



Congress of the United States  
House of Representatives  
Washington, DC 20515-3605

May 21, 2020

The Honorable David Bernhardt  
Secretary  
Department of the Interior  
1849 C Street, N.W.  
Washington, D.C. 20240

Dear Secretary Bernhardt,

Under the Trump Administration, America has become energy dominant. This achievement has made America more secure, resulted in lower energy prices for families and small businesses, and created thousands of good-paying American jobs. Your leadership has been integral to this progress, as well as efforts to lead the industry through the current crisis, and we hope that you will use every tool at your disposal – including expedited royalty relief on federal lands and waters – to ensure that the COVID-19 pandemic doesn't result in a further crippling of America's oil, natural gas, and coal sectors. We must ensure that when our country emerges from this pandemic, America will continue to be the dominant energy producer in the world.

As you are aware, the crash in global demand from the COVID-19 pandemic, combined with Saudi Arabia and Russia flooding the market with cheap crude, has created a worst-case scenario for many domestic energy producers. Because of this worst-case scenario, energy producers are having to shut off production, cut investments, and lay off many of their employees. Furthermore, these dire circumstances are acutely felt by the thousands of small businesses and suppliers who provide services and supplies to energy producers.

Forty-five percent of drilling rigs were idled from mid-March to late April, the worst six-week period ever, and global oil and natural gas capital expenditures are expected to drop by \$100 billion in 2020. Further, oil prices have decreased by two-thirds since the beginning of the year, with prices dropping below zero for the first time in history, and global oil demand has decreased by thirty to forty percent. Coal-fired electricity generation and coal consumption have been cut nearly in half since the start of 2020, and the Energy Information Administration projects that coal production will fall by more than twenty percent this year.

We appreciate the work you have done to encourage energy producers, both onshore and offshore, to apply for royalty relief on a lease-by-lease basis. However, we encourage you to take additional action to streamline and expedite this process as soon as possible. We are concerned that the current process is unnecessarily onerous and lacks the clarity needed to provide swift relief. We urge you to consider options like allowing a company to “batch” a series of leases in a singular application and setting a timeline by which applications must be acted upon by the agencies. Further, it is our understanding that the offshore royalty relief guidance narrows what can be used as an “allowable expense” when determining if a lease is entitled to royalty relief. We urge you to define such expenses in a manner consistent with Generally Accepted Accounting Principles. While the current process is a good first step, we would like to work with you to implement these additional reforms to help keep businesses afloat.

The United States has benefitted greatly from the energy security and economic progress made possible through a strong American energy sector – from cheaper energy for American families and thousands of high-paying jobs, to a resurgence in domestic manufacturing and strengthened geo-political position, to the billions of dollars received by federal, state and local coffers through the royalties and other fees paid by producers. We know you share our commitment to ensuring all of these benefits are here for the long-term. Thank you for your attention to this matter, and we look forward to continuing working with you to help stabilize this vital industry.

Sincerely,



Steve Scalise  
Member of Congress



Kevin McCarthy  
Member of Congress




Jeff Duncan  
Member of Congress



Markwayne Mullin  
Member of Congress



Clay Higgins  
Member of Congress



Alex X. Mooney  
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Rick Crawford  
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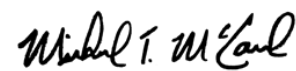
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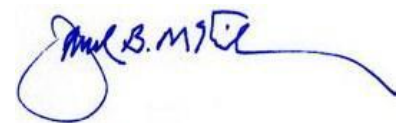
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David B. McKinley, P.E.  
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