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House Committee on Natural Resources – Oversight Hearing “Rigs to Restoration”

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Chairman Westerman, and distinguished members of the committee, thank you for the opportunity to address you today on the critical role that energy production plays in Louisiana and the significance it has on our coastal communities. My name is Meg Bankston and I am the executive director of Parishes Advocating for Coastal Endurance, a group of 20 coastal parishes that make up Louisiana’s unique working coast, including Lafourche Parish where this hearing is held today.

You have undoubtedly heard the statistics about the population growth and economic productivity of the United State’s coastal counties and parishes, but the images of high-rise condos, sandy beaches, golf, and resorts that may spring to mind do not capture the look, feel, character, or reality of coastal Louisiana.

Our working coast is a heavily engineered system consisting of the active river deltas of the Mississippi and Atchafalaya and vast coastal wetlands and coastal plains. These landscapes sustain hard working communities, some of the nation’s most important energy and transportation resources, and living cultures like nowhere else on earth.

This special part of the Gulf Coast has been the driving force behind our country’s energy dominance and security. For the past six years, the U.S. has been the largest producer of crude oil in the world and 15% of that production comes from Outer Continental Shelf of the Gulf of Mexico. In 2023, the U.S. also exported more liquefied natural gas than any other country in the world with Louisiana’s coast once again essential to that success—We are 3<sup>rd</sup> in overall natural gas production, 5<sup>th</sup> in natural gas reserves, we are home to 51% of total natural gas processing capacity, and we shipped 63% of all U.S. LNG exports.

Other types of energy are also dependent on Louisiana’s coast and the businesses and workers who inhabit it. We have helped to design and build equipment and vessels for Atlantic offshore wind farms with at least 15 companies contributing to existing offshore wind projects and more than 450 companies across Louisiana who could one day provide support for that industry. By 2031 a [recent report](#) suggested that LA’s export potential and procurement goals for Offshore Wind could generate more than 3,700 jobs across manufacturing, shipbuilding, installation and commissioning, and operations and maintenance.

Not only does offshore oil and gas leasing and production in the Gulf of Mexico provide energy security for the American families and businesses, but the revenues generated from this production support conservation and resiliency efforts across the Gulf Coast and the country. A robust leasing program is essential. With the Gulf of Mexico being the backbone for American energy production, we would expect the Secretary of the Interior to create the National Outer Continental Shelf Oil and Gas Leasing Program (Or the 5 Year Plan) to be as robust as our production. While the Department

of Interior has finalized a 5 Year Plan in late 2023, it has historically low number of lease sales in the Gulf of Mexico, with only three potentially scheduled. This year, 2024, will be the first year in many decades without a single lease being offered. This shift away from a steady, reliable leasing schedule that meets the needs of industry will have many negative short term and long term effects, especially on communities like Lafourche Parish that are home to so many offshore workers and businesses contributing to the supply chain. Indeed, this lack of leasing causes considerable economic anxiety across the parishes of coastal Louisiana.

The Gulf of Mexico Energy Security Act, or GOMESA, is a funding stream that allows states on the Gulf Coast and counties and parishes like the ones I represent, to invest in their own resilience. Congress authorized GOMESA in 2006, and the first substantial revenues were received locally in 2018. Through this impact assistance program energy revenues from the Gulf of Mexico are returned to the region that makes that energy production possible. Significantly, for local government, a percentage of GOMESA revenue is shared directly with parishes and coastal counties. By making this investment in our coast and our coastal parishes, the federal government is making a multi-benefit investment in resilience. You are ensuring a future for the valuable energy production occurring in the Gulf of Mexico; you are preserving a workforce and communities skilled in exploring and producing offshore energy—skills in-demand across the globe for both traditional and renewable energy; you make possible proactive investments that reduce hurricane risk—thereby avoiding massive economic damages for the country and even larger personal disruptions for our people; and of course, it preserves and restores the environment that underpins our culture and houses and protects it all. Simply put, GOMESA is an indispensable tool that parishes and the state use in our fight for implementing coastal restoration and protection projects for our future sustainability.

This energy production cannot occur without the hardworking people, the infrastructure, and the natural environment found along our coast. And all these essential elements are under threat from sediment starvation, sea level rise, saltwater intrusion, and subtropical storm systems. Louisiana's resilience depends on our built environment, our natural environment, our economic environment, and our social and cultural environment all working together.

