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Louisiana Mid-Continent
Oil & Gas Association

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Via Regulations.gov

Ms. Kelly Hammerle, Chief
National OCS Oil and Gas Leasing Program Development and Coordination Branch Leasing Division
Office of Strategic Resources, Bureau of Ocean Energy Management (WAM-LD)
45600 Woodland Road
Sterling, VA 20166-9216

Dear Ms. Hammerlee,

Thank you for the opportunity to comment on the Department of Interior 2023-2028 National OCS Oil and Gas Leasing Proposed Program.

Since 1923, the Louisiana Mid-Continent Oil and Gas Association (LMOGA) has represented all sectors of the oil and natural gas industry in Louisiana and throughout the Gulf of Mexico. Our members are proud to have produced the energy that feeds both national and global demand, creates meaningful and high-paying jobs in our local communities, and supports state, local, and community programs that benefit a diverse array of local populations throughout our working coast. Specifically, our industry in the Gulf of Mexico (GOM) has been in operation since the mid-1900's and has continued to evolve to produce American-made energy through continuously improving environmental protection, operational efficiencies and safety through innovation—to the benefit of the resource owners.

After long delay, we appreciate that the Department of the Interior finally released a proposed 5-year offshore leasing program and welcome that it proposes at least 10 lease sales in the Gulf of Mexico and 1 in the Cook Inlet over the next five years. However, we are highly concerned your draft announcement signals a possibility for the Department offer no lease sales. We urge you to reject the notion of returning to a stall on offshore oil and gas leasing and instead swiftly approve and authorize the 11 lease sales called for in the Plan.

A 5-year offshore leasing plan that includes area-wide lease sales is now required by statute in two different places. The Outer Continental Shelf Lands Act (OCSLA) requires the Department to establish a schedule of leases under a five-year national program; and, to be consistent with the statute, to facilitate the "expeditious and orderly development [of resources], subject to environmental safeguards, in a manner which is consistent with the maintenance of competition and other national needs[1]." The Inflation Reduction Act now also requires the Department to offer area-wide oil and gas lease sales in order to meet its renewable energy goals.

In January 2021 when the Administration paused all oil and gas leasing on federal lands and waters, we saw energy prices rise to historic highs, capital investments freeze, and revenue projections for much-needed coastal restoration and other programs decline. Offering no new lease sales over the next five years during a time in which energy prices remain inflated, global supply chains continue to be disrupted, and inflation remains high is especially concerning. Indeed, continuing a regular oil and gas leasing schedule on the outer continental shelf is consistent with both federal statute and our country's global environmental leadership goals, and will be needed in a substantial measure for many decades to come.

Eliminating new offshore oil and gas lease sales is a serious economic risk for millions of American families and businesses. Gulf of Mexico energy producers supply nearly 15% of our own nation's oil production and over 2% of the nation's natural gas production. Leaving open the option to hold zero future lease sales puts U.S. energy security at risk and compromises U.S. producers' ability to provide affordable, reliable energy to the American people. According to the U.S. Energy Information Administration (EIA) Annual Energy Outlook 2022, "petroleum and natural gas remain the most-consumed sources of energy in the United States through 2050."

It's also a jobs issue for American workers. Offshore oil and natural gas development supports over 350,000 jobs throughout the U.S., contributing billions to the economy and local, state, and federal tax revenues. Specifically in Louisiana, it would have drastic impacts on the nearly 250,000 Louisianans that rely on the energy industry to support their families. Oil and gas operations support approximately one out of every nine of the state's jobs, many of which provide annual wages which are significantly above the state average. In addition, the industry accounted for nearly $4.5 billion of state and local tax revenue in 2019, which represents 14.6 percent of total state taxes, licenses and fees collected. Much of this revenue stream finds its way into local economies and helps provide critical operating resources for local governments.

Furthermore, as the Bureau of Ocean Energy Management (BOEM) noted in the Proposed Program, if oil and gas from new lease sales was not available, air emissions and environmental risk would increase from imported oil[2]. In fact, Louisiana Governor Edwards has acknowledged and stated in public testimony that offshore oil and gas development in the Gulf of Mexico as an important aspect of reducing carbon emissions.

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[1] 43 U.S.C. Sec. 1332(3)

[2] https://www.boem.gov/sites/default/files/oil-and-gas-energy-program/Leasing/Five-Year-Program/2017-2022/2017-2022-OCS-Oil-and-Gas-Leasing-PFP.pdf Page 5-17

Independent analysis shows that oil and natural gas are going to play an important role in fulfilling U.S. energy needs for the foreseeable future. The question is whether the oil and gas will come from here in the U.S., where it is produced under some of the strictest environmental standards in the world, or if the U.S. will cede our position as global energy leaders and instead become reliant on foreign sources to supply our energy needs.

Furthermore, revenues from the Gulf of Mexico oil and gas leasing program and production provide critical funding for the federal treasury and local communities. In fact, ONRR data indicates that bonus bid revenue alone from Gulf of Mexico leases sales averaged $258 million per year between 2016 and 2020; however, in the absence of new lease sales, bonus bid revenue declined to just $112 million in 2021. Total GOM revenues in 2018 and 2019 exceeded $5 billion per year to the federal treasury and after a decline in 2020 due to a global pandemic, it bounced back in 2021 to $4.6 billion.

Offshore revenues provide critical funding for our coastal communities that depend on energy revenues to fund vital services like education, health care, police and fire protection, and highways and infrastructure. In fact, Gulf oil and gas revenues fund 60% of federal energy revenue—supporting conservation projects and improving National Park infrastructure throughout our country. Nationwide, oil and gas production in the GOM has supported nearly $1 billion of conservation projects each year across all 50 states through the Land and Water Conservation Fund, and Congress strengthened states' benefit from offshore revenues by enabling $1.9 billion of energy revenues to support our National Parks and other public assets by enacting the Great American Outdoors Act in 2020. In 2021, $8.78 billion[3] was disbursed to state and local governments from federal lands and waters, $1.3 billion[4] to federal land management agencies for deferred maintenance, and $976 million was disbursed to the Land and Water Conservation Fund.

In addition, the Gulf of Mexico Energy Security Act (GOMESA) allows Gulf States to share in offshore revenue generated from oil production. To date, GOMESA has allowed over $300 million to flow to states for critical coastal restoration and levee protection projects that protect our environment, rebuild our wetlands, and sustain our unique cultural heritage.

In Louisiana, revenue generated from the offshore oil and natural gas industry provides a lifeline to important environmental priorities set out by Governor Edwards and state and local lawmakers. In fact, a majority of the revenue stream for the state's $50 billion 50-year Coastal Master Plan, which mitigates coastal erosion and has drawn bipartisan support, is derived from this important industry. GOMESA revenues are the state's only reliable and constitutionally dedicated source of federal revenue for our coastal restoration and hurricane protection programs.

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[3] https://onrr.gov/pdfdocs/Fiscal_Year_2021_Disbursements_Press_Release.pdf
[4] https://www.doi.gov/sites/doi.gov/files/list-of-fy2021-projects-by-bureau.pdf

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It is critical that the Final Outer Continental Shelf Oil and Gas Leasing Program include all 10 of the proposed lease sales in the Gulf of Mexico as well as the proposed sale for the Cook Inlet in Alaska. These sales will help the United States continue its energy leadership, support good-paying jobs, and meet domestic energy demand with resources produced right here.

I look forward to the Department quickly finalizing a robust 5-year program for offshore oil and gas leasing and including the maximum number of offshore lease sales.

Sincerely,

Tommy Faucheux

Tommy Faucheux
President, Louisiana Mid-Continent Oil & Gas Association