

Testimony of Chett C. Chiasson, MPA
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Greater Lafourche Port Commission
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Committee on Natural Resources
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Good morning Mr. Chairman and Members of the Committee. My name is Chett Chiasson, and I am the Executive Director of the Greater Lafourche Port Commission, otherwise known as Port Fourchon. I appreciate the opportunity to appear before you today.

While I appear today on behalf of Port Fourchon, I also serve on the Louisiana Governor's Advisory Commission for Coastal Activities, the Louisiana Coastal Protection and Restoration Authority Finance Corporation, the Bureau of Ocean Energy Management's Renewable Energy Task Force, the Executive Board of Restore or Retreat, a regional non-profit coastal restoration advocacy group. I am also on the Board of Directors of the American Association of Port Authorities (Vice Chair), the Board of Directors of the Gulf Ports Association (Vice President), a member of the Ports Association of Louisiana, National Ocean Industries Association, and Business Network for Offshore Wind. I hold a B.A. and Masters Degree in Public Administration from Louisiana State University.

Port Fourchon is located on the Gulf of Mexico near the mouth of Bayou Lafourche, and is the only Louisiana port directly on the Gulf of Mexico. Although 675 million barrels of domestically produced and imported crude oil per year are transported via pipelines through or near the Port, Port Fourchon does not

itself handle any bulk oil and gas. Rather, we are an intermodal offshore services and supply port. More than 250 companies utilize Port Fourchon in servicing offshore energy activities in the Gulf of Mexico, carrying equipment, supplies and personnel to offshore locations. In terms of service, Port Fourchon's tenants provide services to more than 90 percent of all deepwater rigs in the Gulf of Mexico, and roughly 45% of all shallow water rigs in the Gulf. 80% of all Gulf oil now comes from deepwater Gulf of Mexico operations. In total, Port Fourchon plays a key role in providing nearly 20% of the nation's oil supply – or one in every five barrels of oil in the country is serviced by Port Fourchon.

Translating that to economic impact, offshore oil and gas activities produce 345,000 U.S. jobs, \$28.6 billion in Gross Domestic Product impact, and more than \$5 billion annually in government revenues. Gulf of Mexico energy activities will produce \$353 million in Gulf of Mexico Energy Security Act (GOMESA) funding, and \$1 billion in funding for the Land and Water Conservation Fund.

The local impact of our Port operations to South Louisiana is significant. Port Fourchon is responsible for over 8000 direct jobs in the Houma-Thibodaux MSA. Eight out of the top ten taxpayers in Lafourche Parish are either a tenant of the Port or otherwise operate in the offshore energy sector. The economic activity from Gulf of Mexico energy operations supports not just jobs, but provides substantial funding to Lafourche Parish and neighboring Parishes, and other local governmental entities, providing services like after school programs, economic development assistance, public works projects, and emergency preparedness. Offshore energy serves as an economic base for our levee and water districts, and emergency responders. Offshore energy production is vital to all of these services

that impact our daily lives, where we live, work and raise our families. Simply put, offshore energy is the underpinning of our economy and quality of life.

I applaud the Committee for holding this hearing today, and I endorse the underlying concepts in H.R. 5616 and H.R. 1121. What these bills mean to me is promoting a level of *certainty* in the federal regulatory process, and with respect to H.R. 5616, provide certainty with the pending 2023-2028 National Outer Continental Shelf (OCS) Oil and Gas Leasing Program. Being a governmental entity, Port Fourchon at all times serves not only as a vital part of our community, but we are held accountable to and by our community for our operations. An integral part in providing services to our tenants and supporting the economy of our region and state is the necessity to plan for the future – developing a yearly budget, forecasting future expenses and revenues, developing and adjusting as necessary our 5 year Capital Improvement Program. Everything we do is impacted by federal and state policies, whether it's related to offshore energy production, environmental protection, international trade and a host of other matters. We actively and I believe effectively work with our state and federal representatives on policy matters impacting our industry – we try to contribute to policy decisions at these levels as much as possible. But the most difficult aspect of working within a framework of federal, state and local laws is the uncertainty of what will occur in the future - - even the near future, with respect to these policies. We as a Nation cannot predict with any level of certainty the next natural disaster, the next pandemic, or the next international conflict. All of these, of course, impact all of our daily lives today. But we as a Nation should be able to develop governmental policies in a reliable and timely fashion, particularly those policies that impact investment by local governments and the private sector.

The issue of lease sales and the development of the next 5-year plan for Gulf of Mexico leasing is a perfect example. Offshore operators, who essentially are the customers of our customers, must plan multiple years in advance for investments in the hundreds of millions of dollars, for projects that will take multiple years to develop once permitted, before they ever begin producing. Our tenants, in turn, must develop future plans to accommodate their customer's needs, which in turn requires Port Fourchon to anticipate our customers' future needs, nearly all of which requires us budgeting for future revenues and expenditures. In brief, a BOEM 5 year plan, with guaranteed lease sales, is the best indicator for us as to where the Gulf of Mexico energy activity will head in the near future.

