



The Honorable Barack Obama
President-elect of the United States
1800 F Street NW
Washington, DC 20405

Dear President-Elect Obama:

Congratulations on your convincing election to become the 44th President of the United States. Your victory has been an inspiration to tens of millions of Americans.

I write today to endorse and applaud your commitment to increase the domestic production of energy and reduce imports from unstable regions of the world. As a not-for-profit foundation dedicated to the study and analysis of consumer-driven free market energy policy, the Institute for Energy Research (IER) looks forward to providing your Administration with sound research and data on the nation's most pressing energy challenges.

Despite the past several years of high volatility in energy markets and the price increases that are harming businesses and family budgets, the recent record of the United States shows positive movement towards reducing foreign dependence by increasing domestic production and known reserves of both oil and natural gas. At the end of September, the Congress allowed the nearly thirty year old ban on offshore energy production to expire. In October, the Department of Energy reported that U.S. proven reserves of oil were up by 2%, and natural gas reserves climbed by 13% to their highest recorded level in over 30 years because of the deployment of new technologies and increased exploration.

Direct and indirect employment in this industry is also a bright spot, and the future is ripe for a new generation of professionals at a time when the national economy is undergoing severe challenges. Additional supplies of domestic energy will reduce costs for Americans, add to our national security, generate enormous revenues in royalties as well as corporate and individual taxes and provide good jobs for American families.

Given these facts, recent comments made by members of your newly-appointed transition team, leaders of your party on Capitol Hill, and environmental fund-raising groups that have allied themselves with you concerning access to government lands for energy production are disconcerting. The comments to which I refer are those expressing your intent to reduce access to the Outer Continental Shelf, public lands in states like Utah, and America's largest-in-the-world oil shale deposits by way of executive order. Unilateral actions such as these would constitute a veto of American energy security. I hope your true intentions have been misconstrued, as new energy bans would devastate the hope of increasing domestic supplies and seem to run counter to your stated goal of increasing national energy security.

As you know, taxpayers own 1.76 billion acres of offshore and 700 million acres of onshore federal lands that could be leased for energy production, totaling 2.46 billion acres. Despite recent \$4 gasoline, record-high natural gas and home heating oil prices and rising rates for gas-fired electricity, government policies have led to only 91.5 million of those acres being leased for energy exploration and production. *That means more than 2.3 billion acres of taxpayer owned lands are not being utilized for domestic energy production.* In total, that's an amount of land larger than the land masses of China or Brazil.

These figures are not insignificant, as post-election polling indicated that fifty percent of your supporters and nearly seventy percent of all voters support increased energy exploration and production in America. Given that government policies have led to over 96% of its own lands not being leased for energy, you have a unique opportunity to unite all Americans by reducing government barriers to increased exploration on taxpayer owned lands. Such an effort would fulfill your promise of increasing our national security through increased energy security.

If our collective goal is to increase domestic energy production, the U.S. government has been its own worst enemy in recent decades. The United States developed the largest, most advanced and productive economy in the world through its unprecedented use of energy to amplify and extend our strength. Lately, however, we have been selfish about using the resources we hold in abundance to contribute to our own supplies of energy. While other advanced nations like Australia, the United Kingdom, Norway, Denmark and Canada have welcomed investment in energy exploration and production to reduce foreign dependency and contribute to global supplies, government policies have made it more difficult than ever to produce energy in the United States.

The facts on this matter speak for themselves. According to data from the Department of Interior, that the amount of federal lands and waters made available for new energy exploration by the outgoing Administration is very close to the amount offered during the 8 years of the Clinton Administration. Overall, opportunities to lease government lands for energy production have been steadily and significantly reduced by legislation, regulation and litigation since the end of the Reagan Administration. For evidence of failure in American energy policy, look no further than this disturbing trend. Now is the time to reverse it.

In addition to increasing domestic supplies and demand for U.S. goods and services, energy production on government lands generates new revenues and jobs that would not be produced in the absence of leasing. Royalties and bonus bids paid to the Treasury for energy production on federal lands will approach \$20 billion this year, and the taxes from the energy supply chain throughout the United States will dwarf this. The United States should therefore take steps to increase the leasing of its lands and waters for energy, rather than reducing opportunities for domestic energy production, which simply leaves us more dependent on other energy sources which are expensive, potentially dangerous and fraught with geopolitical hazards.

The good news is that the United States is not running out of supplies of energy, contrary to popular mantras concerning our "proven resources." The reason our proven resources look relatively small on paper and sound even smaller in the sound bites of anti-growth politicians is

that government policies have prevented us from exploring, and therefore “proving” the existence of energy supplies.

Our supplies of oil shale, for example, are the world’s largest. Vast areas of our outer continental shelf and Alaska are virtually unexplored for energy, and areas of the country once thought devoid of energy are proving, through new technologies and their application, to be rich in new energy supplies. Together with our continental allies and trading partners - Canada and Mexico – North America has sufficient natural energy resource wealth to accommodate substantial economic and population growth. Unlocking these supplies is the key to our security. We have only to look right here at home to discover the energy abundance that will help ameliorate this perennial problem for future generation of Americans and contribute to the success of your presidency.

Part of IER’s mission is to provide sound research and analysis to you and your Administration as you pursue those policies that would unlock America’s vast energy potential, put people to work in good jobs and generate new revenues to the government in the form of increased royalties from expanded drilling on taxpayer-owned lands.

IER strongly encourages you to meet this challenge by including the development of America’s vast energy resources in your Administration’s approach. We hope that the recent comments of your transition spokespersons were in error, and we stand ready to assist you and your team in having a better understanding of America’s energy wealth and potential.

Sincerely,

A handwritten signature in black ink, appearing to read "Thomas Pyle". The signature is stylized and cursive.

Thomas Pyle
President