



**NATIONAL
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ASSOCIATION**

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Tuesday, June 08, 2010

The Honorable Barbara Boxer, Chair
Senate Environment & Public Works Committee
410 Dirksen Senate Building
Washington, DC 20510

The Honorable Jim Inhofe, Ranking Member
Senate Environment & Public Works Committee
456 Dirksen Senate Building
Washington, DC 20510

Dear Senators Boxer and Inhofe,

Tomorrow, the Environment & Public Works Committee will be conducting a legislative hearing on S. 3305, the "Big Oil Bailout Prevention Liability Act of 2010." The National Ocean Industries Association opposes this legislation in its current form.

In the wake of the immense economic and environmental impacts still developing in the Gulf, we understand the desire of some in Congress to take immediate action, whether it be to re-impose outright drilling bans or raise liability caps on the offshore industry. As Congress and the Administration continue to investigate the Deepwater Horizon accident, it is very apparent that until we firmly understand what went wrong, it is premature to dictate broad and possibly counter-productive solutions.

There are numerous hearings and investigations underway to delve into the root causes of the tragic explosion on the Deepwater Horizon and resulting loss of well control. This week alone, various Committees in Congress are conducting nine separate hearings. Clearly, new information is pouring in.

In the meantime, an unprecedented response and cleanup effort is underway involving over 17,000 people and thousands of private and government vessels. The offshore industry is participating fully and is also hard at work to stem the flow of oil and protect the shorelines and natural resources of the Gulf of Mexico. NOIA member companies are assisting BP in its response efforts, and stand ready to cooperate in hearings and investigations.

In addition, the Administration has initiated investigations through several avenues, which should allow the federal government and the American people to put all the pieces of the puzzle together for a complete picture. Once complete, this picture will provide valuable information on strategic, targeted measures for possible reforms in planning, permitting, inspections, regulatory and statutory regimes.

The companies involved in the Deepwater Horizon tragedy have indicated their intent to pay for damages and economic impacts beyond the current liability cap of \$75 million, so calls for limitless liability may be a solution in search of a real problem. One thing that is clear is that raising the liability caps as high as \$10 billion or beyond will drive most non-international producers out of the Gulf of Mexico. This means less domestic energy production and more imports of oil from politically unstable regions, along with increased transportation of oil. The resulting concentration of domestic offshore energy production will be in the hands of a few multinational or nationalized companies.

In addition, I encourage our policy makers to remember that, despite this tragedy, America's need for domestic energy has not changed and OCS development remains a vital part of our overall national energy picture. Nearly a third of our domestic oil comes from the Gulf of Mexico. No one can argue the fact that demand for energy will only continue to increase for the foreseeable future.

We should resist the impulse toward knee jerk reactions and proceed carefully when making decisions that affect the future of our nation's energy supply.

Sincerely,

A handwritten signature in black ink that reads "Burt A. Adams". The signature is written in a cursive style with a large initial "B" and "A".

Burt Adams
Chairman
National Ocean Industries Association