



March 27, 2020

Officers & Directors

Chett Chiasson  
President  
Greater Lafourche  
Port Commission  
Port Fourchon

Jared Toups  
Executive Vice President  
OBT International

Stuart Fauchoux  
Vice President  
Express Supply & Steel

Charles Theriot  
Treasurer  
Charles C. Theriot & Co.  
CPA's

Mitch Marmande  
Secretary  
Delta Coast Consultants

Eric Bollinger  
Director  
Bollinger Shipyards

Wynn Radford  
Director  
BP

Kristine Strickland  
Director  
Fletcher Technical  
Community College

Joni Tuck  
Director  
Shell

Paul Danos  
Past President & Advisor  
Danos

The Honorable Donald J. Trump  
President of the United States  
1600 Pennsylvania Ave., NW  
Washington, D.C., 20500

The Honorable David Bernhardt  
Secretary, U.S. Dept. of the Interior  
1849 C Street, NW  
Washington D.C. 20240

**Re: Emergency Request to Support U.S. Gulf of Mexico Service & Supply Companies**

Dear President Trump and Secretary Bernhardt,

The South Central Industrial Association (SCIA) in southeastern Louisiana represents over 250,000 Americans working in the oil, natural gas and energy service sector, powering American energy production and dominance in the US Gulf of Mexico. As residents at the heart of both this essential region for the Nation's security and economy and as one of the most critical hot spots of the coronavirus (COVID-19) pandemic, we are appreciative of your recent approval of a federal major disaster declaration for our region. We know that your decisive leadership and response to this human disaster will save lives here in our region and for that we are grateful.

However, we would like to draw your attention to the second disaster unfolding here in America's energy heartland, the potential for long-term economic disaster brought upon us by the ill-timed oil price war between Russia and Saudi Arabia. Their actions to engineer a global glut of oil and gas supply in a time of global uncertainty relative to the collapsing demand for energy has combined to create an economic disaster, which is an existential threat to America's ability to continue to produce energy in the Gulf of Mexico and beyond.

To address this second disaster, we come to you with a plan to utilize the existing authority within your Administration to rapidly respond to this economic disaster. The Department of Interior has *existing* authority to temporarily reduce or eliminate royalties set forth in the leases in the Western and Central Planning Areas of the Gulf of Mexico and other lease areas. In the past, the Department has used this authority to increase development and production, to the great benefit of our nation.

Our energy industry's economic disaster is creating a growing crisis in the Gulf of Mexico. As producers in the U.S. cut spending to adjust to lower prices and suppressed demand, we face a devastating domino effect throughout the supporting service and supply chain industry. Painful work stoppages and cuts to staff are beginning to ripple through the Gulf Coast and across the nation as capital spending among producers of all sizes evaporates. Unless action is taken, the real loser, as foreign countries fight for market share, will be American companies and workers. What is worse, during this unprecedented pandemic the national need for petroleum-based products is amplified to historical levels: healthcare facilities face a crisis of supply of surgical masks, nitrile gloves, isopropyl alcohol, and other key medical supplies which rely on domestic crude oil for security of supply. If producers cannot produce and market the base material, this crisis can only worsen.

We urge the Administration and U.S. Department of Interior to take every action available to provide relief to the American offshore industry. Such actions include: An immediate – **but limited and temporary** – suspension of royalties for oil and natural gas produced in federal waters for a reasonable period of time. We note that the ongoing price war between foreign, state owned oil producers involves governments voluntarily accepting lower prices for their oil as a means to give their domestic production a competitive advantage. The US has the power to respond in kind, by temporarily suspending royalty collections so that American producers can remain more competitive during this time of compounded challenge.

Of the above policy suggestions, we believe the key action the Interior can take under existing authority under Federal law is to **temporarily** reduce or eliminate royalties, and we implore the Administration to affect such policy as soon as practically possible. Doing so will allow companies across the Gulf and the Nation to preserve capital, prioritize funds to cover payroll, and avoid more catastrophic impacts to our national economy by companies facing these decisions. This is without a doubt the single most important step you could take to protect the American energy industry and our global competitiveness and will allow producers to keep employment, projects, wells, maintenance, construction, and product delivery on schedule so as to remain an economic lifeline for service and supply companies.

This situation is both urgent and without many obvious remedies, but we have identified one which will unmistakably help. Without immediate action, the Gulf of Mexico producers of all sizes, service and supply companies and their hundreds of thousands of American workers face existential threats. Temporary Royalty Relief can help and make sure we are still standing when it is time to quickly resume American offshore energy production.

Your Administration's decisive response to this economic disaster by providing **temporary** Royalty Relief will protect not just the energy companies and the 250,000 energy workers we represent, but the millions of American energy workers across the nation and our own American Energy Dominance, which is more critical to our citizens at this moment than perhaps any time in our Nation's history.

We thank you again for your leadership in this crisis and we are committed to doing our part in helping the Nation emerge stronger than ever. Because of you, we were able to achieve Energy Dominance. Please help us to survive the dual disasters we face along the nation's Working Coast and keep American Energy flowing.

Respectfully,



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Chett Chiasson  
Executive Director, Greater Lafourche  
Port Commission, Port Fourchon  
44 Employees



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Jared Toups  
Director, OBT International  
2 Employees



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Stuart M. Faucheux  
Executive Vice President, Adriatic  
Marine / CEO, Express Supply & Steel  
300 Employees



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Charles Theriot  
Owner, Charles C. Theriot & Co. CPA's  
13 Employees



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Mitch Marmande  
Principal Owner & Manager,  
Delta Coast Consultants  
30 employees



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Eric P. Bollinger  
Vice President Sales, Bollinger  
Shipyards  
1,450 Employees



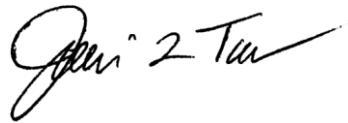
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Wynn Radford  
Director, Government and Public  
Affairs, BP  
14,000 US Employees



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Kristine Strickland  
Chancellor, Fletcher Technical  
Community College  
200 Employees  
5,000 Students



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Joni Tuck  
External Relations Advisor, Shell  
4,000+ Louisiana Employees



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Paul Danos  
Owner Executive, Danos  
3,000 Employees

Cc: The Honorable Mike Pence, Vice President of the United States  
The Honorable Steven Mnuchin, Secretary of the Department of Treasury  
The Honorable Wilbur Ross, Secretary of the Department of Commerce  
The Honorable Larry Kudlow, Director of the United States National Economic council  
The Honorable Russ Vought, Acting Director of the Office of Management & Budget  
The Honorable Kate MacGregor, Deputy Secretary of the Department of Interior  
The Honorable Scott Angelle, Director – Bureau of Safety & Environmental Enforcement  
The Honorable Francis Brooke, Special Assistant to the President for Economic Policy  
The Honorable Bill Cassidy, United States Senator  
The Honorable John Kennedy, United States Senator  
The Honorable John Cornyn, United States Senator  
The Honorable John Boozman, United States Senator  
The Honorable Ted Cruz, United States Senator  
The Honorable Tom Cotton, United States Senator  
The Honorable Steve Scalise, United States Representative  
The Honorable Garret Graves, United States Representative  
The Honorable Clay Higgins, United States Representative  
The Honorable Mike Johnson, United States Representative  
The Honorable Bill Flores, United States Representative  
The Honorable Dan Crenshaw, United States Representative