

Congress of the United States
House of Representatives
Washington, DC 20515-1802

February 4, 2015

President Barack Obama
White House
1600 Pennsylvania Avenue, NW
Washington, DC 20500

Dear President Obama,

I am writing to express my concern about your recently released budget proposal for Fiscal Year 2016 (FY2016). Specifically, I find your proposed changes to the law governing revenue-sharing from oil and gas production in the Outer Continental Shelf (OCS) incredibly troubling. As you know, the Gulf of Mexico Energy Security Act of 2006 (GOMESA) was signed into law on December 20, 2006. In addition to other provisions, GOMESA created revenue sharing provisions for the four Gulf oil and gas producing States of Louisiana, Alabama, Mississippi and Texas ("Gulf States"), and their coastal political subdivisions (CPS's). GOMESA funds are to be used for coastal conservation, restoration and hurricane protection.

Since Fiscal Year 2007, 37.5% of all qualified OCS revenues from leases in the eastern Gulf have been shared among the Gulf States and their CPS's. Additionally, 12.5% of revenues are allocated to the Land and Water Conservation Fund (LWCF). As a result, the Gulf States have shared in about \$30 million annually. The second phase of GOMESA revenue sharing begins in Fiscal Year 2017. It expands the definition of qualified OCS revenues to include receipts from the far more productive central Gulf. The total share of eligible revenue for the Gulf States will be capped at \$500 million annually from that point forward.

While the OCS is owned by all Americans, Gulf States have borne the environmental and infrastructure costs of energy production for decades. This is especially true for Louisiana. Canals cut through Louisiana wetlands for oil and gas exploration are one of the causes of erosion that destroyed 1,900 square miles of land since 1932. The erosion has continued and the damage was exacerbated by the massive BP oil spill in 2010. In response to these significant environmental challenges, Louisiana has put together a \$50 billion, 50-year master plan (Master Plan) to rebuild barrier islands, marshland and beaches and strengthen flood protection. The Master Plan stands as the most expansive and ambitious environmental restoration project in American history. In recognition of the

urgency and importance of this undertaking, Louisiana voters passed a constitutional amendment dedicating future offshore royalties to the restoration of our coast.

Furthermore, it does not seem fair to single out Gulf States when reforming the federal oil and gas revenue sharing structure. Inland states have for decades gotten 50% of royalties from drilling done on federal lands within their borders. Unlike the annual cap on offshore revenue-sharing, there is no limit on the total royalties states like New Mexico and Wyoming can get. I do not understand why it can be viewed as fair to deprive Gulf States of revenue from the resources produced off our shores while these states continue to benefit from revenues produced on lands which are also owned by all Americans.

In closing, I ask simply that the people of Louisiana be given their due consideration when assessing the fairness of OCS revenue sharing. The entire country benefits from the oil and gas production occurring everyday off the coast of Louisiana. However, other states do not share similar burdens resulting from that production. When taking all factors into account, the only fair thing to do is to allow Louisianans to share in the benefits which have been denied to our State for many years.

Sincerely,



Cedric L. Richmond
Member of Congress