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December 16, 2009

Dr. Marshall Rose, Chief Economics Division
Minerals Management Service - National Offshore Office
381 Elden Street
Herndon VA, 20170

Re: Comments on Proposed Notice of Sale (NOS) 213 in the Central Gulf of Mexico

Dear Dr. Rose:

On behalf of the members of Environment America, we are writing to comment on proposed Lease Sale 213 in the Central Gulf of Mexico. Environment America is working to preserve the beautiful beaches, wetlands and clean oceans along our Nation's coasts. We seek to preserve, protect and improve the health of our oceans.

Environment America is federated with 27 statewide grassroots environmental organizations like Environment New Jersey and Environment Florida. Collectively, we have hundreds of thousands of members in our organizations. There are 16 coastal states in our federation, each with tens of thousands of members who care deeply about the land and water environment. On the east coast these states include: Environment Maine, New Hampshire, Massachusetts, Rhode Island, Connecticut, New York, New Jersey, Maryland, Virginia, North Carolina, Georgia and Florida. On the Gulf and West Coasts our federated state organizations are Environment Texas, California, Oregon and Washington.

Environment America does not oppose offshore drilling in the central and western Gulf of Mexico; we do strongly oppose drilling outside these areas. Hence, our favorable comments on certain aspects of this Notice of Sale are not inconsistent with our general position against offshore drilling in areas not previously open to drilling.

We support several of the changes to leasing policy made in the recent Proposed NOS 213. Specifically, we support:

1. Shortening the time a lease is available to its winning bidder. Requiring faster development, while complying with all environmental and safety requirements of oil and

natural gas drilling, is key to more efficiently utilizing the conventional energy resources in areas that have been historically open for drilling.

2. Increasing the rental rates for acreage under lease over the period of the leasehold. Increasing rental rates over the years of the lease encourages diligent development by lease holders.

We feel that both these proposed changes are in the best interest of the public.

**1. Shortening Lease Periods**

The Minerals Management Service (MMS) has made two significant changes to lease length in the proposed NOS 213 compared to the prior lease sale in the Central Gulf of Mexico. The first change affects the length of leases in areas of 400- 800 meters in water depth. Leases in these areas traditionally had an 8-year term with a required exploratory well within the first 5 years to avoid lease cancelation. The new lease term would be for 5-years with an earned extension of 3 additional years only if a well is drilled in the first 5 years. The second change affects leasing in areas of water 800 - 1600 meters deep. Currently these leases get a 10-year lease term. The proposal is to change this to a 7-year term with a possible 3-year extension if a well is drilled within the first 7 years.

These changes accomplish two important objectives. First, as stated in the proposed NOS, requiring an exploratory well for an extension alleviates the responsibility of MMS to take action to cancel a lease if there is no drilling. Instead, the lease is automatically cancelled. Second, we laud the public policy preference for diligent development that does not stretch for decades. This proposal helps ensure that public lands will be used in a timely way or returned to the public trust and made available to others. The new policy ensures that oil companies do not use MMS lease sales as long term inventory building exercises. Holding time for deep water lease blocks is reduced by nearly one third. This will allow MMS to re-lease the lands to other companies who may have a higher level of interest in exploration and production in that location, different information, better finances or better technology for exploiting the potential resources.

**2. Increasing Rental Rates**

We support the rental rate structure proposed in NOS 2123 which generally increases annual rental cost over the life of the lease. We feel the increased annual expenditure required to maintain leases for longer and longer periods will encourage companies who are not willing to invest in the development to leave and provide other companies the opportunities to invest. An improvement that we suggest would be to increase rentals for years 9 and 10 of the lease so that they would be higher than year 8.

On behalf of our organization, we thank you for considering our comments on the issue of leasing terms for Lease Sale 213. We believe the changes you propose will play a useful role in improving the leasing program.  For questions about these comments, please call Michael Gravitz, Oceans Advocate at Environment America at 202-683-1250 or contact mikeg@environmentamerica.org.

Sincerely,

Michael Gravitz, Oceans Advocate

Environment America