EXAMINING THE BIDEN ADMINISTRATION'S LIMITS ON ACCESS TO THE OCS: IMPACTS ON CONSUMERS, STATES, AND OPERATORS

OVERSIGHT HEARING

BEFORE THE

SUBCOMMITTEE ON ENERGY AND MINERAL RESOURCES

OF THE

COMMITTEE ON NATURAL RESOURCES
U.S. HOUSE OF REPRESENTATIVES

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CONTENTS

OVERSIGHT HEARING ON EXAMINING THE BIDEN ADMINISTRATION'S LIMITS ON ACCESS TO THE OCS: IMPACTS ON CONSUMERS, STATES, AND OPERATORS

Thursday, January 11, 2024
U.S. House of Representatives
Subcommittee on Energy and Mineral Resources
Committee on Natural Resources
Washington, DC

The Subcommittee met, pursuant to notice, at 10:07 a.m. in Room 1324, Longworth House Office Building, Hon. Pete Stauber [Chairman of the Subcommittee] presiding.

Present: Representatives Stauber, Gosar, Graves, Webster, Tiffany, Rosendale, Hunt, Collins, Duarte, Westerman; Ocasio-Cortez, Kamlager-Dove, Magaziner, Dingell, and Grijalva.

Also present: Representative Carl.

Mr. STAUBER. The Subcommittee on Energy and Mineral Resources will come to order.

Without objection, the Chair is authorized to declare a recess of the Subcommittee at any time.

Under Committee Rule 4(f), any oral opening statements at hearings are limited to the Chairman and the Ranking Minority Member.

I ask unanimous consent that the gentleman from Alabama, Mr. Carl, be allowed to participate in today's hearing.

Without objection, so ordered.

I now recognize myself for an opening statement.

STATEMENT OF THE HON. PETE STAUBER, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MINNESOTA

Mr. STAUBER. Today, the Energy and Mineral Resources Subcommittee will scrutinize the Biden administration's recent decisions restricting access to the Outer Continental Shelf for oil and gas leasing. These decisions have far-reaching implications for consumers, states, industry operators across the country, and our national security.

These limitations, memorialized in the 2024 through the 2029 National OCS Oil and Gas Leasing Program, undermine U.S. energy independence and threaten the economic stability of states like Alaska, Alabama, Louisiana, Mississippi, and Texas, which rely heavily on offshore leasing.

A prime example is Alaska's Cook Inlet, vital for the state's energy and employment, facing an uncertain future with no lease sales plan until at least 2030. BOEM's estimates show vast untapped gas resources here, yet the agency prioritizes speculative greenhouse gas emissions over Alaskans' energy needs. This is just another example of unelected bureaucrats telling Alaskans that they know better than the state's elected leaders, along with the Alaska Native communities, and thwarting their numerous requests for offshore lease sales.

States represented here today have seen their voices ignored in public consultations, leading to dire consequences. State budgets face steep declines as a result, leading to decreased funding for public schools, law enforcement, and critical emergency services. Additionally, this puts funding for initiatives like GOMESA and the Land and Water Conservation Fund at risk, undermining future coastal conservation and restoration efforts, along with recreation and land and conservation projects in every single community across the country.

The impact on consumers and job markets is equally alarming. Higher costs for imported energy and job shortages from halted production loom large, compelling operators to seek opportunities elsewhere. Discouraging development here at home only bolsters the budgets of our foreign adversaries and sovereign wealth funds instead of our own states.

A gallon of gasoline was nearing $3 a gallon in northern Minnesota just last week. Mind you, that same gallon was $1.87 on average in the district I represent the week President Biden was sworn into office. These price increases over the past 3 years are even before we truly begin to feel the effects of President Biden's anti-oil-and-gas agenda, including his failure to support offshore oil and gas leasing.

Imagine how energy prices will continue to rise for our constituents as this Administration continues to block offshore energy production. This paints a worrying picture for the next 5 years, affecting our energy independence and the economic and environmental resilience of these states. As we evaluate these policies, it is crucial to remember that offshore leasing is a linchpin of our national security and strategic security affecting millions of Americans' livelihoods.

Furthermore, BOEM has taken a totally different approach to wind energy leasing, having held multiple sales under the Biden administration. Notably, this industry relies heavily upon batteries, which require large amounts of key minerals like cobalt, copper, graphite, lithium, nickel, platinum, and vanadium. However, the escalating demand for minerals is not supported by a corresponding increase in mineral development, primarily due to the Department of the Interior's political decisions to block domestic mining, including within the Duluth Complex, the largest copper nickel find in the world, located in the district I am proud to represent.

We must examine how these policies will impact our national energy security, economic growth, and global competitiveness, ensuring that data and practical realities inform our decisions, not just Green New Deal fantasies.

The Bridge Production Act, introduced by my colleague from Louisiana, Representative Garret Graves, represents a pivotal shift towards a more balanced energy policy. This legislation, which has been passed by this Committee, requires 13 offshore oil and gas lease sales over the next 5 years. It also included my amendment that would ensure we are conducting lease sales off the shores of Alaska. Unlike the program proposed by BOEM, this legislation aims to bolster domestic energy production, reducing reliance on imports, and stabilizing energy markets in a manner that is both economically and strategically advantageous for all consumers, states, and operators in this country.

I will now yield to the Ranking Member for her opening statement.

STATEMENT OF THE HON. ALEXANDRIA OCASIO-CORTEZ, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW YORK

Ms. OCASIO-CORTEZ. Thank you, Mr. Chair. Good morning, everyone, and welcome to our witnesses. I am glad to be back for our first hearing of 2024.

In the words of Yogi Berra, it is like déjà vu all over again. Once again, for at least the fifth time in this Congress, our colleagues across the aisle have gathered us here to discuss how the Biden administration needs to do more for the offshore oil and gas industry. Not for the first time, not for the second time, not for the third time or fourth time, but for the fifth time.

At today's hearing, we will hear about how the Biden administration's plan to ramp down offshore oil and gas leasing is hurting our "energy security and economic futures." But notably absent from those arguments are whose security and whose economic futures?

Oil and gas companies already control more than 12 million acres of Federal waters in the Gulf of Mexico. Over 75 percent of the lease industry holds remain unused. To my disappointment, it is clear that we will be locked into decades more of oil and gas development, and the United States is already, including under the Biden administration, producing record amounts of oil.

Oil and gas production continues to climb in the Gulf of Mexico already. But rather than Americans seeing lower energy prices, as has been the argument; job creation, as has been the argument; or "energy independence", as has been the argument, all we see is increasing profits for oil companies, price volatility for consumers, declining industry jobs, increasing layoffs, and public health and safety crises exactly in the communities where the production is happening.

For years now, we have seen the industry lay off its oil and gas workforce. In just the last 6 years, we have seen over 700,000 oil and gas workers leaving the industry due to drastically declining wages and uncertain futures. At the same time, the same oil and gas companies are doling out million-dollar bonuses to their CEOs, spending billions of dollars in stock buybacks to artificially pump up the stock price, and raising dividends for mostly already wealthy shareholders.

Meanwhile, the industry's social and environmental impacts are left out of the conversation. According to the U.S. Geological Survey, offshore oil and gas accounts for nearly 20 percent of carbon emissions from Federal lands and waters, and my colleagues across the aisle argue that offshore drilling in the Gulf is cleaner and safer than abroad. But as my colleague, Mr. Huffman, likes to say, that is like arguing filtered cigarettes won't cause cancer.

We are already living with the dangerous consequences of our reliance on fossil fuels. Just last week, the United Nations released its annual economic outlook for 2024. And in it, economists warn that the climate crisis and extreme weather as a result of oil and gas production are expected to disrupt global food production and exacerbate economic instability around the world. Communities along the Gulf Coast must constantly grapple with the consequences of oil spills, air and water pollution, land loss, and displacement. The relentless pursuit of profit has led to the degradation of our resources, jeopardizing the health and well-being of American citizens. Again, we must ask who is the offshore oil and gas industry serving, and who is it leaving behind?

It is time we ramp down and phase out fossil fuel production on Federal lands and waters. It is necessary to stave off the worst impacts of the climate crisis and create a more equitable future where everyone has the right to live free from pollution.

Our coastal communities can transition in a way that supports jobs and cleans up the environment. Ports are already supporting the offshore wind industry with more opportunities to come. The policies we debate here can help or hinder that transition. We must make sure our Federal waters are part of the climate solution instead of the climate problem.

I look forward to hearing from our witnesses, and I yield back.

Mr. STAUBER. Thank you very much. I am going to now yield to the Chairman of the Full Committee, Chairman Westerman, for 5 minutes.

STATEMENT OF THE HON. BRUCE WESTERMAN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF ARKANSAS

Mr. WESTERMAN. Thank you, Chairman Stauber, and thank you to the witnesses for being here today.

The Biden administration's agenda of limiting oil and gas lease sales at all cost sets a deeply troubling precedent for American offshore access, impacting states, consumers, and domestic operators. Today, this Subcommittee will scrutinize the Biden administration's decision to drastically reduce leasing opportunities in its finalized National Outer Continental Shelf Oil and Gas Leasing Program for 2024 through 2029.

And yes, we are here again, and we will be here more times until this Administration does the right thing and starts putting America first and putting American producers and our national security first, instead of continuing down this detrimental policy path that they have been on this whole Administration.

This monumental mis-step that is nearly 2 years late marks an unprecedented shift in offshore policies. For the first time ever, there will be a 2-year gap in leasing plans. And for the first time since 1958, no oil and gas lease sales will happen in this calendar year. It includes only 3 sales over a 5-year period, compared to 11 sales in the previous plan. This is not just a break from tradition; it is a radical pivot by Secretary Haaland and Director Klein with catastrophic repercussions for our energy future.

The Bureau of Ocean Energy Management's 2024 through 2029 leasing program should concern all Americans, but ironically presents a great opportunity for OPEC and our adversaries. With fewer opportunities to lease in U.S. waters, investment will flow overseas and hostile nations will have greater influence over global energy markets. This is especially concerning when you consider the current conflicts in the Middle East.

The economic analysis underpinning the proposed leasing plan is a critical component of the program development process. However, BOEM's own analysis seems to plainly show that the Biden administration's energy policy is not realistic, not by a long shot. Consider this: BOEM's plan assumes a 400 percent increase in transmission capacity over the next 30 years. This would mean quadrupling the transmission capacity built since 1882 to ensure reliable energy supply under this plan.

With such unrealistic assumptions underpinning BOEM's analysis, the planned reduction in lease sales will clearly have serious consequences for our energy supply, and that is not even to mention that this Administration is totally against mining U.S. minerals that would be required to build those transmission lines. So, not only do they attack the fossil fuel sector, they are also attacking the mineral extraction and refining that is necessary to build out an electrical grid.

The Biden administration's leasing plan is a self-inflicted wound, putting at risk our national security, economic vitality, and the livelihoods of countless Americans. It will also jeopardize conservation efforts that the Biden administration claims to support. Offshore oil and gas revenues play a crucial role in supporting the Land and Water Conservation Fund and state budgets under the Gulf of Mexico Energy Security Act.

These revenues are not only vital for state conservation and recreational projects, but also contribute significantly to the Great American Outdoors Act, which focuses on addressing maintenance backlogs at our national parks, which we had an oversight hearing on the GAOA yesterday, and it was determined that the Park Service underestimated their needs from $12.7 billion is what they said 5 years ago. We have spent $5.3 billion, and now they say their backlog is at $22 billion. So, the Administration's plan is to cut off oil and gas leasing in the Gulf, which would greatly hamper future funding streams for Park Service maintenance backlog.

My colleagues across the aisle should consider that the Biden administration's policies are undermining goals like coastal conservation and hurricane protection, wildlife habitat enhancements, recreation, and public lands access, and water resource management. It is time to re-assess and re-align our energy policies with practical, economically sound solutions.

The Republican Majority on this Committee has put forth a practical solution to correct this mistake in BOEM's 2024 through 2029 program. Representative Graves' Bridge Production Act, H.R. 5616, requires 13 lease sales in the Gulf of Mexico and offshore Alaska over the next 5 years. This bill removes obstacles to OCS access for operators, ensures a realistic plan to lower prices for consumers, and provides certainty to states like Alabama, Alaska, Louisiana, Mississippi, and Texas so they can plan for the future.

I look forward to the hearing, and I yield back.

Mr. STAUBER. Thank you very much, Mr. Chair. We will now move to introduce our witnesses.

Let me remind the witnesses that under Committee Rules, they must limit their oral statements to 5 minutes, but their entire statement will appear in the hearing record.

To begin your testimony, please press the "talk" button on the microphone.

We use timing lights. When you begin, the light will turn green. When you have 1 minute remaining, the light will turn yellow. And at the end of the 5 minutes, the light will turn red, and I will ask you to please complete your statement.

I will also allow all witnesses to testify before Member questioning.

I will now yield 30 seconds to Representative Carl to introduce our first witness.

Mr. CARL. Thank you, Mr. Chair. As always, it is a pleasure to have an Alabamian up here in Washington. And today, we are fortunate to have Commissioner Chris Blankenship join us.

With a wealth of experience since 1994 in the Department of Conservation and Natural Resources, he is our go-to source for all things natural resources and conservation. He will be diving into the nitty gritty of the GOMESA funding, focus on its critical impact on the coastal Alabama projects, particularly in the underserved communities. Think water quality, public boating access, shoreside enhancement of parks, a true game changer. Commissioner Blankenship will shed lights on the challenges like the GOMESA cap and the potential setback for minimum proposed lease sales in the next 5 years, affecting funding for both GOMESA and the Land and Water Conservation Fund project.

Commissioner Chris Blankenship, thank you, sir, for being here.

Mr. STAUBER. Mr. Blankenship, you are now recognized for 5 minutes.

STATEMENT OF CHRIS BLANKENSHIP, COMMISSIONER, ALABAMA DEPARTMENT OF CONSERVATION AND NATURAL RESOURCES, MONTGOMERY, ALABAMA

Mr. BLANKENSHIP. Thank you, Congressman. Mr. Chairman, members of the Committee, thank you for the opportunity to appear before you today to testify on the extremely important subject of Outer Continental Shelf oil and gas leasing and the positive impacts that the Gulf of Mexico Energy Security Act has had on our beautiful state.

I grew up on Dauphin Island, Alabama. Most of my life, we have had production from natural gas wells right off of our shores. Many of my friends I grew up with work in the oil and gas industry. Those good-paying jobs are an economic engine for coastal towns. The views of the platforms and workboats during the day and the amber glow of the lights of the rigs at night are a familiar sight from my hometown.

The Alabama Department of Conservation administers the GOMESA program and is the state agency charged with leasing state water bottoms for exploration, development, and production of oil and gas, and coordinating with Federal agencies on OCS activities. The amount of GOMESA revenue received per year fluctuates and is based on several factors. In years when the lease sales have occurred, the distributions to Alabama through GOMESA revenue sharing are generally 50 percent higher than in years with no sales. Since the Phase II revenue sharing formula was implemented in 2017, Alabama has received approximately $227 million. Just last year, we received almost $50 million to do good work.

The GOMESA projects that we have funded in Alabama have had a great impact on improving public access to our waterfront, increasing boating access to our waterways, creating some special places for outdoor recreation, improving coastal water quality, and providing critical scientific information that is needed to better protect and preserve Mobile Bay and the Gulf of Mexico and their tributaries. The slate of projects funded included 15 shoreside waterfront public access park improvement projects that will help our citizens and guests with and without boats enjoy the waterfront and the great outdoors.

I am most proud of the commitment that we have made to providing boating access using GOMESA and other funding. GOMESA has funded 18 boating access projects in communities of diverse economic situations, and will serve all of our citizens, no matter their zip code. As you may know, undeveloped waterfront property availability is fast shrinking along the coast, making acquisitions for park and public access even more important.

One project I would like to highlight is the Mobile Bay Western Shore acquisition of more than 1,400 feet of bayfront. This is some of the last remaining undeveloped land, and will provide public access along Mobile Bay. This project leverages NFWF-funded Salt Aire Nature Preserve project to create a really special waterfront park for Mobile County. This project is just one example of how we can use GOMESA in conjunction with other funding to do special and long-lasting work.

With the growth of our coastal population, our sewer and stormwater systems are stressed. Several utilities in coastal Alabama will undertake sewer improvements or convert septic systems to sewer to improve water quality. The new school at the University of South Alabama of Marine and Environmental Science will be strengthened and realize increased research capacity by GOMESA, funding their Healthy Oceans initiative. The school is a great asset to coastal Alabama, and will train students to improve our fisheries and coastal processes for generations to come, and will provide critical scientific data needed to better manage our resources.

All of these projects will have a positive impact on coastal Alabama and add to our already wonderful quality of life in our coast. I look forward to being able to fund similar projects in future years.

The state of Alabama understands the critical importance of OCS oil and gas production to our economy and national security, and we have long supported a balanced and reasonable leasing program. The total of three lease sales in the recently published 5-year program is the lowest for any offshore 5-year leasing program to date. The lack of lease sales will most definitely negatively impact the short-term revenues the state of Alabama will receive through GOMESA revenue sharing.

Compounding the short-term loss of revenue, having fewer wells in operation in the Gulf of Mexico due to the limited lease sales will impact production in future years and will have a compounding negative impact on revenue sharing moving forward. This lack of fiscal resources will impede our ability to fund beneficial, long-term projects in coastal Alabama like the ones mentioned before. This hit is on top of the loss of jobs and business infrastructure related to oil and gas exploration and production in the northern Gulf of Mexico due to fewer operational wells.

The successful development of the Gulf of Mexico OCS clearly demonstrates that responsible offshore oil and gas development can generate many good-paying jobs, spur activity in a host of associated industries, and generate billions of dollars in revenue. We strongly urge the Administration to support existing revenue sharing with the four participating Gulf states, as well as any legislative efforts to expand and enhance revenue sharing.

Further, I believe the existing revenue sharing cap for the Gulf of Mexico under GOMESA should be lifted, thus ensuring a more equitable system to share the benefits of offshore development with the affected states.

Thank you again for the opportunity to participate in this most worthy discussion. The GOMESA program and OCS exploration and production is of the utmost importance to the people of the coastal economy of the state of Alabama. If I can ever assist in any way on this or any other issue before the Committee, please feel free to contact me. I am at your service. Thank you.

[The prepared statement of Mr. Blankenship follows:]

PREPARED STATEMENT OF MR. CHRISTOPHER BLANKENSHIP, COMMISSIONER, ALABAMA DEPARTMENT OF CONSERVATION AND NATURAL RESOURCES

Mr. Chairman and members of the Committee, thank you for the opportunity to appear before you today to testify on the extremely important subject of Outer Continental Shelf Oil and Gas Leasing and the positive impacts that the Gulf of Mexico Energy Security Act of 2006 (GoMESA) has had on our beautiful state. I am Chris Blankenship, and I am the Commissioner of the Alabama Department of Conservation and Natural Resources. I was appointed Commissioner by Governor Kay Ivey in 2017.

Under Alabama law, the Alabama Department of Conservation and Natural Resources (ADCNR) is the state agency charged with leasing state water bottoms for exploration, development and production of oil, gas and other minerals and coordinating with the federal agencies on Outer Continental Shelf (OCS) activities. Most people think of us only as the agency responsible for deer, turkey, fish, and game management as well as management of the Alabama State Parks; however, the stewardship of the mineral resources of Alabama and the Gulf of Mexico is an important responsibility we hold dear.

I am so honored to appear before you today because, for the State of Alabama, the revenue and jobs associated with OCS exploration and production have been vital to the people and resources of Alabama and are a large part of the financial opportunities we have to positively impact our people.

I grew up on Dauphin Island. Dauphin Island is a barrier island on our coast. Most all my life, we have had production from natural gas wells right off the shores of the Island. Many of my friends I grew up with work in the oil and gas industry. Those good-paying jobs are an economic engine for coastal towns. The views of the platforms and work boats during the day and the amber glow of the lights of the rigs at night are a familiar and treasured sight from my hometown.

Alabama has a relatively small coastline compared to the other Gulf States. Even though the coastline of Alabama is less than 5% of the total Gulf coastline, the revenues from all of the wells in the Gulf of Mexico through the Gulf of Mexico Energy Security Act allow ADCNR to improve many underserved and impoverished communities along the coast.

The Gulf of Mexico Energy Security Act (GoMESA) was enacted by Congress in 2006 and significantly enhances Outer Continental Shelf (OCS) oil and gas leasing activities and revenue sharing in the Gulf of Mexico. Among other things, GoMESA provides for enhanced sharing of leasing revenues with Gulf of Mexico producing states for coastal restoration projects. The GoMESA authorizes uses of the proceeds for the following purposes:

a. Projects and activities for the purposes of coastal protection, including conservation, coastal restoration, hurricane protection, and infrastructure directly affected by coastal wetland losses;
b. Mitigation of damage to fish, wildlife, or natural resources;
c. Implementation of a federally approved marine, coastal, or comprehensive conservation management plan;
d. Mitigation of the impact of Outer Continental Shelf activities through the funding of onshore infrastructure projects;
e. Planning assistance and the administrative costs of complying with this section.

GoMESA also provides 12.5% of revenues to the Land & Water Conservation Fund for recreational access projects through the National Park Service.

Revenue sharing under Phase I of GoMESA began in Fiscal Year 2009 with a moderate disbursement of $7,723,845 to the State of Alabama and its two Coastal Political Subdivisions (CPS), Mobile and Baldwin Counties. In the eight fiscal years that followed, the disbursements were for much lower dollar figures. From FY 2009 through FY 2017, the State of Alabama and the CPS received a total of just over $11 million; again, $7.7 million of that total was received in FY 2009 alone.

Beginning in FY 2018, the formula and area of leases and production used to calculate the shared revenue moved into the Phase II calculation, resulting in a substantial increase in revenue for the states and CPS. In FY 2018, Alabama and our CPS received $26,777,614. In contrast, the year before, in FY 2017, Alabama received less than $300,000! Since the Phase II revenue sharing formula was implemented, Alabama has received approximately $227,058,049. Just last year, we received almost $50 million to do good work in Alabama!