That commitment to holistic resilience is why I believe you are here today. Louisiana has proudly united advocates across the aisle and across sectors behind our science-based, 50-year, \$50 billion coastal master plan—our playbook for keeping our communities, environment, and economy alive against the threats of environmental risk. Since our first plan 17 years ago, we have consistently brought business, environmental groups, politicians and scientists together to strategize on how to expend our limited resources on coastal protection and restoration projects that are durable and effective in both the short term and the long term.

I cannot think of a more important place for this committee to hold a hearing than South Louisiana and I hope while you are here you have time to visit some of the projects that have been constructed with GOMESA and that you get a chance to meet some of the residents who make our working coast what it is.

In the interest in providing additional insight to the Committee, I will provide additional information on the history of GOMESA, examples of GOMESA-funded projects that benefit local communities

and some information on the differences between GOMESA revenue sharing and other revenue sharing programs authorized by Congress.

## Appendix: GOMESA

In the wake of Hurricanes Katrina and Rita and through the efforts of our Congressional delegation, we succeeded in establishing revenue sharing for a portion of the federal oil and gas revenues derived from the Outer Continental Shelf of the Gulf of Mexico through the Gulf of Mexico Energy and Security Act of 2006, or GOMESA.

The revenue sharing in GOMESA is based on the federal policy precedent established by the revenue sharing contained in the Mineral Lands Leasing Act of 1920. The original act provided revenue sharing for roads and schools that Congress knew would be needed to support the development of minerals from federal lands located in the various states. Later the act was amended to allow the revenue sharing funds to be spent for any government purpose.

Unfortunately, GOMESA does not apply to all federal oil and gas production in the Gulf of Mexico but only about 5% of the production, and 37.5% of the revenue from that small portion of the Gulf production is shared with the four gulf coast states, not 50% as in the Mineral Lands Leasing Act – and the GOMESA revenue sharing is subject to a combined cap of \$375 million as opposed to no cap on sharing in the Mineral Lands Leasing Act of 1920.

Louisianans believe this disparity of treatment is grossly unfair and they do not accept the excuse that the federal budget rules prevent greater sharing with the gulf coast states. This disparity of treatment is particularly unacceptable in light of the scientific proof that the pipeline activities across our coast – activities that are needed to bring federal OCS oil and gas ashore – have contributed to our coastal wetlands loss.

GOMESA recognizes that there is a balance to be struck between the economic and energy benefits of developing mineral resources on public lands and the environmental toll that those activities inevitably entail. Louisiana is proud to be one of the states that fuels this nation, but accessing and producing these resources has contributed to coastal impacts that jeopardize our ecosystems and populations. It should also be noted that as our coastal environments weaken the facilities and pipeline infrastructure that brings those energy resources onshore also grow more exposed to waves, storm surge, catastrophic storms, and continued environmental degradation.

GOMESA established two phases for revenue sharing, Phase I was very limited in terms of which leases qualified for revenue sharing and only returned \$36.7 million in total to all four Gulf Producing States and their 42 political subdivisions over the entire 10-year Phase I period. This \$36.7 million in disbursements was from a period in which the Gulf of Mexico OCS created \$68 billion in revenues for the federal treasury.

Phase II of GOMESA began in federal fiscal year 2017, and the first checks arrived to States and Coastal political subdivisions in May of 2018. Thanks to a larger geography of leases eligible for revenue sharing, Phase II has produced a significant amount of funding for the Gulf States and

Political Subdivisions. Specifically, for Fiscal Year 2024, the State of Louisiana received \$156,329,443 with the parishes receiving about \$31 Million of those funds directly.

While this is a welcome and much needed improvement over the 0% shared before GOMESA, and the 0.07% shared during Phase I of GOMESA, we are still a long way from the 50% sharing of all revenues for inland producing states provided by the Mineral Lands Leasing Act of 1920. Additionally, the Mineral Lands Leasing Act of 1920 has no cap on the amount of federal funds that can be shared.

GOMESA is a critical funding stream for our efforts to implement the Coastal Master Plan and local projects that are consistent and complimentary to that plan. Louisiana, by constitutional amendment and adopted through a state-wide vote in 2006, has committed all GOMESA funds to CPRA's trust fund to be spent exclusively on coastal protection and restoration activities. Now that we have entered Phase II of GOMESA and our receipts from GOMESA have increased, we are able to make stronger investments in Coastal Master Plan priority projects.

