House Natural Resources Committee Republican Forum
An Energy Crisis and Rising Gas Prices: A Mid-Year Review of the Biden Administration's Energy Policy
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Statement from GEST Executive Director, Lori LeBlanc

Good morning. My name is Lori LeBlanc, Executive Director of the Gulf Economic Survival Team or GEST. Founded in 2010, GEST is a grassroots advocacy organization that promotes the significance of energy production in the Gulf Region to the U.S. economy and we represent the hundreds of thousands of hardworking middle-class Americans who to go work every day in support of this industry that literally fuels America.

At the start of 2021, our Gulf Coast energy industry and energy workers were looking towards a year of recovery, but instead the Biden administration issued an Executive Order imposing a pause on leasing on federal lands and offshore waters impacting the future of America's offshore energy industry and on the people working in this vital industry.

The leasing "pause" has been lingering for over seven months as we still wait for an interim report to be issued by the Department of Interior. This, in and of itself has the potential to cause an American energy crisis. Furthermore, the two OCS lease sales scheduled for 2021 have all but been canceled as we have not been given any indication by Interior of the rescheduling of those lease sales. And, as the current OCS five-year plan expires in 2022, Interior has not given any indication or insight as to the development of the next five-year OCS plan.

President Biden's leasing ban and their review of the leasing program does nothing to promote American energy independence. In fact, the Biden orders signal a wave of uncertainty to the offshore industry which results in those critical investment dollars going to other parts of the world and in turn, doing more harm to the global environment, to global emissions, AND at the same time hurting our American energy workers and the American consumer.

It is disappointing that the Administration has not taken into serious consideration the impacts of the federal leasing ban on coastal communities along the Gulf of Mexico. These communities and their citizens depend upon a robust offshore industry to fund essential services like education, highways and police and fire protection. They also depend on the offshore industry to support local businesses, from boat companies and fabrication shops to grocery stores and car dealerships.

Along our Gulf Coast, our offshore workers are the blue-collar workers who proudly do a job producing American Energy. The Gulf of Mexico produces nearly 20% of our nation's energy supply and nearly 500,000 jobs are directly tied to energy production in the Gulf. A recent analysis concluded that the impact of a leasing ban on Louisiana would be devastating resulting in a potential job loss of more than 48,000 jobs and putting $95 million of state revenue at risk.

According to economist Dr. Loren C. Scott's latest study, ***"The Energy Sector: Still A Giant Economic Engine for the Louisiana Economy"***, Lafourche and Terrebonne parishes have more than 5,400 energy employees working at an average annual wage of $81,402 and a contribution of more than $24 million in local property taxes. The energy industry supports more than $440.5 million in annual wages for employees in Lafourche and Terrebonne Parishes.

More than 200 companies utilize Port Fourchon in servicing offshore rigs in the Gulf of Mexico, carrying equipment, supplies and personnel to offshore locations. Port Fourchon's tenants provide services to more than 90% of all deepwater rigs in the Gulf of Mexico, and roughly 45% of all shallow water rigs in the Gulf. An estimated 15,000 people per month are flown to offshore locations supported by Port Fourchon.

The Gulf offshore oil and natural gas industry is an economic engine for our nation contributing $5-8 billion per year to the federal treasury. In fact, Gulf oil and gas revenues fund 60% of total federal energy revenue.

In addition, the Gulf of Mexico Energy Security Act (GOMESA) directs offshore oil and gas revenues to fund Louisiana's critical coastal restoration and levee protection projects that protect our environment, build our precious wetlands, and sustain our unique cultural heritage for many generations to come. Not to mention that the coastal wetlands also serve as carbon sinks to mitigate against global climate change.

In Louisiana, the State is projecting to receive $389 million of GOMESA revenues over the next 3 years to fund the $50 billion State Coastal Master Plan which may now have to be scaled back due to the canceled lease sales. These investments will provide flood protection for specific projects. Projects such as the Bayou Lafourche Pump Station, which provides safe drinking water for over 300,000 residents in a four-parish area, the Bayou Chene flood gate, which protects residents in six parishes, as well as investments in levee system improvements to enhance the climate resilience of coastal communities are all funded by these revenues.

Canceled offshore lease sales will ultimately put coastal communities at an increased risk from tropical storms and hurricanes.

Also, offshore revenues include bonus bids which is shared with coastal states. Over the past five years, Louisiana has received approximately between $160 million and $407 million from bonus bids alone. For the State of Louisiana, this means **Interior's pause on leasing has immediately cost the state between $20-$40 million just in lost bonuses in 2021. For the rest of the United States, that cost has been about $200 million.**

In addition, many commercial agreements with small businesses up and down our coast begin discussions as soon as a lease sale is issued—so while Interior continues to insist that production is not halted on existing leases, without lease sales in sight for 2021, many small businesses are looking at a very uncertain future.

And as the industry is working towards tackling the global climate change issue, shutting down America's offshore oil and gas industry is not a solution to a global climate change problem. In fact, a 2016 Department of Interior report determined that carbon emissions from production in the OCS are less, per barrel of oil, than overseas production, which would necessarily increase after banning U.S. offshore development.

