currently available for leasing, allows for leasing in new areas such as the Mid- and South-Atlantic, and provides for scoping and contingent leasing of the eastern Gulf of Mexico. As government policies drive additional demand for natural gas, so too should government policies enable access to additional sources of supply.

Thank you for allowing us the opportunity to comment on the request for information. We hope you will consider our views as you prepare the Draft Proposed Program and draft PEIS.

Sincerely,

Owen A. Kean
Senior Director
Regulatory and Technical Affairs