The amount of revenue received per year fluctuates and is based on several factors, including price of oil and gas, the distance of each producing well from each state, the population and coastline lengths of the CPS, rents, and bonuses from each well site, and the **amount of funds realized from lease sales**. In years when lease sales have occurred, the distributions to the states through GoMESA revenue sharing are generally 50% higher than in years with no lease sales. The increased funding in years following new lease sales has allowed us to do significant and impactful work in Coastal Alabama communities.

GoMESA Funded Projects in Alabama

The GoMESA projects we have funded in Alabama have had a great impact on improving public access to our waterfront, increasing boating access to our waterways, creating some special places for outdoor recreation, improving coastal water quality, and providing critical scientific information that is needed to better protect and preserve our beautiful Mobile Bay and Gulf of Mexico and their tributaries.

Outdoor recreation is a huge part of the quality of life in Coastal Alabama, especially recreation on the waterfront. The slate of projects funded includes fifteen (15) shoreside waterfront public access and park improvement projects that will help our citizens and guests with and without boats enjoy the waterfront and great outdoors. Projects are being implemented at Cooper Riverside Park and Brookley by the Bay in the City of Mobile, Triangle Park in Fairhope, Bayfront Park in Daphne, Centennial Park in Robertsdale, Cypress Point Park in Spanish Fort, the Mobile County Blueways development, Graham Creek Nature Preserve in Foley, the GulfQuest Museum, Lake Shelby at Gulf State Park, Cedar Point Pier in Mobile County, Green Park and Aloe Bay on Dauphin Island, the Bartram Canoe Trail in the Mobile-Tensaw Delta and Perdido River, and at the Five Rivers Delta Resources Center on the Mobile Causeway, the gateway into the Mobile-Tensaw Delta, also known as America's Amazon.

Alabama has more miles of navigable waterways than almost any state. Access to the water is a critical need. I am most proud of the commitment Governor Ivey and ADCNR have made to provide this access using GoMESA and other funding.

The GoMESA funded projects include eighteen (18) boating access projects in communities of diverse economic situations and will serve all our citizens, no matter their zip code. The projects are completed or underway on Halls Mill Creek in the City of Mobile, in Mobile County (Cedar Point), Bayou la Batre, Daphne, Fairhope, Weeks Bay, Chickasaw, Satsuma, Three Mile Creek (Africatown), and Mt. Vernon. Additional projects are completed or underway at the Chocolatta Ramp and Middleton Ramp on the Mobile Causeway, at County Road 6 Ramp, and at the large Intracoastal Waterway Ramp in Baldwin County. The construction of a new ramp in Aloe Bay on Dauphin Island as well as renovation of the two heavily used ramps on the East end of Dauphin Island, and the restoration of the D'Olive Bay Boat Channel to improve boating access in Daphne are also underway or completed.

As you may know, undeveloped waterfront property availability is fast shrinking along the coast, making acquisition for parks and public access even more important. Governor Ivey has approved seven land acquisition projects that will create public water and recreation access in Spanish Fort, the Fort Morgan Peninsula, the Western Shore of Mobile Bay, Foley, West Fowl River in Coden, in Baldwin County near the Magnolia River, and along the Perdido and Blackwater Rivers in Baldwin County.

One particular project I would like to highlight is the Mobile Bay Western Shore Acquisition with 1400' of bayfront; this is some of the last remaining undeveloped land that will provide public access along Mobile Bay. This project leverages the National Fish and Wildlife Foundation funded Mobile County Saltaire Nature Preserve Project just north of Fowl River to really create a special large park space for Mobile County. This project is just one example of how we can use GoMESA in conjunction with other funding sources to do really special and long-lasting work.

Water quality improvement is of the utmost importance in Mobile Bay and its tributaries. With the growth of our coastal population, our sewer and stormwater systems are stressed. Several utilities in Coastal Alabama will undertake sewer improvements or convert septic systems to sewer treatment to improve water quality. The Bayou la Batre Utilities, Daphne Utilities, Dauphin Island Water and Sewer Authority, the City of Chickasaw, and the Mobile County Water, Sewer and Fire Protection Authority will implement these improvements. The City of Loxley has a stormwater improvement project as well.

The City of Orange Beach has undertaken a five-year project to remove marine debris and litter from the waters in South Baldwin County, and the ADCNR State Parks Division will enhance recreational opportunities at Gulf State Park, including at the beach pavilion and in the repurposed golf course area.

The Alabama Department of Environmental Management has also undertaken a comprehensive project to remove litter from the waters in South Alabama.

Most of the rain that falls on the land of Alabama ends up in Mobile Bay. The Alabama Forestry Commission will use a GoMESA award to work with landowners on proper forest management including streamside riparian buffers, stream and creek restoration, and other activities that will improve the forested watersheds that empty into Mobile Bay.

The City of Fairhope will make streambed improvements in Fly Creek to reduce sedimentation into Mobile Bay, and Baldwin County will use the Kelly Pits property near the Magnolia River to construct wetlands and retention structures to harness the runoff and stormwater from development that is having a negative impact on the Magnolia River and Weeks Bay.

These projects are the first projects funded by the larger Water Quality Improvement Program that is being administered by the Alabama Department of Conservation and Natural Resources. More projects will be announced soon using dollars from the Deepwater Horizon Oil Spill funding to leverage the gains made with the GoMESA funded projects.

Scientific research and corresponding data are critical tools for us as resource managers. Understanding the current situation in our coastal environment and fisheries and seeing the trends over time are integral components of resource management. The Deepwater Horizon Oil Spill highlighted the lack of information we had on certain species or geographic areas. GoMESA funding has allowed us to close some of these gaps and has provided us with the information we need moving forward.

The new School of Marine and Environmental Sciences at the University of South Alabama, chaired by Dr. Sean Powers, will be strengthened and realize increased research capacity by the GoMESA funding of their Healthy Ocean Initiative. The school is a great asset to Coastal Alabama and will train students to improve our fisheries and coastal processes for generations to come and will provide critical scientific data needed to better manage our marine resources.

In the North-Central Gulf of Mexico, there is no research vessel capable of working multiple days in the Gulf. Alabama is funding the construction of a top-notch large research vessel for the Dauphin Island Sea Lab (DISL), an internationally recognized consortium of universities focused on marine science. This vessel will allow DISL to do a myriad of good scientific work on and off the Continental Shelf providing science and data we have never previously had to inform management decisions.

Work is underway on manatee habitat mapping and stranding response in Alabama, oyster research through the Auburn Shellfish Lab, sediment and water chemistry work through the Geological Survey of Alabama, and on tide gauge information in several critical rivers and tributaries to Mobile Bay.

One small project with the Alabama Department of Public Health (ADPH) really shows the value of these funds. Previously, Alabama had to send samples to Florida or a private lab to test waters and oysters for bacteria during harmful algal blooms because we did not have the capability to do these tests in Alabama. The GoMESA project purchased the equipment needed for ADPH to do this work. This means decisions can be made in hours instead of days or weeks to better protect the public health and to minimize oyster closures which benefits oyster farmers.

These projects will have a positive impact in Coastal Alabama and add to our already wonderful coastal quality of life. I look forward to being able to fund similar projects in future years. The combined impact of all of these projects is staggering! I would like to recognize ADCNR State Lands Director Patti McCurdy and her team who continue to work with these agencies and towns to distribute the funds, implement these projects, and track them moving forward to completion.

Rigs to Reef Program

Alabama has the largest artificial reef program in the United States. Red snapper, as well as other reef fish, need structure to thrive. The City of Orange Beach is known as "The Red Snapper Capital of the World." The charter and for-hire fleet in Orange Beach contains more than 200 vessels. This is the largest homeport for charter and for-hire vessels in the entire Gulf of Mexico. The people of the coastal areas of Alabama and particularly the people of the cities of Orange Beach, Gulf Shores, and Dauphin Island are proud of the outstanding red snapper fishery we have in the federal waters adjacent to Alabama. We land 35–40% of all red snapper harvested in the United States portion of the Gulf of Mexico. You might wonder how a state with such a small coastline could land that many red snapper. The State of Alabama has built this premier red snapper fishery through the creation of man-made artificial reefs.

The water bottoms off the coast of Alabama are relatively flat with very little relief. Until the last 50 years, the only places that red snapper were caught off our coast were on the very few natural reefs and outcroppings in the Gulf. Beginning in the 1950s, the ADCNR began placing material in the waters offshore to create habitat for reef fish. The initial placements were so successful that in the 1970s Alabama worked with the Corps of Engineers to create the Alabama Artificial Reef Zone. This 1,030-square-mile area in federal waters adjacent to Alabama is managed by ADCNR. Over the past 40-plus years, thousands of reefs have been placed in the reef zone. These reefs include over 100 decommissioned military tanks, concrete bridge rubble and metal bridge spans, over 1,000 10-foot-tall concrete pyramids, many barges, ships, tugboats, airplanes, dry docks, concrete culverts, and pipes.

The largest reefs in our Artificial Reef Program come from decommissioned oil and gas platforms. While the rigs are in production, they are called "Islands of Life" as they act as artificial reef structures in the Gulf of Mexico. The habitat created by these rigs in the entire water column, from surface to seabed, is incredible. Organisms of all trophic levels benefit from the structure and marine growth on the platform legs and support. These ecosystems develop and grow over the many years these platforms are in the water. The thousands of platforms in the Gulf have created untold benefits for red snapper, amberjack, grouper, spadefish, sharks, triggerfish, croakers, white trout and many, many other species, including several endangered species of sea turtles and marine mammals. Many times in the discussions on the pros and cons of OCS production, the positive benefit the rigs have on habitat creation and marine populations, as well as recreational and commercial fishing opportunities, is lost in the conversation. This is a huge benefit to our marine resources and the people who enjoy them!

When the wells have produced all that is economically viable, the exploration companies are required by federal law to decommission the structures within a certain time period. The removal of the platforms and supporting structure from the water causes the loss of this critical habitat mentioned above.

The choices to decommission are to move the structures to land and scrap them, move them to another site, or, more recently, to have them reefed in place through an agreement with a state agency responsible for the artificial reef programs in that state.

Over the past two decades, Alabama has reefed in place, or in close proximity, several decommissioned oil or gas production platforms to keep the ecosystem functions of these "Islands of Life" in our marine resources production. These new Rigs-to-Reef sites are huge and support production of fish and other organisms for many decades after deployment. These reefs are some of the most popular spots for both commercial and recreational fishermen targeting pelagic, migratory, and reef fish. I have never visited one of these reefs when I didn't see a sea turtle, shark, or dolphin enjoying the benefits of this protected habitat.

All of the artificial reef habitat creation has caused the population of red snapper to increase substantially off the coast of Alabama. Oil and gas structures, both while in production and when reefed in place after decommissioning, are a large part of the success of our artificial reef program and are a direct contributor to the population increase in this fishery and others.

Alabama is Supportive of OCS Leasing and Production

Governor Ivey and the State of Alabama understand the critical importance of OCS oil and natural gas production to our economy and national security, and we have long supported a balanced and reasonable leasing program that leads to the prudent and safe exploration, development, and production of OCS hydrocarbon resources. Further, we were supportive of the policy outlined in President Trump's Executive Order 13795, which states that it is "the policy of the United States to encourage energy exploration and production, including on the Outer Continental Shelf, in order to maintain the Nation's position as a global energy leader and foster energy security and resilience for the benefit of the American people, while ensuring that any such activity is safe and environmentally responsible." As a state with significant onshore and offshore oil and natural gas production in our state water jurisdiction, as well as the OCS production in Federal waters off our coast, Alabama is an active participant in this regard.

It has long been Alabama's policy that our support for offshore development is contingent on all OCS activities in waters adjacent to our coast being carried out in full compliance with relevant Alabama laws, rules, and regulations and in a manner that is fully compliant and consistent with our Coastal Zone Management Program.

After the painful lessons of the Deepwater Horizon event, it is of the utmost importance that the Bureau of Ocean Energy Management (BOEM) and its sister agency, the Bureau of Safety and Environmental Enforcement (BSEE), oversee all OCS oil and natural gas activities in a manner that protects us from future incidents of this nature. However, we are confident that BOEM and BSEE will constantly examine procedures and processes to continuously improve their ability, as well as that of the industry operating on the OCS, to provide for safe and environmentally prudent operations.

Under the Outer Continental Shelf Lands Act, BOEM must prepare and maintain forward-looking five-year plans to schedule proposed oil and gas lease sales on the OCS. The previous five-year plan covered 2017–2022 and expired on June 30, 2022. There has been a gap of time with no plan. That should be unacceptable. However, the latest five-year plan was released late last year and begins in July 2024, more than a two-year gap. The total of three lease sales in the 2024–2029 five-year program is the lowest for any offshore five-year leasing program to date. Previously, the lowest total had been 11 sales scheduled in the plan for 2017–2022. Notably, all past programs (including the 2017–2022 program) had scheduled lease sales at least annually for the Western and Central Gulf of Mexico planning areas, the primary U.S. locations for offshore oil and gas production. By contrast, the 2024–2029 program contains some years in which no Gulf lease sale would be held.

The lack of lease sales will most definitely negatively impact the short-term revenues the State of Alabama will receive though GoMESA revenue sharing. Compounding this short-term loss of revenue, having fewer wells in operation in the Gulf of Mexico, due to limited lease sales, will impact production in future years and will have a compounding negative impact on revenue sharing moving forward. This lack of fiscal resources will impede our ability to fund beneficial long-term projects in Coastal Alabama, like the ones mentioned above. This hit is on top of the loss of jobs and business infrastructure related to oil and gas exploration and production in the Northern Gulf of Mexico due to fewer operational wells.

As decisions are made in development of the National OCS Program, BOEM should very carefully weigh our future energy needs, our national security, and other important factors, such as economic impacts on coastal communities, both positive and negative, and environmental concerns, in determining additional areas to be included in the program and subject to leasing.

The successful development of the Gulf of Mexico OCS clearly demonstrates that responsible offshore oil and gas development can generate many good-paying jobs, spur activity in a host of associated industries, and generate billions of dollars in revenue.

I want to continue to emphasize that the revenues associated with OCS-wide lease sales and subsequent development and production, as well as revenues from existing production, should be shared in a fair and equitable way with the adjacent states that support leasing and development, such as Alabama. We strongly urge the Administration to support existing revenue sharing with the four participating Gulf states, as well as any legislative efforts to expand and enhance such revenue sharing. Further, I believe that the existing revenue sharing cap for the Gulf States under the Gulf of Mexico Energy Security Act (GOMESA) should be lifted, thus ensuring a more equitable system to share the benefits of offshore development with the affected states. Although the current system of limited revenue sharing utilized in the Gulf of Mexico provides state governments with some resources to expand coastal management and conservation as well as build new docks, boat ramps, parks, and other necessary infrastructure and expand other public services, I firmly believe that expanded and enhanced revenue sharing and a return to more normal leasing opportunities will allow states to more properly address the coastal impacts of offshore production and put them in better position to support OCS activities.

I recognize and respect that the Department of the Interior (DOI) is constrained by current law and, thus, to the limited revenue sharing provisions contained in the currently applicable statutes, such as GoMESA. I request we all work toward the enactment of new legislation to make additional and significant revenue sharing with affected states, such as Alabama, a reality in the very near future.

I look forward to working cooperatively with this and future administrations, BOEM, and BSEE in the successful and safe development of the hydrocarbon resources located off Alabama's shores and other OCS areas, as well as to sharing in the benefits of OCS leasing and production activities.

Thank you again for the opportunity to participate in this most worthy discussion. The GoMESA program and OCS exploration and production is of utmost importance to the people and the coastal economy of the State of Alabama. If I can ever assist in any way on this or any other issue before your committee, please feel free to contact me. I am at your service.

Mr. STAUBER. Thank you very much. Our next witness is Mr. David Holt. He is the President of Consumer Energy Alliance, based in Houston, Texas.

Mr. Holt, you are now recognized for 5 minutes.

STATEMENT OF DAVID HOLT, PRESIDENT, CONSUMER ENERGY ALLIANCE, HOUSTON, TEXAS

Mr. HOLT. Thank you. Chairman Stauber, Ranking Member Ocasio-Cortez, members of the Committee, happy new year, and thank you for the opportunity to speak with you today on behalf of Consumer Energy Alliance and our members that represent much of the U.S. economy.

Small businesses, farmers, ranchers, truckers, ports, labor, manufacturers, and families are all part of the Consumer Energy Alliance. Since 2006, CEA's mission has been to advocate for affordable, reliable, and environmentally responsible energy. Our view is that every energy resource is needed to help lower energy costs and improve our environment.

In the last few years, American families and businesses have suffered from record inflation, largely due to higher energy prices. During the gasoline peak of 2022, U.S. prices reached almost $5 a gallon, creating financial hardship for as many as 67 percent of

Americans. When diesel prices reached $6 a gallon in 2022, the cost for almost all consumer goods also went up because all groceries, clothing, construction supplies, and every other good is delivered by truck. Therefore, this increased cost forced American families to pay more for virtually everything.

Fuel and electricity account for 15 percent of U.S. farm costs, so every extra penny farmers pay is passed on to customers, be they restaurants or families. This one-two punch hits low-economy, low-income and rural households the worst, because they devote a higher share of their spending to food and energy, with the average share of gasoline spending in lower-income households rising 9.5 percent in 2022. Pipeline constraints in the Northeast contributed to a forecast of 64 percent higher electricity bills last winter, which is about $1,500 for a typical Massachusetts household.

Why have we seen increases in energy prices in the last 3 years, and why are we likely to see higher energy prices and less reliable supply going forward? Much is due to Federal and state energy policies that, while well-intentioned, in reality limit energy supply, increase prices, make energy less reliable, and ultimately harm the very people that they are said to protect.

In 2010, oil and natural gas totaled 63 percent of U.S. consumption. In 2022, it went up to 72 percent. Globally, oil and natural gas still makes up 84 percent of all energy. The fact is that energy demand continues to increase, and oil and natural gas are still required.

Further, as renewables increase, policies must ensure that we have baseload or always-on power, such as natural gas or nuclear, to keep the lights on when the wind or sun refuse to cooperate. That means policies must not limit energy choice while we move toward more environmentally conscious energy.

In the Gulf of Mexico, where energy production has been proven to be less emissions intensive than the rest of the world, regulations by this Administration, after delaying any offshore program for the longest period in U.S. history, have now effectively shut down future oil and gas development in an area that accounts for about 15 percent of total U.S. production, a large source of long-term, viable energy. The Administration has issued the fewest number of lease sales ever recorded, and in 2024, we will have no lease sales for the first time since the 1950s.

For these and other reasons, and because energy impacts everyone, regardless of political affiliation, we urge Congress to take bipartisan legislative action to legally require future commercially viable lease sales and unimpeded commercial activity in the Gulf to be guaranteed affordable and reliable energy for future generations.

Across the country, we are already seeing examples of how restrictive energy policies are impacting families and small businesses. California, Washington, Massachusetts, New York, and other states that have limited energy choice are already seeing significant increases in the price of gasoline, diesel, and electricity in those states. These are real-world examples that show what restrictive energy policies can do. The current offshore policies are, unfortunately, another example of these type of restrictions.

Further, the United States is proving that we can produce affordable, reliable, and environmentally responsible energy at the same time. The DOE has reported that restricting offshore oil and gas could actually increase emissions. From 2005 to 2020, U.S. greenhouse gas emissions declined by almost 19 percent while the rest of the world's greenhouse gas emissions increased by over 18 percent.

That said, we must all continue to strive toward further environmental progress. But, unfortunately, restrictive energy policies like those imposed on the Gulf are not advancing our environmental goals in a meaningful way. They are, however, negatively impacting our economy, our pocketbooks, and the probability of blackouts. Consumers are the ones who suffer.

I thank you for this opportunity to speak with you today. My full written testimony is available in the record, and I look forward to your questions.

[The prepared statement of Mr. Holt follows:]

PREPARED STATEMENT OF DAVID HOLT, PRESIDENT, CONSUMER ENERGY ALLIANCE

Chairman Stauber, Ranking Member Ocasio-Cortez, and Members of the Subcommittee, thank you for this opportunity to speak to you today on behalf of Consumer Energy Alliance and our membership of over 350 affiliates and 500,000 individuals that represent almost every portion of the American consuming economy—from small businesses, to farmers and ranchers, truckers, ports, labor, manufacturers, chambers of commerce, and, above all, American families.

Since its founding in 2006, CEA's mission has been to advocate for affordable, reliable and environmentally sustainable energy development. We are an energy agnostic organization; we do not play the game of picking winners or losers. In fact, our view is that every energy source is a winner when it helps lower energy costs for American consumers.

Energy & Inflation

In the last few years, we've seen American families and businesses suffer greatly from record inflation, much of which can be attributed to rising energy costs. We've seen Americans at all income levels struggle to afford basic necessities, such as gas and groceries. Economists may find it useful to remove food and fuel from inflation statistics, but people can't—so they feel the costs regardless.

During the gasoline price peak in June 2022, when average U.S. prices reached almost $5 a gallon, a Gallup poll revealed that gasoline prices were causing financial hardship for 67% of Americans.

Higher diesel prices are often called a hidden tax on Americans because they are passed onto consumers through various surcharges and increased rates on goods. Retail diesel fuel prices reached almost $6 per gallon average in the summer of 2022. As little as a one-cent increase in the average price of diesel can add up to another $350–$370 million a year in fuel expenses across the trucking industry. The diesel price increase sent truck fleet expenses soaring to $2.25 per mile in 2022.

Not only did this put much of America's trucking industry at increased risk of bankruptcy, it trickled down to American families who paid nearly 6% more for food in 2023 than in 2022.

Fuel and electricity account for about 15% of U.S. farm operating costs, so every extra penny farmers pay to feed the nation ends up passed on to customers, be they restaurants or families stocking up for the week.

Higher fuel prices also lead directly to higher costs for manufacturing, production, packaging, and shipping costs, once again borne by the consumer in the form of higher shelf prices and inflation.

And because rural households tend to have higher travel expenses—simply because they travel 17% more miles annually than urban residents—they are more likely to be negatively affected by increases in gas prices than urban households.

Low-income households are the most adversely affected by rising energy costs because these households disproportionately devote a higher share of their spending to food and energy, making them highly vulnerable to fuel price shocks. The average share of gasoline spending in lower-income households making less than $50,000 rose to 9.5% during the 2022 gas price peak. Average households at the same time spent 7.8%.

