

GREGORI LEBEDEV
PRESIDENT AND
CHIEF EXECUTIVE OFFICER

October 10, 2003

The Honorable
U.S. House of Representatives
Washington, D.C. 20515

Dear Representative :

I am writing to request your support on an important manufacturing issue. Next week the House will vote on a motion to instruct energy conferees to strike an important provision in the Energy Conference report known as Section 334. This section simply directs the Interior Department to conduct a scientific inventory and analysis of energy resources in the coastal waters of the US known as the Outer Continental Shelf. Natural gas is fast becoming the lifeblood of the US economy. Consumers – households, farmers and businesses alike – need a reliable and affordable supply of gas. Section 334 will provide a comprehensive inventory of the nation's natural gas assets in coastal waters. Knowledge the nation must have to secure its energy future. For that reason, I urge you to vote against this motion.

The chemical industry is the nation's largest industrial consumer of natural gas. Affordably priced natural gas helped make chemicals the nation's largest export industry. Those exports sustain hundreds of thousands of good-paying jobs. But, natural gas is now in short supply and today's record-high natural gas prices are destroying the competitiveness of US-based chemical manufacturing. In the late 1990s the industry posted the largest trade surpluses in the nation's history. Today, the US is a net importer of chemical products. Chemical plants are closing at an alarming rate and thousands of good-paying American jobs are moving overseas. What is happening to chemicals is happening to dozens of other industries.

Energy experts believe that many trillions of cubic feet of natural gas reside in US coastal waters, but the precise amount and location is not known because those basins have not been scientifically surveyed. Section 334 of the energy conference report would permit an inventory of natural gas basins in coastal waters similar to

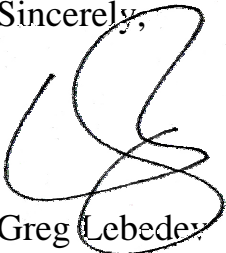
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surveys conducted of US forests, fisheries and other natural resources. It does not, as critics imply, open new coastal waters to drilling.

Similar studies of natural gas deposits have been conducted by Norway, Denmark, Canada, Japan and the UK. Today, those nations are safely and successfully withdrawing natural gas from their coastal waters in an environmentally friendly fashion, delivering a vital service to their people, and helping their businesses compete in global markets.

Section 334 alone won't right what's wrong in natural gas markets, but it is a necessary first step. The natural gas needs of the nation cannot be met if it does not know what exists. Congress cannot continue a policy of legislating from ignorance. We must develop a better knowledge of the nation's natural gas resources, so that we can make informed decisions about our energy future. Striking Section 334 from the energy bill would move the nation in the wrong direction and signal that the Congress is indifferent to a correctable crisis in our manufacturing economy. Please vote against the motion to strike Section 334 from the energy bill.

Sincerely,

A handwritten signature in black ink, appearing to read 'Greg Lebedev', with a large, stylized loop at the end.

Greg Lebedev
President and
Chief Executive Officer