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SELECT COMMITTEE ON HOMELAND SECURITY-**EMERGENCY MANAGEMENT & MILITARY AFFAIRS**

February 25, 2010

The Honorable Bev Perdue Office of the Governor 20301 Mail Service Center Raleigh, NC 27699-0301

Dear Governor Perdue,

Earlier this week, the Virginia Senate approved a House Bill that will direct future oil and gas royalties to the Commonwealth's transportation trust fund and the Virginia Coastal Energy Research Consortium (a group focusing on renewable energy research and development). Governor McDonnell applauded the bipartisan support for an initiative that positions the Commonwealth of Virginia to become the "Energy Capital of the East Coast." Governor McDonnell has also been in direct communication with Secretary of the Interior Salazar pressing him to move forward with Virginia's offshore leasing proposed in the current (2007-2012) Minerals Management Service Five-Year Plan. It is noteworthy that it was Virginia's foresight and proactive stance on comprehensive energy policy almost a decade ago that resulted in its federal offshore waters being included in the current MMS leasing plan even while a drilling moratorium was in place.

Governor McDonnell's office states that moving forward with offshore energy development will create thousands of new jobs for Virginia citizens, produce hundreds of millions of dollars in new state revenue, and spur billions of dollars in investment in the Commonwealth. Virginia, much like North Carolina, is struggling with unemployment and its citizens like ours desperately need to get back to work now. However, the difference is that while Virginia's unemployment rate stands at 6.6 percent, North Carolina is mired in greater than 11 percent unemployment.

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With new technology and innovation leading the way, and reported natural gas resource estimates for North Carolina's outer continental shelf greater than Virginia, North Carolina can become an energy hub for the southeast and the entire United States. If we fail to act now, Virginia as well as other states will be adding new industry and creating jobs which should come to North Carolina. This issue has been the subject of more than enough study. Now is the time for action. If the primary goal is creating jobs to pull North Carolina out of this recession, we must take bold steps. We can create a new energy industry and unlock the potential for new job creation in oil and gas exploration in our state. I urge you to take the steps outlined in the attached plan now.

Sincerely,

Phil Byen

Philip E. Berger

Action Plan for a New Energy Industry for North Carolina

- 1) Announce that North Carolina intends to aggressively pursue creation and development of a state oil and natural gas exploration, refining, and distribution industry.
- 2) Contact Secretary of the Interior Ken Salazar and request that North Carolina be included in the next Five-Year leasing Plan being developed by Minerals Management Service (2012-2017). Also, request from Secretary Salazar that the vacancies in the MMS OCS Policy Committee be filled immediately and, because of the vast offshore energy resource potential in our state that North Carolina be one of the states that fill these vacancies.
- 3) Work with North Carolina's Congressional delegation to introduce and pass legislation that would create revenue sharing opportunities for coastal states that allow offshore exploration, production, and development to occur. Also, submit a proposal to the General Assembly to outlining how revenue sharing monies would be used in the State including that a portion of the monies be put into a trust fund used for alternative energy research and coastal conservation efforts.
- 4) Direct the Commerce Department to start recruiting energy companies and energy company subcontractors to open regional offices in North Carolina with assurances that North Carolina is serious about development of its energy resources.
- 5) Direct other state agencies to plan for a leasing system for public trust water bottoms for potential natural gas pipelines and electric transmission lines that may come into state waters to onshore distribution and processing facilities.