

January 6, 1995

The New York Times
Editor-In-Chief
229 W. 43rd Street
New York, NY 10036

Dear Editor:

The Times recently ran a series of stories on the efforts of major energy firms to drill for oil in deep waters of the Gulf of Mexico. The phenomenal early success of these efforts, the paper implied, bodes well for both the oil industry and the American consumer.

It's good news for the American taxpayer, as well. A healthy share of the profits from wells in U.S. national waters goes straight through the Interior Department's Minerals Management Service (MMS) and into the Treasury.

The MMS oversees natural gas and oil activities on the Outer Continental Shelf (OCS) and collects, audits and distributes royalties from offshore and onshore wells on federal and Indian lands. It's a small agency, but this David makes a Goliath-sized contribution to the federal coffers: more than \$4 billion per year, \$3 billion of that from the OCS.

Some of the money the MMS collects from offshore drilling and production goes into historic preservation projects. A good share goes to the Land and Water Conservation Fund, which provides money for acquisitions of National Park lands as well as state and local scenic and recreational facilities. Money from offshore natural gas and oil production, for example, funds inner-city neighborhood parks in Manhattan and green belt bike paths along the river in Boise, Idaho. Offshore production provides benefits even for states and cities far from the Gulf Coast.

Natural gas is the cleanest burning fossil fuel we have. About 3/4 of the energy produced on the OCS is in the form of natural gas. In fact, about a quarter of this country's natural gas supply comes from the OCS. The MMS has worked closely with the offshore industry in the development and evaluation of new technologies for deepwater operations. The MMS also conducts regular, unannounced inspections of natural gas and oil

installations on the OCS to assure compliance with safety and environmental protection requirements.

Increased activity in the Gulf's deep waters means less dependence on imports for the nation's needed energy, less money out of the pockets of taxpayers and more financial and aesthetic benefits for all Americans.

Sincerely,

Cynthia Quarterman
Acting Director