One project that has been able to move forward is the construction of a permanent closure structure across Bayou Chene in St. Mary Parish. During high water events on the Atchafalaya River, backwater flooding through Bayou Chene can impact portions of five parishes in south central Louisiana. Because of this danger, Bayou Chene has been closed in an emergency fashion during the floods of 2011, 2016, and again in this historic flood year. Before coastal Louisiana was threatened by Hurricane Barry, the emergency closure at Bayou Chene held back 1-2 feet of water from entering surrounding parishes that were already being impacted by high water from other directions. When Hurricane Barry pushed additional water up Bayou Chene, the structure prevented 4.5 feet of water from entering the region protecting people, assets, and infrastructure. GOMESA allowed the state to commit \$80 million for the construction of a permanent structure across Bayou Chene that can be opened and closed during emergencies rather than relying on temporary fixes.

GOMESA is also providing resources that CPRA is investing in levee systems in Terrebonne and Lafourche Parishes through a project known as "Morganza to the Gulf". Hurricane Barry brought storm surges of 9-11 feet to the Terrebonne and Lafourche areas, levels not seen since 2005 during Hurricane Rita. Thanks to state and local investment since 2005, numerous improvements have been made to the levee systems protecting these communities with dramatic effects. In 2005, Hurricane Rita resulted in the flooding of 11,000 homes. In Hurricane Barry, with a similar storm surge, only 12 homes flooded. GOMESA has allowed us to commit additional funds to further enhance the protection for this region of our coast.

Other Examples for parish GOMESA projects:

#### Cameron Parish

*Cameron Parish Gulf Shoreline Protection* Project with a cost of \$12 Million. The project was constructed in 2019 and completed in 2020. These breakwaters were constructed in 3 critical stretches of local beaches (Rutherford Beach, Long Beach and Little Florida).

#### St. Bernard Parish

*The East Bank Sediment Pipeline* – Planning/ Engineering and Design with a cost of \$1.5M. This project included the investigation and establishment of a sediment pipeline corridor on the East Bank of the Mississippi River. The East Bank Sediment transport corridor project preliminary design and implementation plan included the necessary engineering, environmental geotechnical, economic, logistical, and land rights requirements for implementation.

*Phase 3 Lake Lery Marsh Creation and Rim Restoration* - Planning/ Engineering and Design with a cost of \$1.3 M. This project includes approximately 400 acres of marsh creation and nourishment along the northwestern quadrant of Lake Lery. This project area is part of a much larger proposed 14,000 acres marsh creation polygon that is in the 2023 State Master Plan.

*Bayou Terre aux Boeufs Ridge Restoration* – Planning/ Engineering and Design with a cost of \$1.5M. This project includes one set of long-term interventions (ridge restoration) and one set of a near-term interventions (armoring/ shoreline protection). This project protects some of the most vulnerable reaches of the ridge that exposes the surrounding communities to storm surge.

#### Terrebonne Parish

*Petit Caillou Pump Station* – Design and Construction with a cost of \$2.6M of a pump station.

*Bayou Black Pump Station* – Construction with a cost of ~\$1M for a pump station for Bayou Black and Hanson Canal to reduce flooding in the bayou black area

*Bayou Terr Lock Structure* – Construction with a cost of ~\$8.9 M for a lock structure for Bayou Terrebonne

#### Lafourche Parish

*Grand Bayou Freshwater Reintroduction* -Engineering and Design with a cost of \$1,899,935.51. The Grand Bayou Freshwater Reintroduction project is intended to increase the flow of beneficial freshwater from the Atchafalaya River to Grand Bayou via the Gulf Intracoastal Waterway.

## St. Charles Parish

*Des Allemands Bulkhead Project*- Construction with a cost of \$3M. This project is a replacement of a sheet pile wall along Bayou Des Allemands that provides flood protection to the residents of the area.

## St. John the Baptist Parish

*Lake Pontchartrain Shoreline Protection* – Construction with a cost of \$9.5M. Since 1915, the western shore of Lake Pontchartrain has eroded at a rate of approximately 10 feet per year near the St. John the Baptist Parish/St. Charles Parish line extending the length of the shore to Tangipahoa Parish. Increased flood risk resulting from continued erosion and storm surge threatens residents and businesses of the Parish, in addition to major local, state and federal infrastructure. The Lake Pontchartrain Shoreline Protection Project will provide improved protection from these threats in the form of breakwaters to create a more resilient shoreline as an additional line of defense from these hazards.

GOMESA enables Gulf States to implement projects in areas and ways that we see fit. We can build levees where the risk is highest, not just in the location of the last flood. We can fund nature-based defenses. And we can spend to elevate homes or repair critical infrastructure directly damaged by land loss. This is a funding stream that allows for the proactive mitigation of disaster risk and reduces the necessity, and far costlier injections of federal funds after a disaster.