Louisiana – The Gateway to the Gulf

The Gulf of Mexico is one of the most vital energy resources for the United States, supplying more than 16 percent of America's oil and five percent of its natural gas. In the State of Louisiana, we are proud to serve as the gateway to the Gulf and provide the nation's energy needs, while producing American jobs.

Economic Benefits of Offshore Oil and Gas:

The offshore oil and gas industry has a $44 billion annual impact to Louisiana per year and a $70 billion annual impact when you factor in the related pipeline and refining industries. Federal revenue from offshore energy production in the past 10 years totaled $80 Billion in lease sales and royalties – a major source of revenue for our country. Louisiana's offshore oil and gas industry also creates jobs in every state in the U.S., with some 430,000 jobs nationwide estimated to link to Gulf energy activity, along with tens of thousands here in Louisiana alone.

Louisiana – The Energy State and Sportsman's Paradise:

Louisiana has a long and successful history in offshore oil and gas production and operators here offer an "on the ground," real-world perspective as to the positive impacts of a safe and responsible oil and gas industry on our economy and our environment. Louisiana has demonstrated first hand how to balance the development of our nation's oil and gas resources off its coast and still maintain a robust hunting, fishing, and wildlife industry. In Louisiana, commercial fishing provides ¼ of the fisheries catch in the lower 48 states and our wetlands provide habitat for about 1.8 million migratory waterfowl. Wildlife recreation, which includes hunting, fishing and wildlife watching, has amounted to a $2.2 billion industry.

Burdensome Regulations:

The necessity of the Gulf of Mexico is unquestionable. However, a series of recently proposed Federal rules introduces significant changes or new requirements that threaten to limit the benefits and economic viability of this region. These ineffective and premature proposed rules have the potential to reduce offshore oil and natural gas activity due to higher incurred costs and increased technical constraints. Ultimately, the competitiveness of the Gulf of Mexico as a basin will suffer, impacting the attractiveness for continued oil and gas investment.

Below are some of the regulations and issues that pose the greatest challenge:

- **Well Control Rule**: The Well Control Rule is a far-reaching burdensome rule finalized by the Bureau of Safety and Environmental Enforcement (BSEE) in April 2016. The rule addresses offshore drilling technology and safety without consideration to the many improvements made since Macondo. The rule establishes new requirements for BOPs, real-time monitoring, and well design with few incremental benefits to safety. In some cases, these requirements introduce risk into offshore operators and/or are technically infeasible. The "alternative compliance" provision is not helpful for long-term certainty. A Wood MacKenzie study estimated that this rule would reduce GOM production by as much as 35 percent by 2030; reduce government tax revenues by up to $5 billion a year; and put as many as 190,000 jobs at risk by 2030.

- **BOEM Air Rule Studies**: The Bureau of Ocean Energy Management (BOEM) is using substantive, yet still incomplete, new information from the on going Gulf of Mexico (GOM) Air Quality Modeling study in the Gulf of Mexico Outer Continental Shelf Lease Sale Draft Supplemental Environmental Impact Statement 2018. Policy decisions that impact the offshore oil and gas industry must be based on sound science, transparency, consultation and adequate review. BOEM is choosing to use preliminary, incomplete results from this study to make National Environmental Policy Act (NEPA) environmental impact determinations. Use of an incomplete, on going work product as a basis for drawing conclusions on possible environmental impacts is neither prudent nor transparent, and does not present an accurate depiction of offshore operations to the public and interested stakeholders.

- **Supplemental Bonding and Financial Assurance**: In 2016, BOEM issued a new policy for supplemental bonding and financial assurance that would have severely limited oil and natural gas operator's ability to sell assets to traditional purchases. Also, it would have resulted in increased costs to hold leases in the OCS. Further, this major change in bonding requirements may drive some operators out of business due to the significant amounts of capital required to secure this additional security. We are pleased that BOEM has placed a hold on their new policy and operators are currently working to develop a proposed solution.