Just last year, 52% of Americans reported that they did not have emergency savings to cover unexpected increases in expenses due to inflation and rising energy costs. This only gets worse with higher energy bills.

Restrictions on natural gas and inadequate pipeline infrastructure have caused many regions of the U.S. to see dramatically higher electricity bills. For example, if a family is using 850 kilowatt-hours of electricity per month—the U.S. average—a one-cent ($0.01) increase per kilowatt-hour would cost them an additional $102 per year. Now imagine if bills rise by 10 cents a kilowatt-hour or more.

To underscore this point and the impact of energy policies that eliminate affordable and reliable energy choices, natural gas pipeline restrictions in the Northeast contributed to electricity bills that were forecast to rise by as much as 64%, or by nearly $1,500 a year for the average Massachusetts household.

Americans cannot continue to afford rising energy costs, whether they be at the pump or in their electricity bills.

Policies Harming Energy Prices & Reliability

Why have we seen drastic increases in energy costs in the past three years? And, why are we more likely to see higher prices and less reliable supply going forward?

Much of the reason lies in state and federal energy policies that, on their face are well-intentioned, but in reality, limit domestic energy supply, increase prices, make energy less reliable, and, ultimately, harm the very people that supporters of these the policies say they are meant to protect.

By removing reliable energy sources, such as natural gas and oil, and imposing regulations which force closures of critical energy infrastructure, policies can create a scenario in which there is not enough energy to keep pace with the energy demands that are inherent in a thriving economy like America's.

Then there is the unsupported claim that natural gas and oil can be removed from our energy mix, right now.

Oil and gas as sources of energy are going nowhere.

In 2010, petroleum and natural gas consumption as an energy source in the U.S. totaled 63%, with nuclear power and other sources making up the difference. However, in 2022, 72% of U.S. energy consumption is comprised of oil and natural gas—an almost 10% increase—with renewables and nuclear accounting for the remainder. Oil and natural gas powers 84% of all the world's energy—down from 86% in 2002—more than two decades ago. Oil accounts for 96% of all global transportation.

While it is vital that we continue to increase the use of wind, solar, nuclear and hydropower in our energy portfolio, the fact of the matter is that energy demand across the economy is increasing. This means more oil and gas demand, along with demand for other forms of energy.

Further, as we use more weather-dependent energy sources, our policies must ensure there is enough always-available power—from natural gas and nuclear—to keep the lights on when the wind or sun refuse to cooperate with our economic and electricity needs. We must foster policies that allow energy choice and maintain a role for all energy resources for the foreseeable future—as we keep making progress toward cleaner energy and a smaller environmental footprint.

Since 2022, we have seen increased geopolitical conflicts, and Russia's invasion of Ukraine has the greatest impact on energy prices. In the weeks since the Israel-Palestine conflict flared, we have seen numerous attacks on vital shipping lanes in the Middle East. Yet, aside from a few brief spikes, global oil prices have remained low—for a host of reasons related to global supply.

Just a few years ago, this kind of conflict would have sent the price of oil soaring. However, America's position as the world's biggest producer of oil and natural gas is now insulating us from that kind of volatility. Higher domestic production is helping thwart price shocks, which protects our national security and our economic security, by alleviating financial stress on American families, businesses and industry.

So why is this Administration attempting to stymie U.S. energy production?

For example, in the Gulf of Mexico, where energy production has been proven to be less emissions-intensive than much of the remaining world's oil and gas basins, regulations both proposed and adopted by this Administration have effectively shut down prospects for future offshore oil and gas development in an area that accounts for 15% of total U.S. crude production. And, with the Gulf having an estimated 48 billion barrels of oil and 142 trillion cubic feet of natural gas that has yet to be discovered, it is a huge long-term source of affordable, reliable and environmentally responsible energy.

It is literally the source of decades of security to power modern American life.

However, this Administration cheered for itself after issuing the fewest number of oil and gas lease sales ever recorded for exploration on the Outer Continental Shelf. This is a move that effectively signaled the closure of the Gulf of Mexico to energy development, without the introduction of any realistic plan to replace the Gulf's reliable energy supply. This year, 2024, will be the first year in which an offshore oil and gas lease sale has not taken place since 1965.

In the last half of 2023, the Biden Administration and the Department of the Interior finalized its 2024–2029 National OCS Oil and Gas Leasing Program. This 5-Year Plan has only three potential lease sales included. All three would potentially occur in the Gulf of Mexico, with zero sales in Alaska. The 5-Year Plan proposed by the Biden Administration has the least amount of lease sales in history, and, in fact, has an option that allows for zero lease sales. With the continuous price burdens on consumers, persistent inflation, the global market and geopolitical instability, this Administration continues to take shots at one of the most reliable basins in the world—the Gulf of Mexico.

While these moves have been made in the name of environmental progress, the Administration knows better. In fact, the leasing restrictions come despite the Administration's acknowledgement in the 5-year plan knowledge that more leasing in the Gulf and Alaska will actually decrease greenhouse gas emissions.

So, why is the Administration limiting lease sales if holding them will actually decrease greenhouse gas emissions? The goal—as stated by the Administration—is to end oil and gas production in America.

However, continuing this gap in leasing for new resources or failing to issue supplemental federal permits on public lands and waters would force the U.S. to import from other countries that do not have the same global gold standard environmental regulations the U.S. does.

In another blow to offshore energy and overall commerce, last fall, activist groups used the sue-and-settle tactic with the federal government to impose harsh vessel restrictions on Lease Sale 261, which would have made it nearly impossible to transport oil and gas in the Gulf. This was done to preserve the Rice's whale, which, as of today, has not been scientifically proven to migrate into areas of the Gulf considered for leasing.

Although the specific Lease Sale 261 restrictions were struck down by the Fifth Circuit Court of Appeal, the National Marine Fisheries Service introduced a rulemaking to designate 28,000 additional square miles across the Gulf of Mexico as additional critical habitat for the Rice's whale under the Endangered Species Act. Currently, critical habitat only exists for the Rice's whale's proven home in an area off the coast of Pensacola, Florida, where it has been sighted and proven to exist.

Further, even the National Oceanic and Atmospheric Administration has declined to impose the restrictions NMFS has proposed in this rulemaking, regardless of its outcome. Instead, NOAA vowed to introduce recovery plans and other nonregulatory management policies for the whale species.

What is clear—and perhaps NOAA recognizes this—is that a proposed rule to greatly expand the whale's habitat would have a chilling impact on the entire U.S. economy and consumers, placing severe transit restrictions on all cargo vessels, cruise ships, commercial fishing boats, barges and equipment vessels, and ships carrying commercial goods, medicines, automobiles, and essential commodities. The economic ripple effect will be felt across the entire U.S. economy, hurting families and businesses already struggling with inflation.

Nearly 69% of all goods traded by the U.S. are transported via waterways, predominantly by seafaring vessels. A significant number of these waterways connect to the Mississippi River, and thus rely on the Gulf of Mexico for transport. For example, 92% of our agricultural exports originate from the Mississippi River Basin. Ships transport over 41% of the total value of goods traded by the U.S., meaning that, if you quantify the value of all goods both exported and imported by the United States, almost half of it was transported by ship. Gulf of Mexico ports supply the lifeblood that fuels our economy, all of which would be affected by the Rice's whale proposed rulemaking.

Texas ports rank first in U.S. maritime commerce, annually trafficking over 597.5 million tons of cargo to the rest of the country. Alabama's Port of Mobile is the fastest-growing container terminal in the United States over the past five years, with 54.9% volume growth since 2017. The strategic location of Mississippi's ports allows distribution of products to 75 percent of the U.S. market within 24 hours.

The end result of the Rice's whale rulemaking could remove up to 25% of all U.S. waterway commerce. The increased costs and effects on supply chains and American consumers would be catastrophic.

Examples of Restrictive Energy Policies & Their Impacts

Across the country, we are already seeing real-world examples of how restrictive energy policies are hurting families and businesses. A cursory assessment should call into question continued efforts to curtail energy development in the Gulf of Mexico.

For example, what has happened in states where functioning energy systems have been banned or restricted by poor government policy?

- In California, ambitious plans to eliminate certain energy sources have run head-first into the reality that we need all the energy we can get. Energy prices are one of the main economic factors making California's cost of living increasingly untenable. The cost and reliability of energy are cited as primary reasons more and more companies and people are leaving the Golden State. Today, we see Californians paying $1.60 more per gallon for gasoline than the national average; as much as $0.30 more per kWH of electricity than the national average—that's thousands of dollars more a year. On top of this, California residents are already paying 17% more for food and 10% more for goods and services than the national average.
- Further, California's electricity is becoming increasingly unreliable—making blackouts more likely and frequent—all because California is not creating sufficient "permanent power" (more commonly known as baseload power or dispatchable power), like natural gas or nuclear as back-up when wind and solar are not available. For example, in 2022, California Governor Gavin Newsom called for electric vehicle charging limits in attempt to conserve power during a heat wave. Governor Newsom also delayed closure of several natural gas-fired power plants and called for expedited generation to avoid blackouts, despite a state law mandating 60% of electricity from renewables by 2030. Due to high electricity demand and lack of adequate infrastructure, California imports more electricity than any other state. This has resulted in higher utility bills for California families.
- In Washington State, a plan to lower gasoline consumption immediately increased the state's pump prices to among the highest in the nation. This means the average driver in Washington is paying $1.00 more than the national average; and $0.90 more than drivers in neighboring Idaho.
- In its Short-Term Assessment of Reliability, the New York Independent System Operator (NYISO), the entity responsible for managing New York's electricity grid, found that New York City faces up to a 446 MW capacity shortfall in the summer of 2025 largely due to a lack of new power capacity, and a failure to add or expand pipeline infrastructure. For context, that shortfall could mean that 335,000 New Yorkers could be without power.
- In its Energy Transition in PJM Report, the regional transmission organization responsible for serving all or parts of Delaware, Illinois, Indiana, Kentucky, Maryland, Michigan, New Jersey, North Carolina, Ohio, Pennsylvania, Tennessee, Virginia, West Virginia, and the District of Columbia determined that "it is possible that the current pace of new entry would be insufficient to keep up with expected retirements and demand growth by 2030." The demand growth, estimated at 1.4% annually for the next 10 years—mainly due to electrification policies and the addition of large energy consumers like data centers. As FERC Commissioner Mark Christie noted in his May 2023 testimony before the Senate Energy and Natural Resources Committee, "The problem generally is not the addition of intermittent resources, primarily wind and solar, but the far too rapid subtraction of dispatchable resources, especially coal and gas."
- It should be noted, the NYISO and PJM assessments were done before offshore wind projects were canceled in New York, New Jersey and other states.

All this shows that restricting energy is starting to carry a high potential for political blowback, related directly to the actual cost increases these kinds of policies impose on voters, families and businesses. We're all still feeling the effects of inflation, and not a single voter is fooled when inflation reports exclude the energy and food prices they pay every day.

We should all be suspicious of attempts to ban any form of energy without first investigating whether innovation and technology can improve its environmental footprint. So often, our nation has met its great challenges with innovation, technological leaps and practical, focused efforts.

Energy & Environment

One of the biggest questions we must consider is whether the restrictions on energy sources made in the name of the environment are actually producing the desired result. Consumer Energy Alliance has long advocated for the need for policies that advance affordable, reliable and environmentally responsible energy. Data continues to prove that these three goals can be met simultaneously; and that the U.S. is already showing its global leadership.

More broadly, from 2005 to 2020, U.S. greenhouse gas emissions declined by almost 19%, while worldwide GHG emissions increased by over 18%.

Further, the U.S. is aggressively tackling the need to reduce other harmful—potentially cancer-causing emissions. For example, from 1990 to 2022 the U.S. reduced its emissions of critical pollutants.

- Carbon monoxide (CO) decreased 69%
- Course particulate matter (PM_{10}) decreased 28%
- Fine particulate matter (PM2.5) decreased 30%
- Volatile Organic Compounds (VOC) decreased 52%
- Sulfur Dioxide (SO2) decreased 93%
- Nitrogen Oxides (NOx) decreased 66%

Combined, our overall environment is far cleaner today than it has been in the past 10, 20, or 50 years. Much more remains to be done, and we all must ensure that environmental improvement gets the critical attention it deserves, and that technological innovation helps us find a path that does not harm families.

Further, the Inflation Reduction Act solidified the financial mechanisms to advance Carbon Capture & Storage. This old technology now has a solid business footing that will be a catalyst to remove CO2 emissions from industrial processes like steel and plastics manufacturing at scale, offering even more help toward meeting our shared environmental goals.

Restrictive energy policies like those imposed recently on Gulf of Mexico oil and natural gas production are not advancing our environmental goals in a meaningful way. They are, however, hurting our economy, the wallets of families all across the nation, as well as increasing the probability of greater blackouts.

The question is how do we increase the availability of affordable, reliable energy while improving our environment?

The answer is simple. America must keep leading the way.

We are producing record amounts of natural gas and oil and doing it more responsibly than any other country. While China gets cheers at global conferences for promising to start reducing emissions, America has produced the largest emissions reductions of any nation for two decades.

Accept no substitute for American ingenuity, innovation and leadership. All three are crucial ingredients to our nation's long-standing prosperity and unmatched standard of living.

Thank you for this opportunity to speak to you today. I look forward to your questions.

QUESTIONS SUBMITTED FOR THE RECORD TO DAVID HOLT, PRESIDENT, CONSUMER ENERGY ALLIANCE

Questions Submitted by Representative Graves

Question 1. Bristow, a helicopter company that has serviced the offshore energy industry for over half a century, is one of the thousands of companies—large and small—that are dedicated to supporting American OCS energy production and energy security for the U.S. Bristow has over 3,000 employees, 230 aircraft and generates over $1.1 billion in revenue per year. What happens to companies like Bristow when there are too few lease sales or no future development plans for the OCS in the Gulf of Mexico? What happens to that economic activity generated by OCS production, the dollars sent to the Land and Water Conservation Fund, or to the taxes paid by these companies to the Federal Treasury?

Answer. The situation you describe is exactly what will happen to hundreds if not thousands of companies of all sizes that directly service the Gulf of Mexico's offshore oil and gas industry; as well as companies across the entire U.S. economy—regardless of their direct connection to offshore energy. While the impact of restricted leasing has yet to be felt because there is a multi-year lag between lease sales and activity in the Gulf, the direct impact will be lost jobs, lost wages, and lost economic opportunities. The money sent to the Land and Water Conservation Fund and the taxes and royalties paid to the Treasury will dwindle, impacting federal and state treasuries and our ability to maintain our U.S. Parks and fund environmental programs. It is noteworthy and troubling that the source of those funds—OCS leasing—has not been mentioned in the last two Administration announcements touting the benefits those dollars provide to America's national parks.

GOMESA states will also lose the conservation dollars they earn from Gulf leasing and production, which are distributed to communities for wetlands restoration, hurricane protection and many other critical conservation uses. Those are just some of the direct impacts.

The indirect impacts are enormous because, as you correctly point out, there are many other industries and businesses that support the Gulf of Mexico offshore oil and gas industry, as well as businesses and families in every corner of our nation who rely on affordable, reliable and environmentally responsible energy. No American is immune from the harm shutting down U.S. offshore leasing will bring. These include farmers, restaurants, hotels, hospitals, insurers, truckers, distributors, electricians, machinists, laborers, and many others, which all generate jobs and incomes for millions of people. The self-defeating nature of limiting or attempting to stop all OCS leasing is short-sighted, irresponsible and potentially catastrophic to our economy. In fact, we can all see the real-world damage the high gasoline, diesel and electricity prices have done to our economy since 2021. Record inflation was caused in large part by higher diesel prices—which, as I testified, directly led to high costs for every single commodity Americans buy including food—the other major inflation driver besides energy costs. One of the most frustrating issues for most Americans over the past year has been our weekly trip to the grocery store where we all witness the steady increase in household items, much to our dismay. Restricting U.S. energy is the direct cause of this frustration—and current OCS policies are a continuation of those irresponsible policies.

We all agree that continual environmental improvement is needed, but we also must maintain policies that ensure affordable and reliable energy. Failing to follow approach means families and business will suffer. We see this in states like New York and California, where myopic energy policies focusing on restricting energy choices has overwhelmed the system with higher prices, less reliable energy, more energy emergency days and, no evidence of actual environmental progress. As I stated in my testimony, the greatest impact is on those with the least: families on fixed incomes or in poverty. We have no excuse as the world's most advanced economy to begin thinking that more frequent blackouts are acceptable. They are not. Affordable, reliable and environmentally responsible energy is the only responsible environmental policy. Our nation is already showing that we can accomplish these three goals simultaneously. Those who continue to loudly protest in favor of restrictive energy policies, or who block pipelines and other energy infrastructure have been proven wrong by history and should no longer have a voice in the energy policy discussion. We cannot leave average Americans out in the literal cold because certain actors wish to damage industries by making a single priority more important than the greater health and welfare of all Americans.

Questions Submitted by Representative Fulcher

Question 1. You addressed inflation and gasoline costs in your written testimony, could you speak to how having an adequate amount of offshore lease sales enhance our energy resilience and help states like Idaho maintain more consistent pricing despite global market shifts in the future? How can this Administration predict that we won't need more lease sales before 2029?

Answer. Adequate, regular and commercially viable offshore lease sales are an essential part of our national energy equation, in terms of adequate supply, national security and maintaining the United States' emergence as the world's largest oil and natural gas producer. Steadiness and a buffer in our ability to supply ourselves with adequate energy is the sine qua non of lower gasoline and diesel prices. While there are regional and state factors which affect the price at the pump, the biggest input is the cost of a barrel of oil. It is almost easy to forget how instability in the Middle

East, like we are seeing now, used to translate directly to higher gasoline prices, fuel shortages and economic calamity. The price spikes we used to see have largely faded away precisely because of our own ability to respond to the market. The change happened so subtly that many of us almost did not notice. That is in part because the long lines Americans waited in to get overpriced gasoline during the OPEC oil embargoes of the 1970s lives only in history books or distant memory for many Americans.

Yet the price spikes caused by global unrest from the usual oil-producing hotspots have also largely faded away. The Russian invasion of Ukraine is a notable exception, because it prompted a sea-change in the global oil market's dynamics. As it has settled, so have prices. The Gulf provides 15% of America's crude oil, so it is a substantial asset that benefits all Americans. In short, we must ensure we keep all of our opportunities to respond to global price signals healthy, and that includes adequate, regular and commercially competitive offshore federal oil and gas lease sales. This is another reason why the Administration's recent LNG export restrictions escalate the problem, and demonstrate just how important energy policies are to Americans and our allies. When we were needed, America aided our friends with exported natural gas as a hedge against Russian aggression, and domestic prices did not suffer. We were also able to keep global prices lower than they would have otherwise been, because of our ability to meet our own needs and those of our allies. Without American offshore energy—and LNG exports—the world becomes a more volatile and less safe place.

Questions Submitted by Representative Grijalva

Question 1. The witness disclosure form, as required and provided for in House Rule XI, clause 2(g)(5), is intended to give Congress and the public an accurate representation of the witness's potential conflicts of interest regarding the subject of the hearing.

Question 4 of the disclosure form states: "Please disclose whether you are a fiduciary (including, but not limited to, a director, officer, advisor, or resident agent) or any organization or entity that has an interest in the subject matter of the hearing." You answered "N/A" to this question.

However, as you indicated during the hearing, you are the Managing Partner at HBW Resources, LLC.

1a) Please explain why you do not believe you are fiduciary for HBW Resources.

According to the most recent lobbying reports filed by HBW Resources for the 4th quarter of 2023, HBW Resources was engaged as a lobbyist for the following clients:

- *K&L Gates (registered to lobby the Department of the Interior [DOI]) on "oil and gas, offshore")*
- *Consumer Energy Alliance (registered to lobby DOI, the House, and the Senate on "energy")*
- *Louisiana Mid-Continent Oil and Gas Association (registered to lobby DOI on "oil and gas related policy issues")*
- *Western States and Tribal Nations (registered to lobby DOI and the Senate on "natural gas development on tribal lands and in Western states.")*

1b) At the time of the hearing, was HBW Resources registered as a lobbyist for these or any other clients with a financial stake in offshore oil and gas policies?

1c) Please specify the issues, and the potential or existing regulations, policies or guidance for which HBW is lobbying on behalf of each of the entities identified in your answer to (b).

1d) If HBW Resources was engaged by one or more clients to lobby on subjects related to this hearing, please explain how that does not constitute an interest in the subject matter of the hearing.

1e) Would you like to amend your disclosure form?

Answer. As discussed during the hearing, Mr. Holt was testifying as President of Consumer Energy Alliance. As such, he therefore had a fiduciary duty to the act in accordance with the organization's mission. That should have been self-evident to all who participated in the hearing. CEA's interest in the hearing pertained to the impacts offshore energy development may have on consumers, families and small businesses. CEA is a membership organization—registered as a 501(c)4—with more than 370 member companies and more than 500,000 individual members all across the United States. CEA's members represent every sector of the U.S. economy—from farmers, ranchers, truck drivers, manufacturers, to laborers, small business and families. As mentioned during the hearing, almost 75% of CEA's members do not produce any form of energy—they only consume energy.

As discussed during the hearing, CEA's board of directors (of which Mr. Holt is an ex officio member) and almost 75% of its member companies are consuming entities that do not produce energy; they are, however, very concerned about U.S. energy & environmental policy and the impact it has on their organizations and daily lives. Since this was the purpose and entity for which Mr. Holt was testifying, based on reasonable interpretations of the forms, there was no need to restate that here. HBW Resources, LLC, for which Mr. Holt is Managing Partner, is a registered lobbyist for CEA. Mr. Holt is not a registered lobbyist. To the extent CEA is concerned about flawed offshore energy policy, HBW personnel help represent those interests in Washington and in certain states at the direction of their client, CEA, and only act a representative of that client's interests. CEA's lobbying activity is well less than 10% of its overall business activities. If you very loosely interpret the House and Committee Rules descriptions of "advisor" or "Registered Agent" to include those individuals who are registered lobbyists under Federal Law and House Rules, then we will amend our disclosure. That said, as stated, Mr. Holt is not, himself, a registered lobbyist. If, however, as more commonly interpreted, they are not included since that term has a distinct legal interpretation, which is why we interpreted the fiduciary responsibilities provisions not to apply, then no amendment is necessary.

