

Opening Statement of
Chairman Rob Bishop
Tuesday, September 15, 2015 at 9:00am CST
Louisiana Supreme Court, 400 Royal Street, New Orleans, LA
Before the Committee on Natural Resources

I'd like to first begin by thanking the great State of Louisiana for hosting us in their Supreme Court building. Today's hearing will focus on the current state of Gulf offshore energy production. Energy production in the Gulf of Mexico is an energy lifeline for our nation – today providing **17%** of our domestic crude and **5%** of our natural gas.

While production in the Gulf has remained relatively stagnant over the past several years – skyrocketing oil and natural gas production on state and private lands has propelled the U.S. to surpass Saudi Arabia and Russia to become the global leader in energy production. This newfound role for our country could not be achieved without the Gulf. Yet, we cannot take this position for granted.

While each Gulf state manages some acreage off their coasts- the vast majority of acreage in the Gulf of Mexico is managed by the federal government, and it contains a massive amount of energy

resources. The question is: is it being managed well? That is precisely the question we're here today to explore.

Many examples demonstrate how the Interior Department has been dead wrong in their so-called "management" of federal lands. For example, the Obama Administration's 2010 moratorium, which shut down all drilling in the Gulf for months after the Macondo incident. Thankfully, that costly mistake was eventually overturned by the courts – but not without severe economic consequences.

Agency regulations such as the proposed well-control threaten another moratorium by shutting down the majority of the Gulf rig fleet. Some provisions of this rule could actually undermine safety, rather than enhance it. Interestingly, *after* we announced this hearing, the Bureau of Safety and Environmental Enforcement scheduled meetings in Washington for today to discuss these onerous provisions. That is quite the coincidence.

It is important to note that all Gulf offshore operators – even the agencies – have undergone significant regulatory reforms to ensure operations are safer than ever before. Earlier this year, our Committee explored that specific issue. The conclusion was clear:

overly prescriptive regulations such as the well-control rule wouldn't just harm the Gulf economically-- it would impact our nation as a whole. A performance-based approach will allow for increased safety and regulatory certainty, and will allow agencies to keep pace with the technology curve.

Other federal measures, such as the crude export ban, limit new market opportunities and U.S. production potential. An EIA report released earlier this month found that lifting the crude export ban would result in higher wellhead prices for domestic producers, who would then respond with additional production – all while potentially lowering gas prices for American families.

The same is true for LNG exports. We should encourage the production of affordable energy, not continue decades-old policies that force companies to shut-in those resources because they are not economic to bring to market.

What we have seen recently is two offshore lease sales yielding the lowest number of bids in over twenty years, natural gas production is falling, offshore crude production only now showing signs of recovery since the moratorium, and the Interior

Department continues to issue nonsensical regulations. This is not the path that will keep our nation on a path forward through a position of energy strength.

The thousands of employees who work off these coasts deserve better. Their hard work has helped decrease our dependence on foreign oil. Day in, day out – Gulf Coast residents go to work on rigs, vessels or small businesses that support this critical energy infrastructure. They are vested in keeping these operations safe – to protect the beaches and inland waterways they visit with their families. This industry is their livelihood.

I look forward to hearing from our witnesses on the federal government's harmful regulations and to recognize how important the Gulf's energy and economic lifeline is to our nation.

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