

**JIM COSTA**

20TH DISTRICT, CALIFORNIA

EMAIL: congressmanjimcosta@mail.house.gov

WEB PAGE: www.house.gov/costa

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**Congress of the United States  
House of Representatives  
Washington, D.C. 20515**

June 17, 2009

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MIDDLE EAST AND SOUTH ASIA

Secretary of the Interior Ken Salazar  
United States Department of the Interior  
1849 C Street, NW  
Washington, DC 20240

Dear Secretary Salazar,

I am writing to express my concern over the Department of the Interior's granting of oil and gas leases to American subsidiaries of foreign energy companies who are subject to sanction under U.S. law because they have invested in the Iranian energy sector.

Subsidiaries of at least six companies investing in Iran in violation of the Iran Sanctions Act - Repsol, Eni, Total, Royal Dutch Shell, Petrobras and StatoilHydro - won bids in last year's Western Gulf of Mexico Oil and Gas Lease Sale 207 and the Chukchi Sea Lease Sale 193.

According to the preliminary bid recap from the March 2009 oil and gas lease sale 208, these same companies were the highest bidder for nearly 20% of the available leases.

Iran is listed by the Department of State as the world's leading state sponsor of terrorism and is engaged in an illegal effort to acquire a nuclear weapons capability. Iran's energy sector is the lifeblood of its economy and by threatening the Iranian energy sector with sanctions, the United States has long attempted to use economic leverage to alter Iran's illicit activity. While our own companies are not permitted to invest in Iran, this has not been the case for foreign companies. If these companies were denied the right to bid on U.S. oil and gas leases, it might make them rethink their activities in Iran. On the other hand, awarding contracts to companies - and their subsidiaries - that invest in Iran creates confusion in the international community regarding the strength of U.S. resolve to halt Iran's progress toward nuclear weapons capability.

As the Obama Administration completes its review of American policy on Iran, it is crucial that all segments of the U.S. government take part. I urge the Interior Department to reverse its policy of allowing companies investing in Iran to bid on oil and gas leases in the U.S. I look forward to hearing your comments on such a proposal and how such a ban might affect future lease sales.

Sincerely,



**JIM COSTA**  
Member of Congress

Cc: The Honorable Hillary Clinton, Secretary of State

WASHINGTON OFFICE:  
1314 LONGWORTH HOUSE OFFICE BUILDING  
WASHINGTON, DC 20515  
PHONE: (202) 225-3341  
FAX: (202) 225-9308

DISTRICT OFFICE:  
855 M STREET, SUITE 940  
FRESNO, CA 93721  
PHONE: (559) 495-1620  
FAX: (559) 495-1027

DISTRICT OFFICE:  
2700 M STREET, SUITE 225  
BAKERSFIELD, CA 93301  
PHONE: (661) 869-1620  
FAX: (661) 869-1027