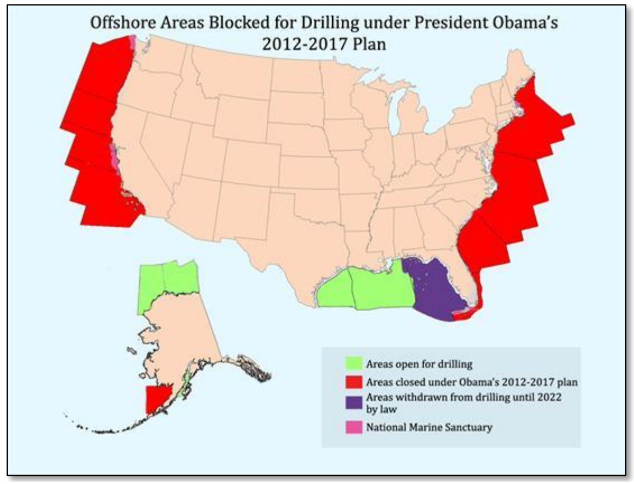
Offshore Energy and Jobs Act of 2015

Creating Jobs & Enhancing America's Energy Security

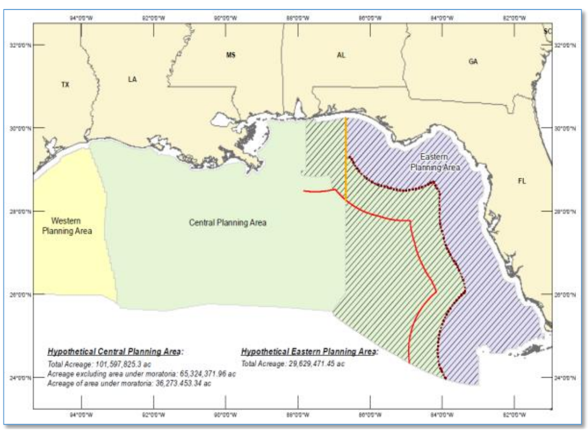
President Obama's Implicit and Explicit Drilling Moratoria

- The Obama administration has restricted 87% of otherwise available OCS areas from offshore oil and gas exploration.
- The administration's current five-year offshore oil & gas leasing plan, which took effect in 2012, removed 1.42 billion acres of the 1.65 billion acres of available OCS lands.
- In addition to blocking new oil and gas exploration off the Atlantic coasts, the administration's leasing program constrained oil and gas producers in Gulf of Mexico and Arctic waters.
- These restrictions coupled with the drop in oil prices has taken its toll on Gulf activity. Barclays predicts spending on oil and gas drilling in North America could fall by $58 billion or more in 2015 if current prices persist.



Promoting Renewed Interest in the Gulf of Mexico

According to a 2014 API/NOIA commissioned study, by 2035, Eastern Gulf offshore oil and natural gas development could produce nearly one million barrels of oil equivalent per day (MMboe/d), generate nearly 230,000 jobs, contribute over $18 billion per year to the U.S. economy, and generate $70 billion in cumulative government revenue.



The Offshore Energy & Jobs Act of 2015

1. Redefines the EGOM moratoria in 2017 (it is currently scheduled to expire in 2022) to open the largest undiscovered, technically recoverable, energy resources in areas 50 miles from the Florida coastline.
2. Directs the Department of Interior to hold three lease sales in the EGOM in 2018, 2019, and 2020. It would also allow for ongoing lease sales going forward beyond 2022.
3. Lifts the revenue sharing cap for LA, TX, MS, and AL, from $500 million in 2017 to **$700 million annually from 2018-2025**, and **$1 billion annually from 2026-2055**. The amount within the 10-year budget window is offset by federal receipts from the new EGOM production.
4. Contains a host of regulatory relief; i.e. EGOM air permitting parity with the rest of the GOM, multi-sale EIS for all leases in the next 5-year DPP, expedited permitting for seismic testing among other measures, to ease E&D barriers in the Gulf of Mexico.

Provides Greater Equity in Revenue Sharing for Gulf States that Host Offshore Energy Production

Estimated Increase in Gulf State Revenue Sharing

	AL	MS	LA	TX
GOMESA Cap (75% of $500m)	$375,000,000	$375,000,000	$375,000,000	$375,000,000
*Estimated % Distribution**	*20%*	*20%*	*35%*	*35%*
2017 GOMESA Cap @ $375m annually	$75,000,000	$75,000,000	$131,250,000	$131,250,000
2018 - 2025 Cap @ $524m (75% of $699m) annually	$104,850,000	$104,850,000	$183,487,500	$183,487,500
2026 - 2055 Cap @ $749m (75% of $999m) annually	$149,850,000	$149,850,000	$262,237,500	$262,237,500
Amount Above Existing Cap (2018-2055)	**$2,379,600,000**	**$2,379,600,000**	**$4,164,300,000**	**$4,164,300,000**
Est. Total from Gulf Revenue Sharing (2018-2055)	**$5,079,600,000**	**$5,079,600,000**	**$8,889,300,000**	**$8,889,300,000**

* GOMESA calculates the minimum distance between the points on each State's coastline to the geographic centers of the applicable leased tracts.