Gulf coast energy workers stand ready to work with this Administration to "build back better" through an energy transition; however, it needs to be a smart strategic transition. Notably, while the Gulf holds vast potential for development of renewable resources like offshore wind production, it's the infrastructure and workforce related to our historic and sustainable offshore oil and gas production that will make this potential a reality.

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Louisiana Energy – The Gulf of Mexico

Louisiana is proud to be an Energy State *and* a Sportsman's Paradise. We have a long history of producing energy to fuel America while preserving and protecting our abundant natural resources. The Gulf of Mexico is a critical energy resource for America, producing nearly 20% of our nation's supply and supporting an estimated 500,000 jobs.

According to the Bureau of Ocean Energy Management (BOEM) which regulates offshore lease sales, "the Gulf continues to be the nation's primary offshore source of oil and gas, generating about 97% of all U.S. OCS oil and gas production. Since 2017, Gulf of Mexico lease sales have generated more than $1 trillion from offshore leasing."

On January 27th, President Biden signed *Executive Order 14008, Tackling the Climate Crisis* declaring a pause on leasing on federal lands and waters, including the Outer Continental Shelf of the Gulf of Mexico.

However, neither the Executive Order (EO), nor any announcements since the EO have indicated the length of the so-called "pause" on leasing. An indefinite "pause" has local communities on the frontlines of offshore activity very concerned due to the message of uncertainty it sends to the offshore companies who invest billions of dollars in offshore projects which then trickles down to small businesses and coastal communities.

Offshore Revenues are critical to many environmental programs including:

- Offshore revenues contribute $5-8B/yr to the Federal Treasury (60% of all energy revenues)
- Offshore Revenues provided $3.9B to **Land & Water Conservation Fund (LWCF),** which funds conservation of national parks, local trails, national recreation areas, wildlife refuges, and other popular environmental projects to the tune of over $1 billion per year.
    - 40,000+ state projects in all 50 States
    - 2.37M acres protected
- Offshore revenues provided $2.3B to **Great American Outdoors Act** (passed in 2020), funding to maintain our National Parks.
- Offshore revenues funded $793M to **Gulf of Mexico Energy Security Act (GOMESA) Projects**
    - $353M in FY2020. Louisiana alone received $155M (funds are dedicated to coastal restoration/hurricane protection projects)
    - GOMESA revenues are not just from production. Revenue also comes from bonus bids in the lease sale. Between $160M to $407M over past five years IN BONUS BIDS.
    - TWO canceled lease sales in 2021 results in a DIRECT cost to Louisiana between $20-$40M this year alone.
    - Louisiana depends on GOMESA revenues to fund a $50 billion coastal restoration plan

The Executive Order banning offshore lease sales will have a devastating impact on funding these environmental programs well into the future.

While the Biden administration calls the leasing ban a "pause" we are gravely concerned that the Interior Department is not performing the work necessary to hold another lease sale under the current Outer Continental Shelf (OCS) Five-Year Plan, nor the work necessary to develop the next Five-Year Plan before the current plan expires on July 1, 2022.

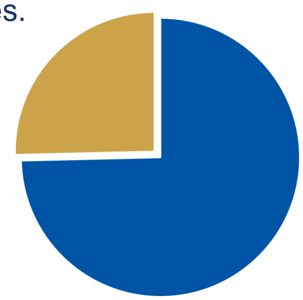
Offshore Leasing Ban has an Immediate and Long-Term Impact

LMOGA reviewed ONRR's published revenue date from 2017 to 2020 and found that royalties from offshore oil and gas production represent 87% of federal energy revenues while revenues from bonuses, immediately generated from lease sales, represent 9%, being over $1.6 billion during the period and at least $230 million each year.

Over the past five years, Louisiana has received approximately between $160 million and $407 million from bonus bids alone. For the State of Louisiana, this means **Interior's pause on leasing has immediately cost the state between $20-$40 million just in lost bonuses in 2021. For the rest of the United States, that cost has been about $200 million.**

CONTRIBUTING TO OUR COAST

34% of CPRA's FY 2020 Budget is funded by oil and gas revenues.



	State Mineral Revenue Deposits	GOMESA Revenue Deposits
FY 2015	$23,633,856	$653,383
FY 2016	$15,508,220	$82,1963
FY 2017	$14,050,843	$257,250
FY 2018	$16,068,268	$66,271,724
FY 2019	$17,806,7565	**$75,782,553**

Louisiana's Coastal Master Plan is Estimated to cost $50 Billion over 50 years

Offshore Leasing Ban Will Increase GHG Emissions

The Gulf of Mexico is the safest and cleanest oil we can produce anywhere in the world. While the oil and natural gas industry shares the administration's desire to tackle climate change and reduce emissions, halting domestic energy development in one of the lowest carbon intensive energy producing regions in the world is not the answer. That move will shift production and capital investment overseas and undermine decades of environmental progress.

In fact, a 2016 Obama administration study conducted by BOEM, concluded that America's greenhouse gas (GHG) emissions will be little affected by leasing decisions on BOEM's offshore leasing program and could in fact result in an increase of GHG emissions in the absence of new OCS leasing due to an increase in importing foreign oil.