March 20, 2020

The Honorable David Bernhardt
Secretary
Department of the Interior
1849 C St., NW
Washington, D.C. 20240

Dear Secretary Bernhardt,

Under your leadership, we have seen an era of American energy dominance and increased energy production on federal lands. We are the world leader for oil and natural gas[1], and not only is the United States producing more energy than ever before, we are doing it on fewer wells[2] as technology and efficiency increase.

Not only do these increases in production mean more energy security for Americans at home and an ability to supply our allies abroad, they are also greatly benefitting state and federal budgets and local communities. The federal government collected $3.8B in royalties in 2019 alone, and this sent $214.9M to states for use on coastal restoration and other priorities. In short, we have a vested interest in continued production of oil and gas on U.S. federal lands beyond simply the product it brings to the pump.

However, in the last couple of weeks we have seen actions on the world stage that have added to volatility in the U.S. and global energy markets. Russia and Organization of the Petroleum Exporting Countries (OPEC) have recently announced plans to increase output. Combined with the demand shock induced by the evolving coronavirus (COVID-19) situation, these two factors have disrupted the global oil market and caused a dramatic drop in oil prices.

While Americans benefit from paying lower prices at the pump as we have increasingly become an energy-exporting nation, there has come a point where prices are falling *too* low, which is harmful to the American economy. This has compounded a situation for our small businesses—including oil producers—who are desperately trying to employ thousands of workers in time of public health crisis.

Our preference clearly should be to maintain and promote U.S. oil production, rather than witness a shift in oil production from the U.S. to countries like Russia, Iran and Saudi Arabia. Such a shift in production would bring with it the destruction of U.S. jobs, a decline in revenues for important programs like the Land and Water Conservation Fund, adverse impacts to our national security and geopolitical leverage, and even adverse environmental consequences. As part of a strong and diverse offshore energy system, thousands upon thousands of U.S. companies write paychecks to hundreds of thousands of U.S. workers, supporting communities throughout the Gulf Coast and in many other areas of the country. Our government should consider policy steps to preserve these high-paying jobs and make sure that the U.S. retains the advantages of homegrown oil production.

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[1] https://www.eia.gov/todayinenergy/detail.php?id=40973
[2] https://www.eia.gov/todayinenergy/detail.php?id=42715

We do not believe the American energy sector needs a bailout from Congress. However, the Department of the Interior has *existing* authority to temporarily reduce or eliminate royalties set forth in the leases in the Western and Central Planning Areas of the Gulf of Mexico and other lease areas[3]. In the past, the Department has used this authority to increase development and production[4].

Given this, we urge you to examine the viability of a temporary reduction in royalties as domestic energy producers weather this combination of an OPEC-driven price war and an epidemic that is driving millions of people around the world into quarantines of one kind or another. Such an action in the short term will help mitigate a price war that is sinking prices and decreasing production.

Thank you for your consideration.

Sincerely,

Rep. Dan Crenshaw

Rep. Randy K. Weber

Rep. Clay Higgins

Rep. Mike Johnson

Rep. Bill Flores

Rep. Chip Roy

Rep. Bruce Westerman

Rep. Ralph Abraham, M.D

Rep. Lizzie Fletcher

Rep. Kevin Hern

Rep. Jeff Duncan

Rep. Brian Babin

Rep. Michael C. Burgess, M.D.

Rep. Michael Cloud

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[3] 43 USC 1337(a)(3)(A); 43 USC 1337(a)(3)(B)

[4] 30 C.F.R. Part 203