

From: Myron Ebell [Myron.Ebell@cei.org]
Sent: 1/22/2018 4:38:33 PM
To: Myron Ebell [Myron.Ebell@cei.org]
Subject: Cooler Heads Coalition: invitation to sign joint letter on offshore oil royalty sharing and notice of next meeting

Reminder: The Cooler Heads Coalition will hold its February strategy meeting beginning at 12 noon on Monday, 5th February, at CEI, 1310 L Street, N. W., Seventh Floor. Please e-mail or ring me at **Ex. 6** with agenda items or questions.

Action Item

ALEC Action is circulating the joint letter pasted below for signature by other NON-PROFIT GROUPS. The Interior Department's draft offshore oil and gas leasing plan for 2019-24 has elicited widespread opposition from the governors of most coastal states and will elicit similar opposition from many coastal state legislatures. One major reason is that coastal states would not receive a share of federal royalties. States with oil and gas production on federal lands get 50% of the 12.5% federal royalty under the Mineral Leasing Act of 1920 (which is why Wyoming and New Mexico want more drilling on federal lands). Louisiana, Texas, Mississippi, and Alabama have received 37.5% of the federal royalty for new offshore production since 2006 (although they have to spend it on coastal restoration). Legislation to share royalties with coastal states would give these states a strong incentive to support offshore production. More information on the [offshore plan here](#).

This letter is for non-profit groups. To sign on, please e-mail Ashley Varner at avarner@alecaction.org with the following information:

Name:
Title:
Organization:
Please attach logo

DRAFT Joint Letter on Offshore Oil Royalty Sharing

Over XX conservative groups support offshore revenue sharing for coastal states

1/XX/2018

Dear Members of Congress:

On behalf of our organizations and the millions of Americans we represent across all fifty states, we urge you to reform federal government management of offshore energy development revenue, and to share it with the relevant coastal states.

The Department of Interior has proposed dramatically expanding offshore oil and gas drilling on the Outer Continental Shelf. Under the proposal, 98 percent of undiscovered, technically recoverable oil and gas offshore would be available for future development whereas under the existing policy 94 percent of this important energy source is off-limits. This expansion will increase America's energy abundance, create jobs, and generate additional royalty revenue for the federal government.

As the Department of Interior moves to expand offshore drilling, Congress should reform royalty revenue-sharing agreements for all coastal states. Currently, most states only receive revenue from off shore drilling if a federal lease falls within three miles of its coastal border. However, Alabama, Louisiana, Mississippi, and Texas receive revenue for select leases beyond three miles under the Gulf of Mexico Energy Security Act (GOMESA) of 2006.

Revenue-sharing agreements for leases beyond three miles should be expanded to all coastal states. The current policy discourages states from supporting offshore energy development. Those closest to energy development should have a greater say in how the revenue is spent. All states with drilling off their coasts should see part of the revenue, not just the four states covered under GOMESA.

Federal policy for offshore energy development should mirror that of onshore energy development. States containing federal land where drilling occurs receive half of the associated revenue. This arrangement better aligns costs and benefits of energy development, enriching the local communities and generating support for energy development.

Creating revenue sharing agreements for all coastal states would boost support for energy development and help usher in the jobs, economic activity, and royalties that it brings. We urge you to consider reforms that expand revenue sharing agreements for all coastal states.

Sincerely,
American Legislative Exchange Council
ALEC Action

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