Mr. STAUBER. Thank you very much. Our next witness is Mr. Mark Havens, the Chief Clerk for the Texas General Land Office based in Austin, Texas.

Mr. Havens, you are now recognized for 5 minutes.

STATEMENT OF MARK HAVENS, CHIEF CLERK, TEXAS GENERAL LAND OFFICE, AUSTIN, TEXAS

Mr. HAVENS. Thank you. Good morning, Chair and members. And again, for the record, my name is Mark Havens. I am the Chief Clerk of the Texas General Land Office. I am here on behalf of our Texas Land Commissioner, Dr. Dawn Buckingham, and I really do appreciate this opportunity to discuss the importance of continued reasonable development, specifically as it relates to GOMESA for the nation as a whole, and for Texas specifically.

I will cut some of the testimony. I don't want to echo all of the sentiments by the two gentlemen before me, but I do want to speak directly to the importance of GOMESA oil and gas production, again, for the nation and for Texas.

It feels like so often today in policymaking we are faced with an either-or decision in so many key areas. But here I truly believe GOMESA is a win-win. As we have discussed, this is a well-established infrastructure, the oil and gas basin in the Gulf. It produces over 15 percent of the oil in the nation as a whole. And also, as these two have mentioned as well, it is some of the less carbon intensive of any oil and gas production anywhere.

So, what we are seeing is either faced with the opportunity to drill at home in the Gulf, where it is less carbon intensive, securing our further energy independence, or relying on oil and gas produced in other areas that could actually harm the environment in a worse way. So, we are fully supportive of GOMESA production.

And I would say, the General Land Office, we are somewhat uniquely qualified to talk about this because of what we do back home on a state basis. We are tasked with producing oil and gas from state-owned lands. We have over 13 million mineral acres that we manage at the General Land Office. That oil and gas production has been record-breaking the last few years. We have generated a little over $2 billion in royalty the last couple of years. And all of that funding goes to our K-12 public education. So, we are well aware of the facts of generating oil and gas on state lands, and doing it reasonably, and doing it in the proper manner.

The other thing that our office is uniquely tasked with is protecting probably our greatest environmental asset in the state, and that is the Texas coastline. Texas has over 367 miles of Gulf shoreline, over 3,000 miles of a bay shoreline. All of that we are tasked with overseeing, protecting very sensitive wetlands, marshlands, all of the fragile ecosystems on the coast. And one of the biggest ways we have been able to do that is with GOMESA funding.

If we look at GOMESA as a Federal funding source, it is the single largest funding source that we have in the state of Texas to fund these types of environmental projects that we have seen. So, when we saw the Executive Orders in the early, early signs from this Administration that we want to curb and even absolutely prohibit production in the Gulf, it was troubling for us for a number of ways, not the least of which was to be able to continue those types of projects.

I did want to mention, just for example, a few of these that we are currently undertaking, and some of these that we have been able to do in the past.

McFaddin National Wildlife Refuge in Texas. It is almost a 60,000-acre refuge, and it is the largest remaining freshwater marsh on the Texas coast. We have over $8 million currently of GOMESA funding into that to protect those marshlands, to protect the species that are there.

We have done countless beach and dune renourishment projects throughout Texas. We are focused sincerely on hurricane protection. We are advocating often for coastal Texas larger levee systems, some hard construction to protect. But one of the front lines from coastal protection, storm surges, against all of that is these wetlands, these marshes, these dunes, these beaches. All of that is some of the front line of storm protection. And we are able to build those up primarily with GOMESA funding.

Since the inception, Texas has received over $350 million in this funding. We would certainly like to see that keep going, continued in the future. We have numerous projects planned throughout that will help protect the Texas coast, as well as continuing reasonable oil and gas production in the Gulf.

So, again, we are here to support anything and everything we can do to continue to bring this funding to Texas and to show some of the great strides we are making with it back home.

I appreciate it. Thank you for the opportunity to be here today.

[The prepared statement of Mr. Havens follows:]

PREPARED STATEMENT OF MARK HAVENS, CHIEF CLERK, TEXAS GENERAL LAND OFFICE

Good morning, Chair and members. For the record, my name is Mark Havens, and I serve as the Chief Clerk of the Texas General Land Office (GLO). I am here on behalf of Texas Land Commissioner Dr. Dawn Buckingham, and I appreciate the opportunity to discuss the importance of the continued development of oil and gas production in the Gulf of Mexico. I'd like to focus on the numerous benefits provided by production under the Gulf of Mexico Energy Security Act (GOMESA) to the nation as a whole and to the state of Texas specifically.

Robust oil and gas leasing in the Federal waters of the Gulf of Mexico serves at least two critical functions, as further described in this testimony: (i) increased, relatively low carbon intensive oil and gas production helps meet America's energy needs, reducing further reliance on foreign, dirtier oil (with corresponding benefits to US employment and tax revenues); and (ii) continued funding to the States through GOMESA revenue sharing pays for countless critical environmental improvements all along the coast of the Gulf of Mexico. The GOMESA leasing and production program is literally a Federal/State win-win, but could and should be responsibly expanded for further American security and energy independence, as well as protection of vital Gulf of Mexico environmental assets.

Too often today, we are faced with an "either or" decision in so many key areas of policy making. GOMESA, however, is a unique opportunity that provides us with a path to continued energy independence, as well as a funding source for numerous environmental projects that have a lasting positive impact on our coast. The Texas General Land Office is uniquely qualified to speak to this, as two of our core tenets are exhibited clearly in the GOMESA program. First, at the GLO we are tasked with managing over 13 million acres of state-owned land for oil and gas development. This plays a vital role in funding K-12 public education in our state by contributing billions of dollars earned from mineral royalties to school funding. In addition, we are also tasked with protecting the most important environmental asset we have in the state: the Texas Coastline. GOMESA funding provides significant funding for numerous environmental projects including protecting environmentally sensitive wetlands, marshlands, and renourishing beaches.

Fundamentally, offshore energy development is a strategic asset for America's security and prosperity, helping to safely provide energy for families and businesses across the nation. The benefits of offshore exploration, drilling, and production include energy for American consumers, jobs for U.S. workers, and billions of dollars in tax and royalty revenues for our nation's most important conservation programs.

According to the U.S. Energy Information Administration, Gulf of Mexico offshore oil production accounts for 15% of total crude oil production and federal offshore natural gas production accounts for 5% of total U.S. dry gas production. Most importantly, a recent report by ICF found that the U.S. Gulf of Mexico produces some of the lowest carbon intensity barrels in the world. If we were to limit production in the Gulf of Mexico it would have to be replaced by higher carbon intensity barrels from elsewhere in the world.

Unfortunately, despite the benefits to national security and to less carbon intensive production, one of the first things this administration did when President Biden took office was to make oil and gas development exceedingly more difficult by issuing Executive Order 14008 on January 27, 2021.

Sec. 208 of the Executive Order dealt with Oil and Natural Gas Development on Public Lands and in Offshore Waters, stating:

> *To the extent consistent with applicable law, the Secretary of the Interior shall pause new oil and natural gas leases on public lands or in offshore waters pending completion of a comprehensive review and reconsideration of Federal oil and gas permitting and leasing practices* in light of the Secretary of the Interior's broad stewardship responsibilities over the public lands and in offshore waters, including potential climate and other impacts associated with oil and gas activities on public lands or in offshore waters.

However, the Administration's "pausing" was challenged in the courts, and per the Bureau of Ocean Energy Management (BOEM's) website: "As a result of the order issued by the United States Court of Appeals for the Fifth Circuit on Nov. 14, 2023, BOEM held Lease Sale 261 on Dec. 20 2023.

Additionally, federal legislation (OCS Lands Act) requires BOEM to come up with 5-year plans for O&G lease sales. Following a lengthy notice/comment process akin to rulemaking, BOEM proposed, and the current administration's Secretary of the Interior approved, a plan for the planning period 2024–2029. Under this approved plan, however, only three (3) potential oil and gas lease sales in the Gulf of Mexico Program Area were proposed for the 5-year period covering 2024–2029, **with only one sale each in 2025, 2027, and 2029**.

According to the Washington Post, since 1992, no five-year plan has had fewer than 11 lease sales; most have had 15 to 20, according to data from the Bureau of Ocean Energy Management.

To put this into context, the previous BOEM lease sales have generated substantial revenue for the state of Texas. Texas began receiving GOMESA funds in 2009 through GOMESA Phase I. Those funds were limited in amount because Phase I only allowed for GOMESA funds to be received by the Gulf States for lease areas in section 181, which is a small section near the Eastern Planning Area of the Gulf.

GOMESA Phase II began in 2017, which included sections for lease in the Central and Western Areas, and the Gulf States began receiving those GOMESA funds in 2018. GOMESA funds are deposited at the State Treasury each year in April and BOEM does not make the States aware of their annual GOMESA allocation until the time of those deposits—so we are expecting the next GOMESA funding to be deposited in April 2024, but we don't know the amount. From 2009 to 2023, the State of Texas has received over $350 million in GOMESA funds:

Year	Amount
2009 – 2017 (Phase I)	$3,289,206
2018 (Phase II Starts)	$40,493,691
2019	$46,313,471
2020	$76,227,145
2021	$53,907,235
2022	$55,066,869
2023	$76,370,838
TOTAL received	**$351,668,457**

The GLO's Coastal Resources Division uses GOMESA funding collaboratively with the other coastal grant and planning programs it administers so that coastal priorities can be implemented more efficiently and effectively. To do this, the GLO has integrated and streamlined procedures for the Coastal Management Plan program, GOMESA, and the Coastal Erosion Planning & Response Act (CEPRA) programs under one mission.

The following large-scale projects have been selected for funding through the CMP, GOMESA and CEPRA competitive grant processes and are in various stages of contract execution:

CEPRA 1658 McFaddin ($8,500,000) The GLO will use GOMESA funds for beach nourishment at McFaddin National Wildlife Refuge along a 17-mile stretch of shoreline.

CEPRA 1675 Oyster Lake Habitat MR ($4,500,000) The GLO will use GOMESA funds to protect 13,000 feet of shoreline and 300 acres of wetland habitat in Brazoria County.

CEPRA 1676 Gordy MR & SP ($4,380,000) The GLO will use GOMESA funds to construct a breakwater to protect 9,000 feet of shoreline along eastern Trinity Bay.

CEPRA 1681 Anahuac NWR Living Shoreline ($15,450,000) The GLO will use GOMESA funds to construct 6.7 miles of breakwater along the Gulf Intracoastal Waterway (GIWW) shoreline.

CEPRA 1692 Seawall to 13-Mile Road ($23,500,000) The GLO will use GOMESA funds to conduct beach nourishment from the end of the Seawall to 13-mile Road in Galveston County.

CEPRA 1694 Jones Bay Oystercatcher ($1,150,000) The GLO will use GOMESA funds for restoration and enhancement of four Oystercatcher nesting island within Jones Bay.

CEPRA 1699 Willow Lake SP at McFaddin ($2,150,000) The GLO will use GOMESA funds to construct 3.5 miles of living shoreline along the GIWW in McFaddin NWR and replace a water control structure.

CEPRA 1712 Brazoria NWR Shoreline Protection ($14,000,000) The GLO will use GOMESA funds to construct breakwaters along the Gulf Intercoastal Waterway at the Brazoria National Wildlife Refuge.

CMP Copano Cove Ranch Acquisition ($2,613,120) This project will help acquire 972 acres of land for preservation.

Bird Island Cove Shore Protection ($2,000,000)-construct breakwater and marsh restoration near Galveston Island State Park.

Upper Coast Sea Turtle Rehabilitation Center ($3,500,000)-Construct a sea turtle hospital at Texas A&M University in Galveston.

As you can see, this is just a small sampling of the work the GLO has done and continues to do to protect the Texas Coast with GOMESA funding received from oil and gas production in federal waters. If the current plan moves forward with the substantial decrease in leasing in the Gulf of Mexico, it will have a catastrophic impact on both our overall energy independence of our nation as well as our ability to protect the Texas coastline.

In closing, I would recommend doing anything and everything we can to increase production within the GOMESA program. The GLO fully supports oil and gas production on our own state-owned land, and has developed a formal process for its lease sales. As I mentioned, the GLO manages over 13 million acres of state-owned land, a portion of which includes state waters of the Gulf of Mexico which extend 10.3 miles offshore and abut the same federal waters subject to GOMESA.

However, we have a vastly different process when it comes to nominating tracts for inclusion in a bid sale. Any prospective lessee that desires to lease tracts from the state simply notifies the GLO of interest in a particular tract, at which point GLO staff evaluate the tract and ultimately determine whether it is in the best interest of the state to include the tract in a bid sale.

Since a tract is only included in the GLO bid sale if industry has expressed an interest in leasing it, nearly all nominated tracts result in a lease award. By contrast, BOEM's nomination process includes at least nine steps and, by their own admission, the process from start to sale may take two or more years.

At the December 2023 BOEM bid sale, only 2.4% of the acreage offered received bids. A streamlined federal process with more industry input would surely yield better results to both the federal government and, through GOMESA, the State of Texas.

Thank you for your time. I'm happy to answer any questions you may have for me.

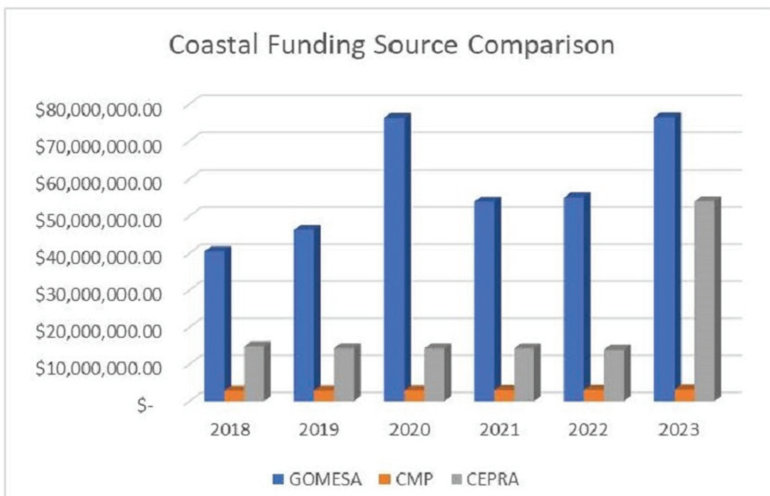
Questions Submitted for the Record to Mr. Havens, Chief Clerk, Texas General Land Office

Questions Submitted by Representative Fulcher

Question 1. Mr. Havens, in your written testimony you stated that the substantial decrease in leasing in the Gulf of Mexico will have a catastrophic impact on both our energy independence and ability to protect the Texas coastline. Could you please expand on the importance of protecting the coastline?

Answer. The economic importance of the Texas coast and its ecosystems cannot be understated. The Texas coast is home to a thriving coastal economy built on waterborne commerce, energy and chemical industries, military, commercial and recreational fishing, marine transportation, ship building, and tourism and ecotourism sectors. The Texas coastal region's annual wages exceeded $25.6 billion, and the ports include three of the top five fastest growing ports in the nation by export revenue from 2010 to 2020. The ports system provides, collectively, $450 billion in economic value to the state on an annual basis. Texas is the largest energy producing state in the nation, accounted for 43% of the nation's crude oil production and 26% of its marketed natural gas production in 2020. These are just some of the metrics that emphasize the critical nature of coastal ecosystem restoration and resiliency to the state's economic backbone and allow it to continue to provide the resources, benefits, and protections Texans and the nation need.

The Texas coastal landscape is comprised of a multitude of natural systems and provides the foundation for a range of coastal environments, including the major bay systems, barrier islands, beaches and dunes, wetlands, coastal uplands, oyster reefs, and rookery islands. These Texas coastal environments face significant pressures related to various anthropogenic stressors, as well as relative sea level rise (RSLR) and storm surge. Conserving and restoring these ecosystems will become even more critical in the future for the state's economy as these systems provide the first line of defense against storms and catastrophic loss of public and private infrastructure. GOMESA funds are the largest source of funding available to the State of Texas for ecosystem restoration and protection and are used to tackle the most serious threats to our coast's resiliency.



Mr. STAUBER. Thank you very much. Our next witness is Ms. Erandi Trevino, and she is Organizer for Public Citizen, and is based in Houston, Texas.

Ms. Trevino, you are now recognized for 5 minutes.

STATEMENT OF ERANDI TREVINO, ORGANIZER, PUBLIC CITIZEN, HOUSTON, TEXAS

Ms. TREVINO. Thank you, Mr. Chairman. Good morning, Chairman Stauber, Ranking Member Ocasio-Cortez, and Committee members. Thank you for the opportunity to speak here today. My name is Erandi Trevino, and I am a community organizer with Public Citizen, based in Houston, Texas.

Public Citizen is a national non-profit organization with over half a million members and supporters. I am also a member of the Healthy Port Communities Coalition, a group of organizations, including Public Citizen, working to improve the quality of life of communities near the Houston Ship Channel and the quality of essential resources for all.

Houston is known worldwide as an energy powerhouse. It has one of the largest ports in the United States and is home to the largest petrochemical industrial complex in the country. The same industrial complex is also home to multiple communities known as sacrifice zones. Sacrifice zones are places exposed to concentrated levels of pollutants and hazardous materials that cause adverse health effects. We call them this because the health of people in these communities are sacrificed for corporate profit.

When I was 7, my mother and younger sister and I emigrated from northern Mexico to the East End, a neighborhood near the Houston Ship Channel. It is a common landing spot for many immigrants. Yet, sadly, children who grow up within 2 miles of the Houston Ship Channel are 56 percent more likely to be diagnosed with acute lymphocytic leukemia compared to children 10 miles or more away.

Today, my family and I still live, work, and go to school in sacrifice zones. We have learned the hard way that, even when we avoid something as serious as cancer, living in a sacrifice zone means that our health is threatened in other ways. Our neighbors include a parking lot of 18 wheelers with diesel engines that idle around the clock, a demolition company, a crate manufacturer, and several factories. We also live close to major highways and an expanding international airport.

In short, we confront the cumulative effects of pollution that surround us.

The results from living in a sacrifice zone is painfully reflected in my life and in the life of my family, in our neighbors who have been diagnosed with cancer or other chronic illnesses. It is also quantified in the EPA's EJ screen, which shows people in my neighborhood have air toxic cancer risk in the nation's 94th percentile. My mother and I both suffer from a series of health conditions that lead to pain, inflammation, and numerous other symptoms. To function semi-normally, I take eight pills a day, control my diet, my sleep, and my activities as much as I can.

But the conditions outside my door, which I cannot control, can make an average day unbearable, regardless of how careful I am inside my home. It is what happens when industrial leaks, fires, and diesel-choked areas are commonplace and so close. An average week for my mom and I includes us taking turns taking care of each other because we lose at least a few days every week to pain, fatigue, brain fog, dizziness, nausea, inflammation, and headaches.

One thing is for sure: my symptoms are directly linked to the industrial activity nearby and pose the biggest challenge to my life.

In my years of community organizing, I have met more and more people who were previously healthy, yet have begun to feel the effects of living close to the oil and gas industry. For many it is recurring congestion, headaches, stomach aches, nausea, or skin reactions.

The Gulf of Mexico is the largest offshore fossil fuel production basin in the United States. Decisions on expanding production should rely on current operations and the impact on the health of communities and their resources. Economic growth projections should also account for the instability and cyclical nature of the energy sector, the tax breaks enjoyed by the industry, the inherent danger to workers, the permanent impacts on our environment, and most importantly to me and my community, the damage borne by the people living and working nearby.

Resulting medical expenses fall on frontline communities, many of whom already have higher medical costs than normal, who have low income, and are in need of adequate access to health care.

We can only talk about benefits by also talking about the risks. When spills occur, they can bring catastrophic harm to marine life and devastating losses to local businesses, including our approximately $35 billion commercial fishing and $60 billion ocean and coastal tourism and recreational industries.

In the end, despite all our sacrifices, my neighborhood still has unreliable electricity grid. People periodically face rolling blackouts. We have high property taxes and utility costs that grow reliably every single year. People are left to make calculations on whether to stay, go, play outside, come back in, move, or sell. And it does not seem that more drilling will help alleviate those pressures. Thank you.

[The prepared statement of Ms. Trevino follows:]

PREPARED STATEMENT OF MS. ERANDI M TREVINO, HOUSTON ORGANIZER, PUBLIC CITIZEN, AND THE HEALTHY PORT COMMUNITIES COALITION

Good morning, Chairman Stauber, Ranking Member Ocasio-Cortez, and committee members. Thank you for the opportunity to speak here today. My name is Erandi Trevino, and I am a community organizer with Public Citizen, based in Houston, Texas. Public Citizen is a national non-profit organization with over 500,000 members and supporters. For more than 50 years, we have advocated for the public interest with considerable success through lobbying, litigation, administrative advocacy, research, and public education on a broad range of issues.

I am a member of the Healthy Port Communities Coalition, a group of organizations—including Public Citizen—working to improve the quality of life of communities near the Houston Ship Channel and the quality of essential resources for all.

Houston is known worldwide as an energy powerhouse. It has one of the largest ports in the U.S. and is home to the largest petrochemical industrial complex in the country.

The same industrial complex, a powerful and revered economic engine, is also home to multiple communities referred to as sacrifice zones.

Sacrifice zones are places exposed to concentrated levels of pollutants and hazardous materials that cause adverse health effects. We call them this because the health of people in these communities is sacrificed for corporate profits.

People living in sacrifice zones are far more likely to develop chronic health conditions such as asthma and other respiratory diseases, and cancer, to name just a few. This is why the rates of cancer and illness in sacrifice zones are disproportionately elevated and they are some of the most environmentally vulnerable. Yet, it impacts many Americans. Roughly a third of the United States population lives with air that does not meet acceptable federal standards.

When I was 7, my mother, younger sister, and I emigrated from northern Mexico to the East End, a neighborhood next to the Houston Ship Channel. This is a common landing spot for many immigrants. Sadly, children who grow up within two miles of the Houston Ship Channel are 56% more likely to be diagnosed with acute lymphocytic leukemia, compared to children 10 or more miles away.

