



United States Department of the Interior

OFFICE OF THE SECRETARY
Washington, D.C. 20240

MAY 17 2011

Mr. Ted Tupper
[REDACTED]

Dear Mr. Tupper:

This letter is in response to your April 6, 2011, request for correction under the Information Quality Act (IQA) regarding the "Oil and Gas Lease Utilization — Onshore and Offshore" report published in March 2011.

In providing the estimates of undiscovered technically recoverable resources (UTRR), we provided a brief description of our methodology and the key assumptions, one of which was that UTRR are evenly distributed across leased acreage. While this assumption is a simplification, we believe it is a reasonable working assumption absent additional empirical information.

With respect to relying on past assessments of tract viability: the fact that a block was leased indicates that at least one company saw a viable prospect, even if the U.S. Department of the Interior (Department) did not. Indeed, there are many instances of commercial discoveries on blocks the Department considered nonviable at the time of the lease sale.

Any new information (seismic data, drilling results, changes in price projections) can change one's view of whether or not a tract is viable. The inactive leases vary in age from less than a year to 10 years, and viability is determined at the time of lease issuance. Clearly the older the lease, the more likely there is new information relevant to considering tract viability, and the less reliable the initial assessment may be.

In sum, short of doing a new assessment of all leases right now, any approach will require assumptions. Given the time available for our analysis, we believe our approach was reasonable, especially given that the assumptions and methods were transparent.

The Department is committed to following guidelines published under the IQA. We hope that these modifications fully satisfy your concerns. If you still have concerns and wish to appeal our decision, an appeal must be submitted within 21 calendar days to:

U.S. Department of the Interior
Office of the Chief Information Officer
Attention: Information Quality Correction Request Processing
1849 C Street, NW, MS-7447
Washington, DC 20240

If you have any questions, please contact me at (202) 208-5978 or Joel_Clement@ios.doi.gov.

Sincerely,

Joel Clement
Director, Office of Policy Analysis