

AMERICAN ASSOCIATION OF PETROLEUM GEOLOGISTS
An International Geological Organization



LEE T. BILLINGSLEY
President

Abraxas Petroleum Corp., Suite 100
500 North Loop 1604 East
San Antonio, TX 78232
Phone: (210) 490-4788, Ext. 104
Fax: (210) 490-8837
E-mail: lbillingsley@satx.rr.com
www.aapg.org

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The Honorable Pete Domenici
Chairman
Committee on Energy and Natural Resources
United States Senate
Washington, D.C. 20501

Dear Senator Domenici:

I am writing as the President of the American Association of Petroleum Geologists (AAPG). I firmly believe that to promote economic and energy security, the United States needs to explore and develop its Outer Continental Shelf and Slope, one of the most prospective areas of the country. I want to express my **strong support for increasing access to augment domestic energy resources.**

During the past several years we have witnessed the impact of rapid changes of many of the variables that influence availability and price of petroleum and the many products derived from oil and natural gas. Taken together, these factors have recently pushed the price of crude oil (and products) as well as natural gas to historic levels. These factors include:

- Challenges to the crude oil and natural gas supply by growing global and domestic demand driven by a robust expansion in the global economy.
- Weather related disruptions in domestic supply and infrastructure that have reduced both oil and gas availability and availability of refined products.
- Increased political tension and conflict in a number of countries and regions that have added a significant political risk premium to the global oil market.

AAPG believes that there are real economic and energy security benefits to the nation and its citizens in permitting expanded access to offshore areas currently under moratoria. With expanded access to the Outer Continental Shelf and Slope of the United States, AAPG believes:

- The industry can increase domestic production of petroleum resources that will result in the nation having reduced vulnerability to impacts of weather as well as risks associated with import dependence, including the political risk premium that has driven recent market prices to historical levels.
 - The petroleum industry has demonstrated it can safely produce a significant portion of the nation's oil and gas from these offshore areas.
 - The petroleum industry has demonstrated its ability to protect the environment.
- The increases in volumes of oil and natural gas produced domestically, to the extent that they offset import demand, have a positive impact on the United States balance of payments.
- The increases in domestic production will provide more jobs not only within the industry and supporting sectors but help to insure that energy intensive industries, which increasingly have moved into the international arena in search of more abundant and affordable energy, will continue to find it attractive to operate in the United States.

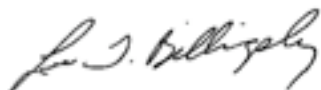
- The increases in production will significantly increase revenues to the government(s) through royalty and lease bonus payments. (A portion of those potential government revenues should be invested in the educational infrastructure that is needed to produce the training and skills that keeps our domestic industry at the forefront of technology deployment.)
- The exploration and development of those resources can be accomplished in a safe and environmentally responsible manner. (That belief is reinforced by noting that during Hurricane Katrina, in spite of the unprecedented damage visited on the offshore oil and gas infrastructure in the Gulf of Mexico, there was minimal release of oil associated with the loss of platform and wellhead production integrity. The public should be assured that the technology advances of the past three decades works as it was designed to do by reducing the risk of environmental insult from catastrophic events like hurricanes as well as from normal operations.)

As a professional organization, AAPG's members understand that fossil fuels will, for the foreseeable future, continue to be a mainstay of the world's energy economy and will provide many of the raw materials that allow us to function in our modern world. With that understanding AAPG supports:

- The continued efforts to develop technologies to conserve energy and technologies that will permit the economy to perform more efficiently with reduced energy input.
- The efforts to develop market based alternative energy resources.
- The enactment of legislation that would increase access to the Outer Continental Shelf and Slope of the United States.
 - The addition of areas available for leasing to include those currently under moratoria, off the Eastern, Western and Florida coasts, where they can be shown to have economic benefit and acceptable environmental risk.

The American Association of Petroleum Geologists (AAPG) **supports the full exploration, development and production of the petroleum resources of the Outer Continental Shelf and Slope of the United States** and encourages the Senate to move forward with the greatest dispatch to pass legislation to expand access to the Outer Continental Shelf and Slope of the United States. We believe that such legislation would have multiple benefits to the nation's economy, to our energy security and would send important signals to the world energy markets of our determination to act responsibly on our own behalf in satisfying domestic energy needs.

Sincerely,



Lee T. Billingsley,
President, AAPG