Today, my family and I still live, work, and go to school in sacrifice zones. We have learned the hard way that even when we avoid something as serious as cancer, living in a sacrifice zone means that our health is threatened in other ways. Our neighbors include a parking lot for 18-wheelers with diesel engines that idle around-the-clock, a demolition company, a crate manufacturer, and several factories. We also live close to major highways and an expanding international airport. In short, we confront the effects of cumulative sources of pollution that surround us.

The results from living in a sacrifice zone is painfully reflected in my life, in the life of my family, and in our neighbors who have been diagnosed with cancer or other chronic illness. It is also quantified in the EPAs EJ Screen, which shows people in my neighborhood have air toxics Cancer risk in the nation's 94th percentile.

My mother and I both suffer from a series of health conditions that lead to pain, inflammation, and numerous other symptoms. To function semi-normally, I take 8 pills a day, control my diet, my sleep, and my activities as much as I can. But the conditions outside my door, which I cannot control, can make an average day unbearable regardless of how careful I am inside my home. It is what happens when industrial leaks, fires, and diesel-choked areas are commonplace and so close to home.

An average week for my mom and I includes us taking turns caring for each other, because we lose at least a few days every week to pain, fatigue, brain fog, dizziness, nausea, inflammation, and headaches. One thing is for sure: my symptoms are directly linked to the industrial activity nearby and pose the biggest challenge in my life.

In my years of community organizing, I have met more and more people who were healthy and have begun to feel the effects of living close to the oil and gas industry. For many, it is recurring congestion, headaches, stomach aches, nausea, or skin reactions.

The Gulf of Mexico is the largest offshore fossil fuel production basin in the United States. Decisions on expanding production in the region should rely on assessing current operations and the impact on the health of communities and their resources.

The fossil fuel industry remains one of the biggest employers in Texas. Oil extraction does provide economic benefits to our economy. However, expectations for growth should be tempered by the entire circumstances created by expanded extraction.

Economic growth projections should account for the instability and cyclical nature of the energy sector, the tax breaks enjoyed by the industry, the inherent danger to workers, the permanent impacts on our environment, and most important to me and my community, the damage borne by the people living and working nearby. Resulting medical expenses fall on frontline communities. Many communities that will see the highest medical costs related to the energy sector are also low-income and need adequate access to healthcare.

One can only talk about benefits by also talking about risks. New open offshore areas risk permanent damage to our oceans and beaches, and prolongs dependency on oil. When oil spills occur, they can bring catastrophic harm to marine life and devastating losses to local businesses. Even routine exploration and drilling activities bring harm to many marine species.

Deepwater Horizon was the most high-profile Gulf oil spill of the last decade, but smaller spills happen often. Oil spills result in devastating economic losses upon coastal communities and spills take a severe toll on coastal economies, including our approximately $35 billion commercial fishing and $60 billion ocean and coastal tourism and recreation industries. The damage and clean-up costs following the Exxon Valdez spill were so extensive that Exxon paid out more than one billion dollars to the federal and state governments for damages and clean-up costs—and still owes fishermen, Alaska Natives, business owners, and others a billion dollars.

Private industry development of offshore resources does little to support the average Texan, especially because projected growth does not consider the costs to communities. In Texas, it is not unusual for oil and gas operations to qualify for exemptions from various types of taxes. This includes school district property taxes which have skyrocketed for the average Texas homeowner in the last few years. Texas homeowners are struggling with inflation while industry is often granted breaks.

In the end, despite all our sacrifices, my neighborhood still has an unreliable electricity grid, and people periodically face rolling black outs. We have high property taxes, and utility costs that grow reliably every year. People are left to make calculations on whether to stay, go, play outside, come back in, move, sell. It does not seem that more drilling will alleviate these pressures.

The US remains the largest oil producer in the world. Any additional extraction is not intended to fulfill a domestic need for oil, but rather much of it would be an export destined for China. While it would not benefit the average consumer, it will tack on additional weight on communities already bearing more than their fair share.

There are many coastal communities whose health is suffering in the name of profit. At some point, the sacrifice zones that have been toughened by adversity will buckle under the cumulative effects of a heavily industrial region.

QUESTIONS SUBMITTED FOR THE RECORD TO MS. ERANDI M TREVINO, HOUSTON ORGANIZER AND PUBLIC CITIZEN

Questions Submitted by Representative Grijalva

Question 1. Several times during the hearing, we heard arguments from Committee Republicans that the oil and gas industry in Houston is the cleanest and safest in the world. How do you respond to these arguments?

Answer. Houston's oil and gas industry might have the capacity to be the cleanest in the world, yet it has yet to achieve this feat. The industry in Houston is notorious for violating EPA standards due to a lack of enforcement in the state. These violations can be leaks, fires, and excessive emissions. The Texas Commission on Environmental Quality (TCEQ), the agency entrusted to enforce EPA standards, is often called a "reluctant regulator" because it refuses to do its designated job. The agency's mission is to "protect our state's public health and natural resources consistent with sustainable economic development." Further proving that economic development is the priority. Maximizing profits above all else is the main goal of the state government and the oil and gas industry. Despite inherent dangers, even when the technology is available to create safer operations, safer technology is not chosen above more lucrative financial gains. This is evident in communities near the Houston Ship Channel that rank among the most environmentally vulnerable communities in the country. One neighborhood in particular, Pleasantville, is more vulnerable than 99.9% of the US.

Question 2. During the hearing, we heard arguments about how minority communities benefit from oil and gas industry jobs, but those industry jobs are often unsafe and unstable. Can you tell us more about the conditions oil and gas workers face in your community?

Answer. Latinos do make up most of oil and gas jobs. However, these jobs all come with risks. Workers face the risk of explosions and fires, along with exposure to concentrated levels of pollutants, which can later lead to a series of health effects, including respiratory issues, cancer, and even death. In my region, the industrial culture disregards safety and health. Workers are hard-hit by the effects of cutting corners and breaking the law.

Question 3. During the hearing, Representatives Graves commented that life expectancy in the United States is 8.3 years longer than in Mexico. How do you respond to that comment?

Answer. The life expectancy near the Houston Ship Channel is 20 years lower than the national average. That means that our average life expectancy in my community is around 12 years less than that in Mexico. This life expectancy means many people in my community will never reach retirement age.

Question 4. Is there anything else you would like to respond to from the hearing or share with the Committee?

Answer. I hope that the committee considers the full effects of the oil and gas industry on our country. My community and communities like mine are not victims. We are strong, resilient, and fighting to be a part of a just energy transition. We are not complaining. Instead, as those in sacrifice zones and on the frontlines, we hope to be a cautionary tale and the first line of defense. Our communities are a glimpse into a future we can and should avoid. The industry tends to expand and grow. This means that what is at my front door today might be at someone else's tomorrow. We can no longer allow industry to trample individual rights.

Mr. STAUBER. Thank you very much. Lastly, Dr. Walter Cruickshank, who is Deputy Director for the Bureau of Ocean Energy Management with the Department of the Interior, stationed right here in Washington, DC.

Deputy Director Cruickshank, you are now recognized for 5 minutes.

STATEMENT OF WALTER CRUICKSHANK, DEPUTY DIRECTOR, BUREAU OF OCEAN ENERGY MANAGEMENT, U.S. DEPARTMENT OF THE INTERIOR, WASHINGTON, DC

Dr. CRUICKSHANK. Chairman Stauber, Ranking Member Ocasio-Cortez, and members of the Subcommittee, I am pleased to appear before you today to discuss the Bureau of Ocean Energy Management's recent activities to responsibly manage the energy resources on the Outer Continental Shelf in a manner that meets the country's energy needs while minimizing impacts to the environment. Today, I will briefly discuss both BOEM's oil and gas and offshore wind programs.

The OCS Lands Act requires BOEM to prepare an oil and gas leasing program that includes a proposed schedule of lease sales for the 5-year period following approval of the program. As specified in Section 18 of that Act, preparation and approval of the National OCS Oil and Gas Leasing Program are based on the Secretary of the Interior balancing specific factors to select the size, timing, and location of lease sales that, among other things, consider the relative needs of the regional and national energy markets, as well as impact of oil and gas exploration and development on the marine, coastal, and human environments.

This past December, Secretary Haaland approved the 2024 to 2029 National OCS Program. The new program includes three potential lease sales in the Gulf of Mexico. These sales were chosen because they have the greatest resource potential and net benefits with the least potentially significant impacts and cost to society. The Secretary believes that this proposed schedule will best meet national energy needs for the next 5 years under existing laws and policies.

The lease sales included in the National OCS Program would enable the Department to continue to issue offshore wind leases in compliance with provisions of the Inflation Reduction Act that prohibit BOEM from issuing new offshore wind leases unless it is offered at least 60 million acres of the OCS for oil and gas leasing in the previous year.

Last October, BOEM published a call for information and nominations for the potential Gulf of Mexico lease sales included in the 2024 to 2029 program. Simultaneously, we published a notice of intent to prepare a Programmatic Environmental Impact Statement to analyze the potential impacts of a representative Gulf lease sale. Together, these actions initiated implementation of the 2024 to 2029 National OCS Program.

Offshore oil and gas resources remain an important component of our domestic energy portfolio, and indeed offshore production is at historically high levels. BOEM has held 11 lease sales since the start of the 2017 to 2022 OCS Program, generating approximately $1.8 billion in bonus bids. As directed by the Inflation Reduction Act, BOEM worked expeditiously to hold three lease sales, as required by that Act. Cook Inlet Lease Sale 258 occurred in December 2022, resulting in a single bid of $64,000. In 2023, BOEM held two lease sales in the Gulf of Mexico, the most recent of which was Lease Sale 261, held just last month, which generated over $382 million in high bids. As of December 1, prior to Lease Sale 261, there were a total of 12.1 million acres of the OCS under lease, 76 percent of which were belonging to non-producing leases. Overall, we expect GOMESA revenue sharing to be fully funded for the foreseeable future.

Turning to offshore wind, the Administration has set bold goals to deploy 30 gigawatts of offshore wind energy capacity by 2030, and 15 gigawatts of floating offshore wind energy capacity by 2035. In support of these goals, the Department has approved the nation's first six commercial-scale offshore wind projects, with two of those projects now producing power. BOEM is currently reviewing an additional 12 offshore wind project plans.

In addition, in the last 2 years, BOEM has held four offshore wind lease auctions totaling almost $5.5 billion in high bids, and has taken steps to identify additional wind energy areas for potential leasing off the Atlantic, Pacific, and Gulf of Mexico coasts.

We are taking a thoughtful, all-of-government approach to collaborating on issues such as ocean co-use and efficient permitting to build a robust offshore wind industry that benefits communities and successfully co-exists with other ocean uses.

Thank you again for the opportunity to be here today to discuss BOEM's efforts to responsibly manage the nation's offshore energy resources. These programs are essential for the Administration's continued commitment to ensure a clean and secure energy future, one that is sustainable and benefits all Americans. I look forward to answering any questions the Committee may have.

[The prepared statement of Dr. Cruickshank follows:]

PREPARED STATEMENT OF DR. WALTER D. CRUICKSHANK, DEPUTY DIRECTOR, BUREAU OF OCEAN ENERGY MANAGEMENT, U.S. DEPARTMENT OF THE INTERIOR

Chairman Stauber, Ranking Member Ocasio-Cortez and members of the Subcommittee, I am pleased to appear before you today to discuss the Bureau of Ocean Energy Management's (BOEM's) recent activities to responsibly manage energy resources on the Outer Continental Shelf (OCS) in a manner that meets the country's energy needs while minimizing impacts to the environment. My name is Walter Cruickshank, and I am the Deputy Director of BOEM, a bureau within the Department of the Interior.

BOEM's mission is to manage development of U.S. Outer Continental Shelf energy, mineral, and geological resources in an environmentally and economically responsible way.

National OCS Program

The OCS Lands Act (OCSLA) requires BOEM to prepare and periodically revise an oil and gas leasing program that includes a proposed schedule of oil and gas lease sales that will best meet national energy needs for the five-year period following approval or reapproval of the program. This is referred to as the National OCS Oil and Gas Leasing Program (National OCS Program). As specified by Section 18 of OCSLA, preparation and approval of a National OCS Program is based on the Secretary of the Interior balancing specific requirements and factors and selecting the size, timing, and location of OCS lease sales that—among other things—considers the relative needs of regional and national energy markets as well as the impact of oil and gas exploration on the marine, coastal, and human environments.

This past December, the Secretary of the Interior approved the 2024–2029 National Outer Continental Shelf Oil and Gas Leasing Program, which had been published as the Proposed Final Program on September 29, 2023. The new National OCS Program includes three potential OCS oil and gas lease sales in the Gulf of Mexico (GOM) Program Area, scheduled for 2025, 2027, and 2029. The size, timing, and location of these three potential lease sales were chosen because they have the greatest resource potential and net benefits with the least potentially significant impacts and costs to society. The Secretary believes that this proposed schedule will best meet national energy needs for the next five years under existing laws and policies.

The lease sales described in the National OCS Program, if conducted, would enable the Department to continue to issue offshore wind leases in compliance with the provisions of the Inflation Reduction Act (IRA) that prohibit BOEM from issuing new offshore wind leases unless BOEM has offered at least 60 million acres for oil and gas leasing on the OCS in the previous year. New offshore wind leasing will ensure continued progress towards the Biden-Harris administration's goals to deploy 30 gigawatts of offshore wind energy capacity by 2030 and 15 gigawatts of floating offshore wind energy capacity by 2035.

The area considered for oil and gas leasing has been narrowed to the GOM OCS, where there is existing production and infrastructure. This area includes the portions of the Western, Central, and Eastern GOM planning areas not currently under Presidential withdrawal.

Last October, BOEM published a Call for Information and Nominations in the Federal Register for the potential GOM oil and gas lease sales included in the 2024–2029 National OCS Program. Simultaneously, BOEM also published a Notice of Intent to prepare a programmatic environmental impact statement to analyze the potential impacts of a representative lease sale in the GOM during the 2024–2029 National OCS Program, as well as ongoing and potential associated site- and activity-specific oil- and gas-related approvals.

Collectively, these actions will allow BOEM to implement the new National OCS Program.

Recent Leasing Activities

U.S. offshore oil and gas resources remain an important component of our domestic energy portfolio and contribute to the Nation's economic output. BOEM has held 11 lease sales since the start of the 2017–2022 Program, generating approximately $1.8 billion in bonus bids. As directed by the IRA, BOEM worked expeditiously to hold Lease Sales 258, 259, and 261. BOEM held Cook Inlet Lease Sale 258 on December 30, 2022, resulting in one bid of $63,983 and the issuance of one lease. BOEM held Gulf of Mexico Lease Sale 259 on March 29, 2023, which generated $263.8 million in high bids for 313 tracts and resulted in issuance of 295 leases covering 1.57 million acres. On December 20, 2023, BOEM held Gulf of Mexico Lease Sale 261, which generated $382,168,507 in high bids for 311 tracts covering 1.7 million acres. BOEM is currently evaluating bids received from Lease Sale 261 and anticipates issuing leases in the coming months. As of December 1, 2023—prior to Lease Sale 261—there were a total of 12.1 million acres of the OCS under lease, with more than 9.2 million acres of that acreage (76 percent) belonging to non-producing leases.

Offshore Wind

As stated earlier, this Administration has set bold goals to harness the significant offshore wind resources we have here in the U.S. and deploy 30 gigawatts of offshore wind energy capacity by 2030 and 15 gigawatts of floating offshore wind energy capacity by 2035.

In support of these goals, the Interior Department has approved the Nation's first six commercial scale offshore wind projects, with two of those projects (Vineyard Wind 1 and South Fork) now producing power. BOEM is currently reviewing an additional 12 offshore wind project plans. In addition, BOEM has held four offshore wind lease auctions totaling almost $5.5 billion in high bids—including a record-breaking sale in the New York Bight and the first-ever sales offshore the Pacific and Gulf of Mexico coasts—and has taken steps to identify additional Wind Energy Areas for potential leasing offshore Oregon and in the Gulf of Maine, Central Atlantic, and Gulf of Mexico. The Department has also evolved its approach to responsible offshore wind energy development by encouraging union-built projects and supporting a domestic supply chain, while continuing meaningful engagement with Tribal Nations, underserved communities, fishing communities, and other ocean users and stakeholders.

These accomplishments represent significant milestones towards achieving this Administration's goal of creating good paying jobs and building a clean energy economy that will combat the climate crisis while supporting and protecting American communities. We are taking a thoughtful, all-of-government approach to collaborating on issues such as ocean co-use and efficient permitting to build a robust offshore wind industry that benefits communities and co-exists harmoniously with other ocean uses. We will continue to do this by working collaboratively with Tribal

Nations, States, other federal agencies, industry, labor unions, underserved communities, ocean users, and others to ensure that any future offshore energy development is done safely and responsibly and relies on the best available science and Indigenous knowledge.

Conclusion

Thank you again for the opportunity to be here today to discuss BOEM's efforts to responsibly manage our nation's energy resources on the OCS to meet the Nation's energy needs while minimizing impacts to the ocean, ocean users, and marine life. BOEM's programs are essential for the Administration's continued commitment to ensuring a clean and secure energy future—one that is sustainable and benefits all Americans. I look forward to answering any questions that this Committee may have.

Mr. STAUBER. Thank you, Dr. Cruickshank, and I want to thank all the witnesses for their testimony. The Chair will now recognize Members for 5 minutes of questions, and I am going to now recognize myself for 5 minutes.

Dr. Cruickshank, global oil demand is expected to rise 0.8 percent per year until 2030, and remaining around 102 million barrels per day for the following two decades, according to data from IEA. To say the least, global oil demand will remain strong for a long time. However, under BOEM's 5-year plan, we will have zero lease sales in 2024, 2026, and 2028.

How will these current and future demand increases be met offshore, based on your finalized plan?

And how does having zero offshore oil and gas lease sales this year help meet this increasing demand, based on the steady demand projections for the next 25 years?

Dr. CRUICKSHANK. Thank you, Chairman Stauber. I would note that current production from the OCS is at near-record highs. 2022, the last year for full data, was the third-highest production level ever on the Outer Continental Shelf, and we are seeing similar numbers for 2023, with additional production coming on this year, next year, the year after. So, there are plenty of existing leases out there that are being developed and continue to be invested in that will continue to support domestic demand for oil.

As far as future lease sales, I believe that the industry is sophisticated. They see their three sales on the schedule, they know when they are going to occur, and they will plan accordingly in adjusting their planning cycles, their budget cycles, so that they can successfully participate in those sales if they choose to.

Mr. STAUBER. OK, thank you. Thanks to President Biden's so-called Inflation Reduction Act, offshore wind sales are now tied to offshore oil and gas lease sales. If there is not a robust oil and gas program, there cannot be a robust wind program. While BOEM will not hold any offshore oil and gas leases, for the first time, zero leases will occur since 1958, as it has been said. Can you commit to BOEM holding lease sales in 2025?

Dr. CRUICKSHANK. Under the OCS Lands Act, we are required to run a separate planning process for each individual lease sale included in the program, and the Secretary of the Interior at the time of that sale will make the decision.

Mr. STAUBER. Dr. Cruickshank, just with the limited time, can you commit to BOEM holding lease sales in 2025?

Dr. CRUICKSHANK. That will be a decision of the Secretary of the Interior in 2025 as to whether or not to hold that sale.

Mr. STAUBER. So, at this moment you can't commit to that.

Dr. CRUICKSHANK. We will follow the process and get that information to the Secretary.

Mr. STAUBER. OK. Has BOEM begun the NEPA process for the proposed 2025 lease sales?

Dr. CRUICKSHANK. Yes, we have.

Mr. STAUBER. And when did that begin?

Dr. CRUICKSHANK. That began in October, when we published the notice of intent to prepare a Programmatic Environmental Impact Statement.

Mr. STAUBER. When Director Klein was before this Subcommittee on October 18, she stated that the NEPA process had already begun at the time. However, BOEM published its notice of intent to prepare the Programmatic Environmental Impact Statement, the PEIS, in the Federal Register on October 2. The comment period for the notice of intent closed on November 1. BOEM then had to review the comments and actually begin to prepare the PEIS, which is actually the beginning of the NEPA process in earnest.

Director Klein further stated, and I quote, "The NEPA process to evaluate potential impacts of proposed lease sales in the 5-year plan generally takes anywhere from 16 to 18 months, possibly 2 years." Do you agree with this characterization?

Dr. CRUICKSHANK. Yes, I would note that we view the NEPA process that starts that count as 16 to 24 months that actually starts with the notice of intent, where we get a lot of public input.

Mr. STAUBER. So, should President Biden be re-elected this year, this Administration will hold the keys as to whether or not the NEPA process is completed and, ultimately, if a lease sale will actually be held in 2025.

Will you commit to doing everything in your power to ensure the NEPA process is completed in a timely manner?

Dr. CRUICKSHANK. Yes, we will.

Mr. STAUBER. With the potential of the NEPA process taking 2 full years, and the process being kicked off in earnest in the beginning of November 2023, it is plausible that the NEPA process is not completed until November 2025. That leaves just 2 months left in 2025 to conduct a lease sale.

I implore you, Dr. Cruickshank, to ensure that BOEM conducts the NEPA process in a transparent manner to ensure that a lease sale is held in 2025, whether that be under the Biden administration or a different administration. But I will be honest. After seeing this Administration take steps at every turn to obstruct and stop oil and gas development, stop mining development, and virtually all forms of traditional energy production, I worry that this process will be unnecessarily dragged out simply to block a lease sale or, at the very least, push it as far out as possible. I hope that I am proven wrong.

I will now allow for 5 minutes of questioning from our Ranking Member.

Ms. OCASIO-CORTEZ. Thank you, Chairman Stauber. I have been going through some of the documents prepared for this hearing, and I just had a clarifying question here.

Mr. Holt, on your disclosure form for the hearing you have submitted, under the question of whether you are a fiduciary of any organization or entity that has an interest in the subject matter of the hearing, you have answered no to that. Correct?

Mr. HOLT. Yes, ma'am.

Ms. OCASIO-CORTEZ. Just to clarify, you are the President of the Consumer Energy Alliance. You also are the Managing Partner of HBW Resources, correct?

Mr. HOLT. Correct.

Ms. OCASIO-CORTEZ. Which is a registered lobbying firm for CEA.