A recent study conducted by the American Petroleum Institute (API) and the National Ocean Industries Association (NOIA) forecasted the economic impact from a lapse of a 5-Year Program. The report states:

- With a 5-year offshore leasing program, the Gulf of Mexico is projected to produce an average of 2.6 million barrels of oil and natural gas from 2022 – 2040. A delay in the program could mean nearly 500,000 barrels per day less over that time period.
- In 2036, the lost Gulf of Mexico production could mean 885,000 fewer barrels of oil and natural gas per day – a 33% decrease from where the Country would be with a 5-year offshore leasing plan in place.
- 370,000 American jobs are supported by Gulf of Mexico offshore production. Nearly 60,000 of those could be lost without a 5-year offshore leasing program.

- Direct jobs supporting the offshore oil and gas industry pay on average nearly \$70,000. That's 29% higher than the national average salary.
- On average, \$1.5 billion per year in government revenue could be lost with reduced offshore production. That's revenue that could be used for public education, infrastructure, conservation projects, coastal restoration and hurricane protection programs.

Let me switch my testimony two other matters. The first is offshore renewable energy. The interest in offshore renewable energy has peaked dramatically in the past couple of years. There are weeks that I spend as much time meeting with potential tenants and other industry groups discussing offshore renewable energy as I do conventional energy. We currently have two written agreements with potential tenants who are actively planning for offshore renewable projects in the Gulf, not far from Port Fourchon. I like to refer to this next chapter in the Gulf of Mexico's future as "energy addition" – the *addition* of renewable energy to America's energy portfolio.

The Gulf of Mexico's involvement in renewable energy is not new. More than ten years ago, offshore service companies located at Port Fourchon began building vessels designed to participate in offshore wind turbine installation in the Northeast and Mid-Atlantic coast. Currently, Edison Chouest Offshore has vessels under construction designed to participate in offshore renewable development. Indeed, it is the expertise that has been developed in the offshore oil and gas industry over the past 70 years – with technology that continues to be developed every year, which serves as the foundation for the growing offshore renewable energy industry.

The relationship and dependency between offshore conventional energy and renewable energy is now even more prominent under the recently enacted Inflation Reduction Act (IRA.) This law requires an oil and gas lease sale to be held within one year of conducting an offshore wind lease. Lease Sale 261, just conducted yesterday (September 27), was the last oil and gas lease sale under the current 5-year plan. Thus, under the IRA, without a new 5-year plan and lease sales conducted under that plan, offshore wind leases can only be issued through September 2024.

The subject as to whether or when we transition away from the use of fossil fuels in this country and throughout the world continues to be debated. I for one do not see the *discontinuation* of fossil fuels use in my lifetime, if at all. I say that more as a consumer of products and services than I do as someone in the energy industry. But what I *do* see, *what I am actively engaged in at this very moment*, is securing the *addition* of renewable energy in the Gulf of Mexico -- *in my lifetime*. But that also requires reliable governmental planning at the federal and state level, and a coordination of planning for continued conventional and renewable energy. As happy as I was to see BOEM develop Wind Energy Areas and recently conduct their first lease sale for wind in the Gulf of Mexico, I was disappointed in the areas that BOEM selected for the sale, which I believe had an impact on the low number of bids received. That's an entirely different topic and goes beyond the scope of this hearing or my testimony, but we are actively working with BOEM on that issue, and I remain encouraged over the prospect of the addition of renewable energy in the Gulf of Mexico's energy portfolio that it supplies to this country. However, the common thread to all of this is *steady, reliable, multi-year federal leasing policies for all available energy activities.*

Finally I want to briefly mention the current Rice's Whale issue. This too is an example of where federal policy significantly impacts commercial operations in the Gulf of Mexico. This issue is part of litigation and a separate rulemaking involving a host of industry and NGO participants, but I would like to stress that the efficiency of commercial maritime operations, as well as safety of vessels and mariners operating in the Gulf, must at all times be given great consideration. Moreover, the inclusion and input of those commercial companies operating in the maritime domain must be actively solicited. Port Fourchon operates seven days a week, 24 hours a day. At Port Fourchon, approximately 270 vessels will utilize our Port on any given day. In order for the supply chain to efficiently serve offshore energy activities, these vessels must operate around the clock. The restrictions stated in the Stipulated Stay agreement puts offshore service activities and mariners' safety at risk, as well as efficient operations of commercial maritime activities. The proposed measures, including designating new off-limit areas for vessel activity, imposing speed restrictions, and limiting nighttime and low-visibility transit, will significantly hinder the industry's capacity to conduct offshore energy exploration and production in the Gulf of Mexico. Moreover, while on the one hand I am at a loss as to why the Notice to Lessees (NTL) related only to oil and gas activities, on the other hand, I presume if these measures were to become final, it would impact offshore renewable energy development as well as commercial fishing and tourism.

I appreciate the opportunity to appear before you today, and I would be pleased to respond to any questions the Committee may have. Thank you.