Mr. HOLT. Correct.

Ms. OCASIO-CORTEZ. You have no fiduciary responsibility in either of those organizations?

Mr. HOLT. I have a fiduciary responsibility in both those organizations. CEA is an independent organization run by a board of directors that is contracted to HBW to help manage CEA.

Ms. OCASIO-CORTEZ. So, you do not have a fiduciary responsibility in either of those organizations.

Mr. HOLT. In terms of being responsible for the organizations? Yes, I do have a fiduciary duty.

Ms. OCASIO-CORTEZ. So, you do have a fiduciary responsibility.

Now, in terms of interest in the hearing, CEA has membership that includes the American Petroleum Institute, Chevron, Arena Energy, ExxonMobil, National Ocean Industries Association, Shell, et cetera.

Mr. HOLT. Correct.

Ms. OCASIO-CORTEZ. Would you like to correct your disclosure form?

Mr. HOLT. No, I am not sure I understand the nature of the question. Consumer Energy Alliance is a 501(c)(4) that is a membership-driven organization. It has approximately 380 member companies that are members of CEA. All are listed on our website. All our tax forms are listed on the website. So, the annual revenues of CEA are public and transparent. The board of directors for CEA runs the organization. The board of directors has hired HBW to help manage that organization.

Ms. OCASIO-CORTEZ. And HBW receives, from what I am seeing in the IRS filing, 74 percent of CEA's revenue went to HBW. You are the President of CEA and you are the managing partner of HBW.

Mr. HOLT. That is correct.

Ms. OCASIO-CORTEZ. And CEA's revenue comes from?

Mr. HOLT. The member companies.

Ms. OCASIO-CORTEZ. Which includes the American Petroleum Institute.

Mr. HOLT. And 380 other member companies.

Ms. OCASIO-CORTEZ. Including Shell, ExxonMobil, and Occidental Petroleum.

Mr. HOLT. But I would add to this, for the record here, 70, 75 percent of CEA's membership does not produce a molecule of energy at all. They are consumers representing farmers, manufacturers, small businesses, and families all over the country.

Ms. OCASIO-CORTEZ. OK, I see.

The other thing I would like to follow up on as well is HBW has also registered that they lobby directly for oil and gas interests like Louisiana Mid-Continent Oil and Gas Association, correct?

Mr. HOLT. Say that one more time. What was the organization?

Ms. OCASIO-CORTEZ. The Louisiana Mid-Continent Oil and Gas Association.

Mr. HOLT. Yes, we have a member on staff that does work for LMOGA, yes.

Ms. OCASIO-CORTEZ. So, the filing is that you are not a fiduciary, I am just trying to clarify. You are the managing partner of a lobbying firm that has oil and gas clients. You are witness today as CEA, but we are seeing no disclosure of that in the documents for this hearing.

Mr. HOLT. Again, I am not sure I am following your questioning here. I have a fiduciary duty, as the President of CEA, to manage CEA to the best of my ability. I am trying to fulfill that on a daily basis. And the CEA membership, which is largely made up of consuming entities all over the country, I also have a fiduciary duty, to a certain extent, extended through CEA to all those organizations.

Ms. OCASIO-CORTEZ. OK, and why was that not——

Mr. HOLT. And that is what we are doing.

Ms. OCASIO-CORTEZ. But why was your answer that you did not have a fiduciary, whether you were not——

Mr. HOLT. I think I probably interpreted that question of do I have a financial stake, or do I own stock or something in one of these companies, which I think I answered it correctly.

Ms. OCASIO-CORTEZ. We can explore that. We would be happy to make sure that we get that updated, if necessary.

Mr. HOLT. Sure.

Ms. OCASIO-CORTEZ. Thank you very much.

I yield back to the Chair.

Mr. STAUBER. Thank you very much. The Chair now recognizes Representative Hunt from Texas for 5 minutes.

Mr. HUNT. Thank you, Mr. Chairman.

Ms. Trevino, thank you for being here, ma'am. I really appreciate it.

In your most recent publication, you discussed concerns about pollution in Houston. I have lived in Houston my entire life, and I can tell you on a firsthand account that this is the cleanest and safest I have seen Houston, actually, in my entire lifetime.

When I was in middle school and elementary school, I remember not being able to go to school because of smog days. You could not see the skyline of Houston, Texas because the smog was so bad that they would not allow children to go to school. If you are under the age of 33 and you are born and raised in Houston, you have absolutely no idea what a smog day is.

Now, I recognize that we aren't perfect, and I understand that we have a ways to go, but I think this is a testament to the work done by the oil and gas industry and actually to innovate to make it safer and cleaner as we continue to do so for the future. No one on the planet produces energy cleaner and safer than American oil and gas, especially the companies in my district. The entire energy corridor is in my district, and I pride myself on being the energy Congressman of the entire world.

As a candidate, I traveled across the country to meet people from all walks of life, and all races, and of all people. And you discuss how the oil and gas industry has impacted communities of color. And I want to let you know this is something that we could actually both agree upon. It does impact communities of color, and I am going to tell you how.

[Slide.]

Mr. HUNT. Behind me is a screenshot of a docuseries that my team and I produced for the oil and gas industry. One such story is a man behind me.

His name is Mario Lugo. He runs a company in my district that provides countless opportunities for all walks of life. He has an amazing story, going from abject poverty to generational wealth while providing jobs to countless numbers of people. He is a Hispanic man, grew up in poverty, created well cap technology to make our oceans cleaner and the industry safer as a whole, and Mario is Hispanic. I can tell you that Mario and I could really care less about skin color. He actually cares about making the industry safer, and cares about making our industry better.

[Slide.]

Mr. HUNT. This is a cover of the Epoch Times from 2 days ago, front page. This is talking about opportunities to minorities and people of color that have the opportunity to make a 6-figure job from Day 1. One of the only industries in the entire world that can produce that on Day 1. It is a diverse collection of people, as you could probably imagine. And I have talked to a lot of people on the ground. I have been on rig sites, I have been offshore. And oil and gas is anything but racist, if you see it from our perspective. In fact, the industry is known as the industry of second chances.

While visiting one of the sites, I was speaking with a Black gentleman at Plains All American in Oklahoma, who said that "the oil and gas has been a godsend" to him. He explained that there were workers of color and diversity and people that had prior criminal convictions, a lot of people that had no chance of employment in any other industry, and that the oil and gas industry is, as I said, the place of second chances. And that sounds like the land of opportunity that our country was founded upon.

Oil and gas for the next 20, 30, 40 years of my lifetime is not going anywhere. In fact, as global population continues to increase, as we push to 10 billion more people, we are going to need more barrels of oil and more energy. And I am not talking about the champagne problems we have in this country. I am talking about developing countries like Africa, Asia, and India.

The issue here is not necessarily where we are at in terms of how much pollution we are encountering right now; the issue is how do we continue to innovate and allow the oil and gas industry to innovate to get to the minimal amount of pollution as possible.

Right now, the United States is about 12.8 percent of the world's carbon and decreasing. This notion that we are going to replace energy and oil and gas is a lie. There is no such thing as energy transition. It is only energy addition. And at some point, as we get to the more abundant, reliable source of energy for the future, we will get there at some point through innovation. But it is not going to be by shutting down the very industry that allows us to sit in this room comfortably, that is going to allow me to get on a plane and fly back home tomorrow, hopefully. Thank you for that industry.

We will continue to innovate. We will continue to make Houston cleaner. But I have to tell you, in my 42 years of existence, it is the best I have ever seen it.

With that, I yield back my time.

Mr. STAUBER. Thank you very much. The Chair now recognizes Representative Magaziner for 5 minutes.

Mr. MAGAZINER. Thank you, Chairman. I was listening to Mr. Holt's testimony about the high cost of energy that customers are consuming, and I understand. I mean, my constituents feel that. They feel the high cost of home heating oil this time of year. They feel the high cost at the gas pump.

But what I didn't hear Mr. Holt talk about is the fact that the big oil and gas companies kept over $100 billion of profits for themselves last year alone. When we have these conversations about the very real prices that people are feeling in our economy, somehow conveniently always left out of the conversation is the fact that the oil and gas industry is keeping hundreds of billions of dollars of profits for their own pockets. I am not talking about revenue. I am talking about profits, $100 billion last year alone. That is more than a quarter billion dollars a day. That is more than $300 per American, every one of us sitting here, more than $300 out of our pockets to oil and gas industry profits.

And when it comes to the OCS, which is what this hearing is about, Dr. Cruickshank, can you please put it on the record? These lease areas in the OCS that we are talking about, who owns them and who owns the minerals beneath them, legally?

Dr. CRUICKSHANK. They are owned by the American public.

Mr. MAGAZINER. By the American public. So, we are talking about minerals that the American public owns that the oil and gas industry extracts and then sells back to us at inflated prices, keeping windfall profits for themselves to sell us back the minerals that belong to us.

Now, when these lease sales occur, are there any limits put on the prices that the oil and gas industry can sell these minerals back to us at? Any caps to the prices as a condition of the lease sales?

Dr. CRUICKSHANK. We run the leasing program. We do not manage prices of the commodity.

Mr. MAGAZINER. So, no, right. And no limits to the amount of profits, the return on it, the ROI. No limits to the profits that the oil and gas industry can keep, as opposed to keeping prices low to consumers. That needs to be part of the conversation here.

If we are going to continue to award leases of public goods, of public minerals, then there ought to be some conversation about limiting the windfall profits. Because again, we are not talking about the cost of production. We are not talking about worker salaries, we are not talking about R&D. We are talking about profits that the companies are retaining off of the backs of working people like those that all of us represent. So, I want that to be part of the conversation going forward.

And I want to shift gears for a minute to talk about revenue sharing and royalties. I heard my colleague, Mr. Hunt, say that the energy transition is a fiction, or it is not real. I can tell you, coming from Rhode Island, it is very real. In Rhode Island, we have offshore wind. We have the first offshore wind farm in the country. We are building more. Within the next decade, we expect more than 90 percent of our electricity to come from offshore wind. We are transitioning.

But there is a problem, which is that, unlike for offshore oil and gas, there is no revenue sharing with the states under current law for offshore wind.

Now, as we continue to build offshore wind in my state and potentially elsewhere, I know we are looking at lease sales in the Gulf, I imagine it would be helpful for other states as well to get a share of the royalties to go toward conservation, to go toward workforce development, whatever else it may be.

So, I would just like to dive into that with the remaining time I have left, and ask Mr. Havens and ask Mr. Blankenship, would it be helpful, as offshore wind is built in the Gulf, for your states to receive royalty payments, to receive a share of the revenue in the same way that you do for oil and gas already? Would that be helpful for your states' bottom lines?

Mr. HOLT. Yes. As addressed earlier, if wind is an addition, it is another revenue source that would allow us to develop the continued coastal environmental projects, then, sure, any additional revenue would be beneficial.

Mr. MAGAZINER. Mr. Blankenship, I assume the answer is the same.

Mr. BLANKENSHIP. Yes, sir.

Mr. MAGAZINER. Yes. So, I hope that this is something that we can work on together here. As a matter of fairness, I think if we do it for oil and gas, we ought to do it for wind, too. This is a public good. States are impacted. And rather than having 100 percent of those payments go to the Federal coffers, it is only fair that states get a share, as well as they do in the oil and gas space. So, I hope that this is something that we can work on together possibly, going forward.

With that, my time has expired. I will yield back.

Mr. GRAVES [presiding]. The gentleman yields back.

Chairman Westerman, I suggest that perhaps the Committee host a briefing on energy production to help the gentleman from Rhode Island understand it is actually an auction process that sets a value based on demand.

I recognize the gentleman from Arkansas for 5 minutes, the Chairman of the Full Committee, Mr. Westerman.

Mr. WESTERMAN. Thank you, Mr. Chairman.

And along those lines, Mr. Holt, which oil company sets the price of oil and gas?

Mr. HOLT. None of them.

Mr. WESTERMAN. Would you like to explain how the price of oil and gas occurs?

Mr. HOLT. Well, I am not an economist, but it is set by the market. So, supply and demand——

Mr. WESTERMAN. The market, exactly. And the producers sell into the market, and they receive payment from what the market is offering. And as supply is constrained, what happens to price?

Mr. HOLT. The price generally goes up. And it is a global commodity.

Mr. WESTERMAN. And we are seeing record oil company profits, especially from OPEC-member countries who set all-time records on their profits. So, I just wanted to give you an opportunity to explain some basic economics in a free-market capital system that gets manipulated by cartels and countries that join together to set oil prices when we don't have enough production.

Mr. Cruickshank, in BOEM's analysis outlining options for 2024 through 2029, the program for offshore leasing, BOEM looked at offering 10 lease sales over 5 years, versus offering 3 lease sales. BOEM found that a 3-sale program would result in a reduction of up to 2.3 billion barrels of oil production, of which BOEM estimates roughly 57 percent will be replaced by imports.

Additionally, BOEM's own analysis finds that each Gulf of Mexico lease sale, on average, lowers domestic GHG emissions, and generates net social benefits of roughly $5 billion. So, given that preceding analysis, one done by, I am assuming you might have even been involved in that one done by BOEM, in your opinion is BOEM upholding its mandate under the Outer Continental Shelf Lands Act to put forth a 5-year program that best meets the national energy needs?

Dr. CRUICKSHANK. The OCS Lands Act requires the Secretary to balance a host of factors that are listed in the Act, and the Secretary has broad discretion under the Act to find an appropriate balance between all those factors.

Mr. WESTERMAN. So, it was Secretary Haaland that saw these studies and results and made the decision somehow, in her mind, this was a balanced decision.

Dr. CRUICKSHANK. Yes. This is how the Secretary chose to balance all the factors that she is required to consider under the Act.

Mr. WESTERMAN. OK. So, given that Lease Sale 261 was held on December 20, 2023, under the Inflation Reduction Act, your agency can offer offshore wind leases only until December 2024 without another oil and gas sale. Is it accurate to say that from December 2024 until the potential 2025 oil and gas sale there will not be any new wind lease offerings?

Dr. CRUICKSHANK. That is correct. We will comply with the provisions of the Inflation Reduction Act.

Mr. WESTERMAN. So, there are not going to be any new wind lease offerings during that time period. And if the offshore oil lease sale, the next one is not completed, it just moves that time frame out longer to do more offshore wind lease sales?

Dr. CRUICKSHANK. That is correct.

Mr. WESTERMAN. And your agency will abide by the law and continue down that path?

Dr. CRUICKSHANK. Yes, sir. We will follow the law.

Mr. WESTERMAN. So, how will that affect this so-called transition?

Dr. CRUICKSHANK. Well, it depends on whether those sales are held or not. And those are decisions made by the Secretary at the time of that lease sale.

Mr. WESTERMAN. So, in the Secretary's broad discretion and the ability to balance, could she for some reason say, oh, we are going to go ahead and have wind lease sales, or do you think that would be breaking the law?

Dr. CRUICKSHANK. The Secretary does not have discretion under the IRA to hold a wind lease sale unless there has been an oil and gas lease sale in the preceding year.

Mr. WESTERMAN. So, how is the Department going to meet the transition goals if they can't hold offshore wind sales?

Dr. CRUICKSHANK. Well, we are planning for both the oil and gas sales and the wind lease sales. We are planning right now to have as many as four offshore wind lease sales this calendar year, and are beginning the planning process for other sales that may occur following the next oil and gas lease sales.

Mr. WESTERMAN. Will this be on pace to reach the Administration's goals by 2030?

Dr. CRUICKSHANK. We are reviewing project plans. And with the leases that have been issued and will be issued, we believe that we will have reviewed project plan submittals that will meet that 30-gigawatt target.

Mr. WESTERMAN. We will anxiously wait to see that happen.

Mr. Chairman, I will yield back the remaining time to you if you have further questions.

Mr. GRAVES. Well, good. I recognize the gentlelady from California, Ms. Kamlager-Dove, for 5 minutes.

Ms. KAMLAGER-DOVE. Thank you, Mr. Chair, and happy new year. I just wanted to clarify a couple things.

I definitely think we should not be auditioning to get on E&C or have any E&C leadership here. And for the record, Africa is a continent and not a country.

We often hear from colleagues across the aisle that fossil fuel development in the United States is some of the cleanest and safest in the world, considering our strong environmental laws. The communities in my district would beg to differ. They still suffer from the impacts of having the largest urban oil field in the country in their backyard.

Ms. Trevino, based on your testimony, it is clear that you also are all too familiar with the impacts of living near oil and gas infrastructure. Pipelines damage, sensitive and fragile ecosystems leak and can contaminate air and water, toxic waste from offshore drilling is transported and disposed of in your community, refineries are a major source of air pollution, sending sulfur dioxide, hydrogen sulfide, and benzene into the air you breathe. My, oh my. We may have the best and safest environmental laws in the world, but they don't mean anything if they are not enforced. Hallelujah.

So, Ms. Trevino, are environmental standards in your community well enforced?

Ms. TREVINO. Absolutely not. Texas has a one-to-three enforcement rate. The Texas Commission on Environmental Quality is the agency that is supposed to be enforcing the EPA rules and regulations. But again, 1 to 3 percent is almost, it is closer to zero than it is anything.

So, as you mentioned, even though the technology is there to make operations safer, if it is not used and corners are cut, then there is no enforcement.

Ms. KAMLAGER-DOVE. Yes. In my book, in California, 1 to 3 percent would be considered an epic fail.

So, are refineries and other heavy industries penalized if they violate, say, air quality laws?

Ms. TREVINO. Only 1 to 3 percent of the time is there any type of consequence for a violation. For example, Shell. In a 10-year period, in one facility they had 2,000 violations. That is about one every other day. And all they paid for that decade of violations was $700,000. And I did the calculations. It is about $70 per violation. And that could be anything from a leak to a fire, as they had a 3-day fire this May, that same facility.

Ms. KAMLAGER-DOVE. That is amazing. And also, a 1 to 3 percent rate. So, at least they are consistent in their disregard.

It is abundantly clear that the offshore oil and gas industry and their onshore refineries, pipelines, and other infrastructure are too often operating without accountability and without any incentive to do the right thing. We have heard a lot about the money that they are making, and it is unfortunate that we continue to allow profits over people to be the mantra of the day.

So, would you say that there is a culture of safety in the oil and gas industry?

Ms. TREVINO. Absolutely not. And the reason I say that is because there is a culture of, again, cutting corners in order to make more profits. This is commonly known. I mean, if you talk to anybody, to people on the ground, they will tell you. Even people who work for the industry, they will say, oh yes, it is crazy, the things we do just to save a little bit of money, such as regular emergency flaring. If it is regular, it is not emergency. They should be able to get that fixed.

For example, this happened on December 23. This was not considered a big incident. Where I live this is considered something pretty regular to see in the sky. The sky was completely black, and that was from flaring. That was not a fire, even though it looked like a fire from my house. But this was just, they said, from the company they said, "There should be no impact to the surrounding communities." But if you can smell it and you can see it, and you can see it the next day still in the sky, then it is affecting you.

Ms. KAMLAGER-DOVE. And I also find it so choice that Black and Brown communities should be, like, rallying up and down at having jobs where their safety and their health is put into question every single day.

Can you briefly discuss in the few seconds that we have left, what the Gulf Coast region could look like years from now if states and the Federal Government work together to reduce fossil fuel pollution and achieve environmental and climate goals, while also creating good-paying jobs?

Ms. TREVINO. Yes, I mean, it would be transformational for Texas, because we have some really thriving businesses. It is not just oil and gas. We have a thriving legal field, medical field. Even though the medical field is, again, it is almost ironic, because we have one of the largest cancer centers in the world, but we are pretty much brewing cancer down the street.

So, if in a future where operations are safer, and people are able to breathe, and have higher energy levels, and be more productive, that is going to be a better society overall. If we keep going down the same path we are going now, in 10 or 15 years I foresee a lot more people are going to be on disability. They are not going to be able to work regularly. I have been in that position before, where I have thought I can't hold a full-time job because I am so exhausted, I am so sick, and I am so in pain.

So, in 10 years, 15 years, when those things are not really dragging my community down, I know it is going to be transformational because we are hard-working people, we care about our community, and we can just push it so much further.

Ms. KAMLAGER-DOVE. Thank you for that.

Thank you, Mr. Chair. And thank you also for just letting her finish her sentence. I really deeply appreciate that. Happy new year.

Mr. GRAVES. Thank you. You too. I recognize the gentleman from Alabama, Mr. Carl, for 5 minutes.

Mr. CARL. Thank you, Mr. Chairman.

Commissioner Blankenship, like you had mentioned before, the GOMESA funds are critical for supporting vital projects such as boat ramps, shorelines, bike trails, nature park enhancements in south Alabama. In fact, the project that you actually talked about, Salt Aire, I was a County Commissioner, and I was involved in bringing that back to life, and I couldn't speak of a better project to point out. Most people in this room don't realize the natural resources we have. We are known as the North American Amazon, our entire district that you are responsible for and I am responsible for also.

Let me see where I am here in my notes. Natural park enhancements policies have led to a substantial reduction in revenue. I have been fighting, and I am committed to increasing the state's revenue share and mandating lease sales since the day I have been in office.

In 2021, I introduced the Gulf Coast Recreational Fund Act, which required the Department of the Interior to pay GOMESA states the revenue that it was missing out of the dues of the canceled leases by this Administration, the Biden administration. This year, I was proud to work to get language included in H.R. 1 which increases the states' revenue share of offshore oil and gas, offshore winds, and mandate a minimum number of leases or sales per year.

Here are questions, I have a couple of them. Can you talk about the benefits to the state which see the increase in revenues and shares and more lease sales?

And also, I would like for you to touch on the Rig to Reef program that we are all so proud of on the Gulf Coast region.

Mr. BLANKENSHIP. Sure, thank you. The ability for us to do the projects that we have done has really made a huge difference in coastal Alabama. The number of parks, waterfront properties that we have been able to acquire and work with the different cities on to build access to the public to the waterfront has been great. The number of boating accesses, which is what I am probably most proud of, the 18 boat ramps in all of the communities, from coastal Alabama on the Gulf Coast, on the Gulf of Mexico, all the way up through Africatown, Three Mile Creek, Chickasaw, and some of our more impoverished areas, so that people of all those communities can have access to the water. It has been great.

We have water and sewer improvements that we have made, and water quality improvements. That is a critical need that we have in our community, especially in some of the cities that don't have the resources to address those without some help from GOMESA and other projects because they don't have the revenue in those cities. So, it has been extremely helpful, and I would love to be able to fund those projects and continue to grow that water quality program improvements in our two counties moving forward. That is our goal.

You asked about the Rigs to Reef. Most of my career, as you know, has been spent building and managing fisheries. Alabama has the largest artificial reef program in the country, and red snapper and other reef fish need that structure to thrive. The largest reefs in our program are oil and gas platforms. While the rigs are in production they are called the Islands of Life because they act as artificial reef structures. The habitat created by those rigs from the surface to the seabed is incredible. Organisms of all trophic levels benefit from the structure and marine growth on those legs.

The ecosystem development has grown over several years in the water. The thousands of platforms in the Gulf have created untold benefits. Many times, in those discussions on the pros and cons of OCS production, the positive benefits that rigs have on habitat creation and marine populations as well as recreational commercial fishing opportunities is lost in the conversation. This is a huge benefit to our marine resources and the people that enjoy them.

Over the past decade, Alabama has placed several decommissioned oil and gas production platforms to keep those ecosystem functions of those islands of life in our marine resources. I don't think that I have ever visited one of those reef sites that I haven't seen a sea turtle, or a dolphin, or sharks enjoying that increased and maintained habitat.

Mr. CARL. Thank you, Commissioner, and I appreciate again you coming up.

Ms., is it Trevano? I know I am butchering that, and I apologize.

Ms. TREVINO. Trevino.

Mr. CARL. OK, Trevino.

Ms. TREVINO. Yes.

Mr. CARL. Can I ask you a quick question? You said your family moved here from Mexico to Houston in that area. Was the oil industry there when your family moved here?

Ms. TREVINO. When we moved there, there was already industry there.

Mr. CARL. OK, does any of your family work in the oil industry?

Ms. TREVINO. My former stepdad, I believe, worked in some type of manufacturing.

I mean, because the thing is, in Houston, even if you don't work directly for oil and gas, there are a lot of adjacent businesses.

Mr. CARL. Yes, before I was born, my family lived in Houston, and everybody worked for the oil industry.

Ms. TREVINO. Right.

Mr. CARL. But thank you. Thank you so much.

Ms. TREVINO. Yes.

Mr. CARL. Thank you, Mr. Chairman.

Mr. GRAVES. The gentleman yields back. The Ranking Member of the Full Committee is recognized for 5 minutes, Mr. Grijalva.

Mr. GRIJALVA. Thank you very much, Mr. Chairman and Ranking Member.

Let me just add for the record that we were talking about market-driven and the role of market in both price setting and cost, and I want to enter into the record that the U.S. Government spends $649 billion per year on fossil fuel subsidies, according to the International Monetary Fund, and I think that needs to be noted, as well, that it is part of the story.

In this discussion, it is a discussion that, unfortunately, continues to happen over and over in Congress as to aid the validity of the reality of climate change, whether it is true or not. And while we don't have an outright denial discussion going on today, the fact that we are talking about the transition as though it was an impediment to dealing with critical issues in this country, as opposed to a goal that needs to be followed assertively and aggressively for the future, not just those of us here, but the generations that are coming after us, and that transition is part of the discussion, and that discussion should be driven by science, and not by profit motive, and not by the power of any particular industry.

The other point I want to make, and Dr. Cruickshank, let me ask you. Do you expect the amount of revenue states are receiving to decrease over the next 6 years?

Dr. CRUICKSHANK. I thank you for that question. No, we see the revenue continuing to grow for the foreseeable future.

Mr. GRIJALVA. Thank you, sir.

Ms. Trevino, thank you for raising the issue that doesn't get raised enough, and that is the issue of public health and quality of life for our fellow Americans and citizens in this country.

And the one point I want to make that industry has a huge problem with, and says when you do the analysis either on the siting, the permitting, or the NEPA process, the resistance to including cumulative impact as part of how we assess public health, how we assess environmental impact, et cetera, could you speak to the communities that you represent with your organization, frontline, EJ communities in general across this? Can you talk about cumulative impact and why that has to be a factor in this discussion, as well?

Ms. TREVINO. Yes. The reason why cumulative impact is so important is because our bodies don't just clear out between impacts. So, every additional impact to our body, more poison that we breathe in, we drink, we eat, it accumulates in our body, the damage accumulates.

So, if you have people who are already more vulnerable to certain conditions, for example, the Latino community, we already have higher rates of high blood pressure and heart disease, and we know that pollution also exacerbates and makes those issues worse. So, you have compounding effects from all those different health impacts. For example, me. I have already some vulnerabilities that existed before, so it makes them even worse. And a lot of the people that I work with have breathing problems, regular congestion, all the issues that I sort of mentioned before.

And what is unfortunate, again, for me, is sometimes I say, OK, I am vulnerable, I am part of the vulnerable population, I could just move. But the problem is it is affecting everyone around me. My family, we get brown phlegm. That is something that is known for in coal miners. Coal miners are known to get brown phlegm, but also people who live really close to industry.

So, that is the way it is sort of reflected in our lives. It hinders our ability to be people.

Mr. GRIJALVA. And study after study has confirmed the point that you are making, that there is a cumulative impact on public health, that there is a cumulative impact in the long run, and that industry and regulators bear a tremendous responsibility for that cumulative impact, and it needs to be factored into decision making.

This is not about closing a door, ending an industry. It is about a transition that needs to happen, regardless. And what frustrates me is that we keep talking about how we, while denialism isn't the issue, it is certainly, you know, avoidance has become the issue around the issue of climate change and its impact, and particularly in frontline communities.

So, as we avoid this issue, the consequences of when the urgency becomes such, it will cost us more economically, it will cost us more in terms of public health, and right now we have an opportunity to move into a transition that needs to happen, and will happen regardless. It will happen regardless, that we can ease that transition, support that transition, and reach a point where the balance that some of the witnesses were talking about and we don't need to be building reliance on the same energy extraction that has brought us to this point, and that is what we are being asked to do.

We are being asked to ignore science, we are being asked to build a reliance and to hand the keys over to industry. They have had the keys. And now I think the balance that we are looking for and that I advocate for is that, as we go through this transition, that there be transparency, that there be accountability, and that we support communities.

I yield back.

Mr. STAUBER [presiding]. Thank you. The Chair now recognizes Mr. Rosendale for 5 minutes.

Mr. ROSENDALE. Thank you, Mr. Chair, thank you, Ranking Member Ocasio-Cortez, and thank you to all the witnesses for traveling out to DC to testify today.

It cannot be repeated enough: Energy security is national security. However, the message is clearly not heard or understood by the Biden administration and its agency heads. The decision to halt or slow down our offshore and natural gas production does not contribute to our safety, nor does it benefit the environment. The demand for energy persists, and if we do not produce it here, it simply means that we are going to get it from foreign sources to meet our needs. This Administration's persistence to implement the failed, dangerous ESG standards in industry and business are costly and, again, compromising our national security.

As emphasized in numerous hearings within this Subcommittee this Congress, America produces energy more safely, cleanly, and efficiently than any other nation. Therefore, it is baffling that our government's priority is not pursuing these activities domestically. Continuation of the reduction in offshore energy leases only serves to increase our reliance on adversaries like Venezuela for our energy needs. It is in our nation's best interest to invest in our own readily available resources supporting American companies and communities.

One of my constituents, Patrick Montalban, testified before the House Energy and Commerce Committee yesterday on this very issue. He emphasized the tremendous negative impacts that the EPA has had on his own small, independent energy company, saying that the effects of the Biden administration's over-regulation will, and I quote, "literally put small independents out of business." This is no way for our country to produce energy or to support its citizens.

The House has already taken the first steps in the right direction by passing H.R. 1, addressing major concerns related to offshore and onshore energy activities, while underscoring the importance of safeguarding the environment and communities around these leases. Unfortunately, our counterparts in the Senate have yet to act on this legislation. It is imperative for both chambers of Congress to commit to substantial and concrete policies ensuring the protection of our citizens' energy requirements.

While hearings like this to hold the Biden administration accountable are crucial, the paramount goal should be enacting sound energy policies into law, delivering tangible benefits to the American people. The industry needs to have predictability. The consumers need to have a constant, steady, consistent, affordable supply. Montana's small, local mom-and-pop energy producers are facing undue challenges due to overburdensome and confusing Biden administration regulations. The absence of a clear plan from Congress compounds these difficulties, with small operators struggling to stay in business and meet the essential energy needs of our citizens.

It is disheartening to witness this Administration burdening small companies with conflicting rules and reporting requirements, while larger producers effortlessly navigate these challenges with substantial legal and compliance teams. Congress' inaction to provide relief to these small businesses, which is the backbone of many of our communities, is unacceptable. And quite frankly, they are the ones that discover and define these fields, these energy fields, so that then they end up selling them to the larger producers.

While the actions of the current Administration are detrimental to our local communities, both onshore and offshore energy producers, and our national security, we, as Members of Congress, must do a better job of countering these actions. While hearings are necessary, our focus should be on achieving victories for the American people against this Administration, and I hope that the insights gained from our witnesses today will guide us in that direction.

Mr. Havens, why do you believe this Administration is so focused on minimizing leasing operations on the OCS while increasing our foreign reliance?

Mr. HAVENS. I honestly don't know. I think you addressed it very well in those comments.

The demand for oil and gas is not going down. We can talk about transition, we can talk about other energies, that is all well and good. The demand is not going down. So, we are either faced with the prospect of taking it from our own domestic shores, from the Gulf, which has proven infrastructure, the ability to produce it safely and efficiently, or we take it from other countries with less-than-stellar environmental track records. That is basically the choice we are faced with.

Mr. ROSENDALE. Thank you very much.

Real quick, Dr. Cruickshank, I heard you say earlier that you expect profits to continue to increase in the future. Is that because we just think that the price is going up, or is this a complete market condition because of demand going up, as well?

Dr. CRUICKSHANK. Yes, I was not speaking to profit so much as revenues, and particularly royalty revenues, because production is at historically high levels, and we expect it to maintain that level for a while.

And there are some price impacts to that, as well. But regardless, we are going to have more than enough revenues for GOMESA to be fully funded for at least the next 10 years.

Mr. ROSENDALE. Thank you.

Mr. Chair, thank you very much for your consideration. I yield back.

Mr. STAUBER. Thank you very much. The Chair now recognizes Representative Graves from Louisiana for 5 minutes.

Mr. GRAVES. Thank you, Mr. Chairman. Witnesses, I want to thank you for coming here today.

Look, I am not a math whiz, but I do like to read numbers to try to help paint pictures. And when I look at numbers, I look at things like the EIA energy outlook, which is produced by the Biden administration's Department of Energy. And they show that we are going to see a growth in global demand for oil and gas, OK? We are going to have growth in global demand for oil and gas. In fact, they are predicting record demand in 2025; 103.5 million barrels a day will be consumed in oil alone in 2025.

While Dr. Cruickshank is correct that we have seen growth in production in the United States, according to EIA, Dr. Cruickshank, and you are incredibly bright, and I am sure you know this, EIA outlook says that the growth in production is primarily tied to increases in well efficiency. This is EIA, again, the Department of Energy. They say that production growth continues over the next 2 years driven by increases in well efficiency. However, growth slows because of fewer active drilling rigs.

OK, so our own Department of Energy is predicting increased demand. Discussed earlier is the carbon intensity of energy. A lot of people here talk about emissions and climate change. Look, I agree. So, let's go back to math once again. According to an analysis that has been done, I think it was Woods Mackenzie did it, looking at the carbon intensity, the carbon intensity of production in the Gulf of Mexico is one-half, one-half, of the emissions of other production areas.

So, if you are showing there is greater demand for oil and gas globally, we are showing that we have some of the lowest carbon intensity in the world, why would we not produce in the areas where you have the lowest intensity?

Mr. Blankenship, do you think that makes sense, just looking at math and numbers?

Mr. BLANKENSHIP. It does not.

Mr. GRAVES. Mr. Holt?

Mr. HOLT. It does not.

Mr. GRAVES. Mr. Havens?

Mr. HAVENS. No, sir.

Mr. GRAVES. Dr. Cruickshank, do you have any explanation there?

Dr. CRUICKSHANK. There are leases available to explore, develop, and produce, and there will continue to be leases made available if the sales and the next program are held. So, I really don't understand the question suggesting that there won't be opportunities for people to develop their leases in the Gulf of Mexico.

Mr. GRAVES. OK. Well, you made a more definitive statement there than you did to the question earlier. You said that the information would be relayed to the Secretary, or something like that. So, it sounds like you are saying that you do expect lease sales will be occurring in the Gulf of Mexico moving forward, despite the fact that, what was it, last year was the first time since, like, the 1950s that we haven't had a lease sale in the Gulf. Or was it 2022? Excuse me. It is really remarkable that we are seeing the numbers dropping when global demand is increasing.

Dr. Cruickshank, you testified here years ago, I remember distinctly you were sitting right there, and you said that you all had done analysis. And whenever there was a decrease in production in the United States, that it didn't result in a decrease in demand, it simply resulted in supply coming from other places like other countries. And we have seen that very thing manifest in this Administration's energy policies. And, unfortunately, the countries that are profiting are countries like Iran and countries like Venezuela: Iran, $60 billion; Venezuela, $65 billion in additional profits.

When we look at what is going on right now in the Gulf of Oman, when you look at what is going on in the Red Sea, these very areas that the world is becoming more dependent upon, these areas are becoming more volatile. So, it really seems to me, from an environmental perspective, from a stability perspective, and from a supply and demand perspective, that it makes more sense to produce right here in the United States and in the Gulf of Mexico. Doesn't that seem rational, Dr. Cruickshank?

Dr. CRUICKSHANK. Under the Outer Continental Shelf Lands Act, the Secretary considers all of those factors, as well as the other factors required to be considered. And this is about the decision——

Mr. GRAVES. This Administration is now considering looking at climate change impacts and LNG exports. But once again, if we are getting it from areas that have the lowest carbon intensity, doesn't it seem like that would make more sense for the globe, for global emissions?

It really is baffling that this Administration is selling a false narrative to the American public in regard to emissions strategies, and I would strongly encourage folks to spend more time on math.

I know I am out of time, but Ms. Trevino, I made note that you indicated your family had immigrated from Mexico. And I just looked real quick. The life expectancy in the United States is 8.3 years longer than it is in Mexico. There is 70.3 percent less money made by citizens of Mexico, and they have 2.8 times more likelihood to be living in poverty. So, I will be the first to admit we are not perfect here, we are far from perfect, but I think we are doing a pretty damn good job, comparatively.

I yield back.

Mr. STAUBER. Thank you very much. The Chair now recognizes Representative Duarte for 5 minutes.

Mr. DUARTE. Thank you, Mr. Chair. I appreciate it.

Dr. Cruickshank, you mentioned in your opening testimony that part of your evaluation and your responsibilities is to look at world oil markets and understand them in light of what leases you are going to be offering and how much you intend to put out there. In looking at those oil markets globally, all markets are global when it comes to crude oil, do you look at our impacts of depleting the Strategic Petroleum Reserve over the last couple of years under the Biden administration, and consider what the oil markets would have done, had we not depleted our Strategic Oil Reserve in the last few years?

Dr. CRUICKSHANK. Our analysis for the 5-year program does not look at management of the Strategic Petroleum Reserve, that is something that is managed by the Department of Energy.

Mr. DUARTE. But surely, if you are going to look at oil markets, you are going to have to say we are depleting our Strategic Oil Reserve. I mean, in a time of geopolitical conflict, in a time of logistics complications all over the Suez Canal.

You do not take into account the fact the only reason oil has only gone up about $20 a barrel in the last few years and not $30 or $40 a barrel in the last few years is because this Administration has not very strategically, I would think, depleted our Strategic Oil Reserve. And you don't weigh that in?

Dr. CRUICKSHANK. We look at long-term trends, long-term expectations, anything that is put into a 5-year program, so it is not going to be produced for 10, 20 years in the future——

Mr. DUARTE. Sure. Is refilling the Strategic Oil Reserve, the nearly 350 million barrels that have been pulled out of it, is refilling the Strategic Oil Reserve part of your long-term plan that you evaluate and look at the need for that, or are we simply deciding that we won't drill American oil at our maximum capacity, and we won't refill the Strategic Oil Reserve?

And if we need to, if there is a little too much inflationary pressure on this Administration, if the American worker, the American family can't balance their books, we will just deplete the Strategic Reserve through the next election cycle.

Dr. CRUICKSHANK. I can't speak to the Strategic Petroleum Reserve.

Mr. DUARTE. That is what it looks like.

Dr. CRUICKSHANK. Those questions need to go to the Department of Energy.

Mr. DUARTE. The price of oil has gone up about $20. If you look at the charts between the previous administration and the current administration, it was running about 60 bucks a barrel, now it is running about 80 bucks a barrel. Twenty bucks a barrel.

Russia produces about 10 million, I guess you do if it is part of your market analysis, about 10 million barrels of oil a day. So, our lack of supplying the world demand for oil, our own demand for oil is giving Russia about $200 million a day, 3.4 million barrels a day out of Iran. We are making Iran about $70 million a day. We have 750,000 barrels a day out of Venezuela. They are really bad at what they do, but they have extraordinary reserves down there, so we are making them about $15 million a day.

Russia is invading Ukraine. We know that Iran has a lot to do with the miseries in the Middle East right now, particularly in Israel and the subsequent miseries in Gaza. And we know that Venezuela is looking jealously at its neighbor, Guyana. Are these things that you weigh into your oil market analysis when you under-produce oil here in America?

Dr. CRUICKSHANK. Two things. First, I would note that oil production in the United States is at its all-time high. But I would also note that under the Act, we are analyzing national and regional energy markets in the United States.

Mr. DUARTE. So, we have oil at all-time high, we have oil at 33 percent more, on average, than it was a couple of years ago. We have the American working family facing all kinds of inflationary pressures. We are enriching our geopolitical enemies around the world. And the one fact that we have increased oil production, not to even mention that there are many populations across the globe who are seeking to reach some higher standard of living than they are now, and the only proven way to do this in a human way is to expand the carbon economy. That is simply a fact.

We have had some dialogue here about oil company profits. Do you see oil company profitability as an implicit problem with the oil industry as it stands today? Is that a problem to be solved by your group?

Dr. CRUICKSHANK. That is nothing that the Department of the Interior would manage. That is more of a tax question.

Mr. DUARTE. It is a tax question?

You give a lot of land leases to wind farms, big, huge wind farms, and it excludes oil leases. Wind farms are subsidized by about a 40 percent tax credit all-in, plus a per kilowatt production tax credit for the life. Are you concerned that 10 years from now we will be lamenting wind producer profitability as we are lamenting, in some cases here today, oil producer profitability?

Dr. CRUICKSHANK. Right now, the wind projects look like they are operating on fairly thin margins. What that will look like in 20 years, I don't really know.

Mr. DUARTE. Thank you, I yield back.

Mr. STAUBER. Thank you very much. The Chair now recognizes Representative Collins for 5 minutes.

Mr. COLLINS. Thank you, Mr. Chairman.

Mr. Holt, I kind of want to discuss a few things on the economy. I am a small businessman, and I believe all of America is going to know before my tenure is up that I am in the trucking business. And I find it odd that we sit here and we talk about coal and gas, and then we talk about wind farms. And I have no idea how to power one of my trucks with a wind farm, but that is OK. I guess we will combine these two things.

Could you shed some light maybe on the broader economic impacts on the trucking and the agricultural sectors when you reduce the lease sales?

And what is this going to mean for the cost of living and doing business in the United States when it comes to the transportation industry?

Mr. HOLT. Thank you for that question. The trucking industry is really on the front line of this entire debate, discussion. If the price of diesel goes up, literally the price of every commodity goes up. That is all passed on to the consumer, to families, to small businesses.

Further, most trucking companies are small businesses themselves that can't afford really to have that extra cost of diesel borne by their company. So, many of those companies, when we see really high diesel prices, are at risk of going out of business, as you probably well know.

Mr. COLLINS. Yes.

Mr. HOLT. Ultimately, the problem that we are seeing here, and we have spent a lot of time talking about the environmental implications, the economic implication, the job implications, the price implications on consumers across the economy, the trucking industry, the farming community, restaurants, individual families, if your policies are designed to intentionally restrict energy of some kind, and therefore increase energy prices, then that small business, that restaurant that employs 50, 60 people that sees their electricity prices go up by 30 percent, then that restaurant is at risk of going out of business.

If diesel prices are restricted because of restrictive energy policies, then the trucking industry is at risk of going out of business. And the pass-along to consumers for groceries and every other commodity adds inflationary pressure across the entire economy.

We can talk a lot about the environmental improvement and the environmental trajectory that we are on. We must continue to talk about that. But failing to recognize the economic implications on the trucking industry and all consuming industries is a big miss, because those families that could least afford to pay it, those that are on fixed incomes or in low-income families, are the ones that are hurt the worst when we see energy prices go up.

Mr. COLLINS. Right, and I think you can add in there electricity, your electricity bills, anything on small families.

And the job market, can you go into some, just job market across the nation, as far as when they cut these leases and——

Mr. HOLT. Listen, there is not a job in this country that is not directly impacted by the energy industry. If you are a manufacturer, if you are a steel manufacturer, if you are a delivery service, if you are a grocer, if you are a restaurant, if energy prices go up, both oil and gas and electricity, you are impacted.

The oil and gas industry directly and indirectly employs about 11 million people. But then you ripple that around in the whole U.S. economy. And what we have seen with grocery prices in the last year-and-a-half, literally, every single time you go to the grocery store you see prices go up. That is a direct result of higher diesel prices.

Mr. COLLINS. And I find it so funny that people think you can just turn these things on and off like a light switch.

Mr. HOLT. Right.

Mr. COLLINS. And the oil and gas industry is just like any other small business. There has to be predictability. And if you are going to say, hey, we are going to take the next year off, no leases, no nothing, so maybe the next year we will have one, you can't just start and stop and start and stop, because it is going to have an impact all across, not just the oil rig itself, but people that provide services for that rig.

Mr. HOLT. And that is really the key. One of the big things about the offshore is it is a long lead time. So, if we are going to continue to develop the offshore in the Gulf of Mexico and elsewhere, what we lease today comes on-line in 10 years and in 12 years.

Mr. COLLINS. Right.

Mr. HOLT. So, it is really that long-term trajectory that we need to think about, and those long-term jobs, and that long-term economic growth that we are considering here today.

Mr. COLLINS. That is right. I appreciate it.

Mr. Chairman, this is what I think I have learned, and I made some notes for you today, that energy security is national security, and the Gulf produces 15 percent of the total U.S. production, and it is also less carbon intensive.

Demand will increase. We have heard that from our colleagues. Record profits are going to continue. But you know what it looks like they are going to continue for? For our enemies, people that want to kill us and destroy this country. And that is because we are limiting what we can do here in our country to make sure that we are energy independent, which is one of the reasons that we did pass H.R. 1 in the House, and it needs to be taken up in the Senate.

And with that, Mr. Chairman, I yield back.

Mr. STAUBER. Thank you very much. The Chair now recognizes Mr. Tiffany from Wisconsin for 5 minutes.

Mr. TIFFANY. Yes, thank you, Mr. Chairman.

Dr. Cruickshank, the pace of new offshore wind lease sales has been pretty rapid. But recently, some operators pulled out of their projects because of profitability concerns. Is BOEM considering looking at that pace of additional offshore wind lease sales?

Dr. CRUICKSHANK. We are continuing the planning process for the lease sales. Those are done in conjunction with other Federal agencies, state governments, local governments, tribes, and we work through a planning process to decide whether to hold lease sales or not. But a lot of what we are doing is driven by requests from governors of states to look at offshore wind opportunities——

Mr. TIFFANY. So, even with the enormous subsidies that are going into this, many of these projects are falling by the wayside. Is that something that you are considering as you evaluate whether you are going to continue to offer these lease sales?

Dr. CRUICKSHANK. I think the challenge that industry faced was one that businesses across all industries have faced in terms of interest rates, inflation, and supply chain issues, and some of the early contracts that were entered into to produce power were just no longer viable. It does not mean they have necessarily pulled out of projects, they pulled out of contracts. The leases are still in good standing. In some cases, the projects are permitted or nearly so, and I expect they will compete for future proposals put out by the states to purchase electricity.

Mr. TIFFANY. Do you study the economics of this?

Dr. CRUICKSHANK. Yes, we do.

Mr. TIFFANY. And you think that these may be viable in the future?

Dr. CRUICKSHANK. I do.

Mr. TIFFANY. How about without subsidies?

Dr. CRUICKSHANK. I think every energy industry in this country receives subsidies.

Mr. TIFFANY. To the extent that wind and solar do?

Dr. CRUICKSHANK. I can't speak to solar, but both wind, and oil and gas, which are areas I have studied, both receive large subsidies.

Mr. TIFFANY. In just a few seconds, I am going to give any of you three on that end the opportunity to give a response to that.

Do you believe the Biden administration is building or reducing capacity?

Dr. CRUICKSHANK. Excuse me, I didn't quite hear.

Mr. TIFFANY. Do you believe the Biden administration, are they building or reducing energy capacity in America?

Dr. CRUICKSHANK. I think, overall, they are aiming to build energy capacity to match what will be energy growth in this country over time. But they are working towards an energy transition to try to address what the Administration has made a priority of, addressing climate change.

Mr. TIFFANY. Is carbon a pollutant?

Dr. CRUICKSHANK. Carbon emissions contribute to change in climate. And whether you consider climate change a pollutant or not, it certainly has large impacts on our economy.

Mr. TIFFANY. Mr. Havens, what would you like to see, some changes at the Federal level? What would help you in Texas, changes in public policy here in Washington, DC?

Mr. HAVENS. I would say——

Mr. TIFFANY. In the production of energy.

Mr. HAVENS. As it relates specifically to the GOMESA funding, stable, ongoing, continuing leasing would benefit greatly. We, at the state, benefit quite a bit from that and are able to do some pretty incredible environmental coastal projects.

I would say also I would question, we lease our own lands, and there is vast acreage that is never produced because the producers don't want it. There are a lot of bad reservoirs. I would like to see with BOEM, I don't know how the land is nominated or why there was, like with the last lease, there was such a small percentage leased. Perhaps more input from industry to see when these leases come up, where would the effective acreage be, which, again, would drive revenues.

Mr. TIFFANY. Same question, Mr. Blankenship.

Mr. BLANKENSHIP. Certainly, we would enjoy some continuity in the GOMESA funding in future years. And we think, with lease sales, as I have said in my testimony, in years that we have had lease sales, the next year our distribution is about 50 percent higher than in years when there have not been lease sales. And that makes a difference for a small state like Alabama. To almost double the revenue sharing in those years is important. I would like to see us continue to see a more broad and comprehensive lease sale program.

And removing the cap from GOMESA would be helpful to us, as a state. In years where we do have these lease sales and good production, the cap on that seems unfair to the four producing states in the Gulf.

Mr. TIFFANY. Mr. Chairman, we are going to continue to need carbon energy here in America, and we are going to need it for a long time to come. And this whole myth that has been sold to the American people about the green fantasy, we heard it today from Dr. Cruickshank. It will not lead to prosperity for America. In fact, it is going to diminish America. Let's hope that we can get back to producing energy in America and making energy independent.

I yield back.

Mr. STAUBER. Thank you very much. The Chair now recognizes Representative Gosar from Arizona.

Dr. GOSAR. Thank you, Mr. Chairman.

Mr. Havens, when we first started producing oil, cars got, what, 2 to 3 miles per gallon, is that true?

Mr. HAVENS. I would believe so.

Dr. GOSAR. And today, most cars get about 35 miles to the gallon, for the most part. Pretty close to being actually right?

Mr. HAVENS. Sure.

Dr. GOSAR. So, something happened in there. It is called technology. Technology happened. We are getting more out of less. And we can actually outrun technology, can we not? We can actually outrun it. We can force it to do what we want it to.

Mr. Cruickshank, do you agree with that comment, that you can force your way with technology, even though you don't have it?

Dr. CRUICKSHANK. I think we have a very innovative society, and technologies will continue to be developed over time.

Dr. GOSAR. OK. With that being said, then, it has been told to me that we need a quantum leap. Let me explain that again, a quantum leap in technology to get solar, batteries, renewables to the capability of carbon fuels. Am I right?

Dr. CRUICKSHANK. I——

Dr. GOSAR. The answer is yes.

Dr. CRUICKSHANK. I don't know that it requires a quantum leap.

Dr. GOSAR. The answer is yes.

Dr. CRUICKSHANK. I think the technologies are there, and will continue to be improved.

Dr. GOSAR. They improve, but it is going to take a quantum leap for them to be equal to that. And I am going to bring up an example.

Mr. Blankenship, you brought up the revenue sharing. You know, when you don't have these lease sales, the state coffers don't really improve, do they?

Mr. BLANKENSHIP. That is correct.

Dr. GOSAR. And you use those for a lot of vital services, do you not?

Mr. BLANKENSHIP. We do.

Dr. GOSAR. That was part of the agreement with the Federal Government and sharing those revenues.

Mr. BLANKENSHIP. Yes, sir, it was.

Dr. GOSAR. So, let me ask you something. How many miles, total miles, do these electric school buses get?

Mr. BLANKENSHIP. I don't know.

Dr. GOSAR. Maximum, 93. Let me ask you, how does that work for your school districts, rural schools, particularly your rural ones?

Mr. BLANKENSHIP. Yes, the rural school districts, they drive those school buses a lot more miles than that.

Dr. GOSAR. And then I would talk to my Navajo friends up in the Navajo reservation that, not only will they not get two kids on the bus, but they are going to be stranded where there is no technology for them to get their cell phone service.

So, this is ridiculous, what we are trying to do here. And for us to think that we can outpace our technology is so wrong, is so wrong. Because just like my friend, Mr. Tiffany, said, we are going to find ourselves in a world of hurt because we didn't do things better, that we didn't increase these sales because our production is much better than anybody else's production. We have the best technology, we continue to refine it and get it better, and better, and better.

So, the future still has a lot of oil and gas in there, and if we are producing it the way we should, we are lowering that carbon footprint all the way across the board. I am a believer in all-of-the-above energy. I believe it. But I also understand technology. I have to live within it, I can't force it.

The patent process was about that discovery. It was that one individual that came up with that idea. Maybe it was Einstein that talked about E equals MC squared. He came up with that idea. Then everybody else jumped into it, and built upon that, and then somebody took that to the next level. We are forcing science, and that doesn't work for us. That is why technology is so important to this realm.

Dr. Cruickshank, I didn't hear your answer to my friend from Louisiana, Mr. Graves, is there going to be an increase in lease sales or no, in the Gulf?

Dr. CRUICKSHANK. There will not be an increase in sales. We have the 5-year program that the Secretary put in place that allows for three sales to be held over the next 5 years. Those will be decided upon by the Secretary at the time as to whether to hold or not. And they do provide a schedule that industry can plan around.

Dr. GOSAR. Mr. Holt, you control most of your land, right, in Texas?

Mr. HOLT. Sorry, I think, yes, we have a little over 13 million mineral acres that we manage that is state-owned.

Dr. GOSAR. And places like Arizona, where we have lots of public land, we have a lot more acres than that in Federal custody with joint tenancy with the state.

As you control most of your public lands, how is that easier for you to drill than it is on other Federal lands?

Mr. HOLT. Well, we are blessed with having our own lands, and we don't have to go through much of the process that they do with the Federal lands. We will talk to industry, see what acreage should be nominated. We will put it out there, we will get the bids, and then we work hard on the lands.

We also get a higher royalty from the lands, which I would say industry is not a fan of. But again, we are a fiduciary to driving as much public revenue as we can, so we have a little more direct control and oversight over that.

Dr. GOSAR. As Texas goes, so does——

Mr. STAUBER. Mr. Gosar, if I may interrupt, without cutting environmental corners.

Mr. HOLT. Correct.

Mr. STAUBER. OK. All right.

Dr. GOSAR. I yield back.

Mr. STAUBER. Yes, thank you very much.

Before we wrap this up, the Ranking Member of the Full Committee wants to add something to the record.

Mr. GRIJALVA. Yes, thank you, Mr. Chairman, for the courtesy.

I ask unanimous consent to submit reporting from 2014, 2016, 2018 alleging that Consumer Energy Alliance used people's names and addresses without their knowledge, including a dead person, to fraudulently submit public comments in favor of utility clients and a gas pipeline into the record.

Mr. STAUBER. Without objection.

[The information follows:]

Did Houston energy group dupe MGE customers to back rate changes?

The Capital Times, October 21, 2014 by Mike Ivey

https://captimes.com/news/local/writers/mike_ivey/did-houston-energy-group-dupe-mge-customers-to-back-rate-changes/article_fbe07fa3-c487-5eff-84a7-72d502c842cd.html

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Opponents of a proposed MGE rate hike rally outside the PSC offices recently in front of an inflatable power plant.—JOHN HART—State Journal

A fossil fuel industry group backing changes to Wisconsin's electric rate structure is misrepresenting the wishes of some Madison Gas & Electric and We Energies customers in a legal filing with state regulators.

The Houston-based Consumer Energy Alliance on Oct. 7 sent the state Public Service Commission a petition with names of 2,500 electric customers statewide, claiming those consumers "believe changing the current rule will ensure that all ratepayers are treated fairly and electricity bills remain affordable."

But it's unclear how many of those customers actually support the proposed changes, which would raise fixed costs for residential ratepayers.

For example, Mary Frawley, who lives on Madison's near west side, is listed on the petition as supporting the changes. But she told The Capital Times she strongly opposes the MGE plan, which would hike her monthly service fees from $10 to $19 starting next year.

Frawley says she recalls speaking on the phone with someone from the Consumer Energy Alliance. She then agreed to let the group use her name, assuming they were against the MGE proposal.

"I thought they were opposed to it . . . but I guess I was mixed up," she said.

The Consumer Energy Alliance filed the same list of 2,500 names to the PSC in the We Energies rate case. The Milwaukee area utility is also proposing to raise its monthly fixed charges for residential customers—a move clean energy advocates say removes the incentives to use less electricity, much of it generated in Wisconsin by burning coal or natural gas.

Elizabeth Westlund, a We Energies customer from Kenosha, says she got a call some months ago about electric charges but never signed a petition. Westlund is opposed to "anything that will raise my bill," she said in an interview.

"If they are saying I support We Energies, they are just wrong," she said. "And I want my name taken off that list."

CEA has not previously filed comments with the state Public Service Commission, according to PSC spokesman Nathan Conrad.

But the group is well-known in the energy world for its political connections in Washington.

One of its top advisors is lobbyist Michael Whatley, who served as senior policy advisor on George W. Bush's first presidential campaign and transition team. Whatley was later appointed chief of staff to former U.S. Sen. Elizabeth Dole, a former cabinet secretary and the wife of Bob Dole.

Peter Taglia, a former staffer with Clean Wisconsin now running his own energy consulting business, says CEA specializes in crafting public relations campaigns designed to appear as grassroots support. Advocates often refer to those efforts as "astroturfing" or "greenwashing."

"If this is true, it undercuts the legitimacy of the PSC process," Taglia said. "It's clear these out-of-state coal companies know they benefit from higher fixed fees on seniors, renters and low energy users."

Whatley said his firm is simply working to ensure that electric rates are fair to all ratepayers. He said the growth of solar energy is leaving fewer customers paying the costs of maintaining the "electric grid"—the power plants, poles and wires that keep power flowing to homes and businesses 24-7.

"We believe that rates need to be fair for all ratepayers and have been very clear about that," he said.

Whatley denies that any residential customers contacted by CEA were misled about the group's intentions or duped into allowing their names to be submitted to the PSC.

"We talk to folks and then ask if they would like us to send a letter in on their behalf," he says. "If they answer in the affirmative, we go ahead and do that."

Still, there is little doubt some of those contacted by CEA were not sure of what they were agreeing to or the complexity of the issues involved.

Tom Frutiger of Madison is listed on the petition and claims he doesn't remember even speaking with anyone from CEA, although he admits his memory has been failing him since suffering a stroke.

Asked if he supports the MGE changes, Frutiger said, "Hell no."

"What I'd like to see is less fossil (fuel) burning," he said. "They should put some fans in the middle of the lake and generate electricity that way."

CEA has been the focus of several investigative stories on the public relations and lobbying industry as it relates to the oil and gas industry. One piece co-published by Salon.com and The Tyee tells how the group was heavily involved in fighting tougher carbon laws and thwarting development of renewable energy.

"Oil industry power players, including BP, Chevron, ExxonMobil, Marathon, Shell and Norway's Statoil are among the CEA's key financial backers, and many of these companies also happen to have deep ties to the Alberta tar sands," writes reporter Geoff Dembicki.

MGE officials say they had seen the comments filed by CEA but were not involved in the PSC filing or any telephone polling that would have created a list of supporters.

"We are not involved with this group," MGE spokesman Steve Kraus said.

CEA does not maintain an office in Wisconsin but it counts Wisconsin Manufacturers & Commerce among its members.

Electric utilities in Wisconsin and in other states are struggling with how to cover the fixed costs of operating and maintaining electric systems amid the increase in solar power usage and energy conservation. They want to dramatically hike the monthly service fees for most customers while reducing charges for the amount of electricity consumed.

Critics contend the changes will discourage customers from using less electricity and are simply a way for utilities to maintain profits and protect their investment in plants that burn coal or natural gas.

Last year, the state's largest electric utility We Energies was granted a 20 percent increase in fixed charges by the PSC and is now proposing a 75 percent jump in its fixed charge to $16 a month.

MGE had initially talked about raising the monthly customer charge to nearly $50 by 2016 and potentially $70 by 2017. It has since backed off that timetable and now proposes raising the fee to $19 in 2015 and holding off on future hikes pending negotiations with the Citizens Utility Board and other customer groups.

Whatley says CEA is taking an interest in Wisconsin because it is one of the first states where changes in electric billing are going before regulators. It has also lobbied in Arizona, which had passed a fee on solar installations.

"We don't want to end up with a system where the only way your rates aren't going to go up is if you install rooftop solar," said Whatley.

Right now, solar power accounts for just a fraction of the energy produced in Wisconsin.

Of the 141,000 customers of MGE, just 320 have commercial grade solar installations, according to figures from the Environmental Law and Policy Center in Chicago. We Energies has an even lower percentage of solar customers, with 580 out of a customer base of nearly one million.

"This isn't about protecting customers from solar; it's about protecting the interests of utility shareholders," said Rob Kelter, a senior attorney with the center.

Wisconsin utilities lead in seeking hikes in monthly charges

Nexus pipeline opponents urge U.S. postal service to investigate lobbying group (photos)

Cleveland.com / Metro, Updated: Sep. 16, 2016, 10 a.m., By Michael Sangiacomo

https://www.cleveland.com/metro/2016/09/nexus_pipeline_opponents_urge_us_postal_service_to_investigate_lobbying_group_photos.html

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The U.S. Postal Service has been asked by residents of Northeast Ohio to investigate a Houston-based oil and gas lobbyist that used some of their names without permission to bolster support for a pipeline through the state.

Akron attorney David Mucklow filed the request on behalf of the Coalition to Reroute Nexus, a group of property owners who oppose the natural gas project proposed by the Nexus Gas Transmission.

Mucklow asked the postal inspection service and the Federal Energy Review Commission to conduct a criminal review of the Consumer Energy Alliance. CEA sent 347 letters to FERC using the names of local residents, including an Ohio man who has been dead since 1998.

The complaint can be viewed on the website of FERC, the federal agency that will decide if Nexus is permitted to construct a 255-mile pipeline to carry natural gas from Eastern Ohio to Northern Michigan and Ontario, Canada. The document includes affidavits from 14 Ohio residents who deny writing letters approving the pipeline as well as giving permission to the CEA to write letters on their behalf.

"This is an extremely serious matter," Mucklow said in the filing. "Submission of hundreds of bogus comment letters during the comment period is calculated to convey the false impression that there is widespread public support for construction and operation of the pipeline."

Postal investigator Tammy Mayle of the Pittsburgh regional office, which includes Ohio, said her office has not seen the complaint but noted that such an investigation is a complicated process.

Mayle said if warranted, such a complaint could eventually include the attorney general of the state where the letters originated, which would be Texas in this case. Mucklow said the investigation also should involve the U.S. Attorney General's Office.

CEA President David Holt has said his company used computers to robocall 25,000 homes, mostly in Ohio, asking for support of the pipeline project. CEA then generated letters from questions asked by computers during the calls, attributing them the letters to owners of the telephone numbers dialed. Those letters were mailed to FERC with the residents' names but did not indicate CEA's involvement in the process.

A number of Ohio residents were angry after learning about the letters. Some say they don't even recall getting a robocall. The homeowners were not shown copies of the letters that went with their names on them, Holt said. No effort was made to determine who in the household took the survey. The name of long-deceased Glenn England of Risingsun, Ohio, near Toledo, was on one of the letters.

Holt, responding Thursday to the latest complaint by CORN, accused the anti-pipeline residents of trying to "co-opt the FERC process."

"There is nothing new in this filing from CORN," Holt said in an email. "Consumer Energy Alliance (CEA) has developed various methods over the past 10 years to allow CEA members and the public to participate in comment periods established by regulatory agencies. CEA takes numerous steps—and maintains meticulous records—to ensure that the comments generated and submitted to regulatory agencies are valid expressions of support for energy projects."

But CORN co-founder Jonathan Strong said what CEA did "was criminal" and that CEA and FERC need to be held accountable.

"FERC does not seem to care about accountability," Strong said. "The whole evaluation process has been co-opted by oil and gas. This is a new day. We must stand up against this kind of activity or it will not change."

FERC declined to comment about the complaint. However, spokeswoman Tamara Young Allen said the commission will look into the concerns raised.

"The person or entity that raises the issue does not matter. We do not vet our letters, that's not part of our process," Allen said. "We look at the science. We operate like a court. We look at the facts of a proposal."

She said anyone who feels misrepresented could send a letter to FERC, though FERC will not remove the letter generated by the CEA in a person's name.

Construction on the pipeline could begin early next year. It would run through hundreds of private properties, including many in Medina, Lorain and Summit counties.

Strong said CORN contacted 41 people whose letters appeared on FERC's website saying they favor the pipeline. He said every one contacted denied sending a letter.

S.C. lawmakers call for law enforcement probe of bogus pro-utility emails; Fake emails spur calls for investigation

Post & Courier, February 20, 2018 by Andrew Brown

https://www.postandcourier.com/business/s-c-lawmakers-call-for-law-enforcement-probe-of-bogus-pro-utility-emails/article_17c174d6-158c-11e8-b42c-a72c9ef540e9.html

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COLUMBIA—Lawmakers have demanded an investigation into a pro-utility email lobbying campaign that used people's names and addresses without their knowledge.

The push for an investigation comes less than a day after The Post and Courier revealed a string of cookie-cutter, pro-utility emails that impersonated average South Carolinians. The fake messages appear geared to pressure lawmakers to support Dominion Energy's proposed $14.6 billion takeover of SCANA Corp.

On Monday, the House speaker's office said it contacted the attorney general about the emails. Attorney General Alan Wilson's office, in turn, informed the State Law Enforcement Division about the questionable communications sent through a group called the Consumer Energy Alliance.

"We are certainly going to get the attorney general to look into this," said House Majority Leader Gary Simrill, a Rock Hill Republican who received several of the falsified emails.

"If you've got a utility or a group that is misappropriating people's identities, I think that is a real problem," said Senate Majority Leader Shane Massey, R-Edgefield.

The nonprofit group set up a system of sending prewritten messages supporting Dominion's deal to members of the S.C. Legislature. Dominion and the South Carolina Chamber of Commerce are both members of that industry-backed group.

SCANA was a member of the group from 2014 to 2016, and paid $10,000 annually to be part of the Houston-based organization, said Eric Boomhower, the company's spokesperson. SCANA had no knowledge of the group's activities in South Carolina, he said.

David Holt, president of the Consumer Energy Alliance, said the group orchestrated the "grass-roots" lobbying campaign after asking Dominion whether it should get involved. But the group itself, Holt said, was not to blame for the emails that impersonated state residents.

Dominion, a longtime member of the energy group, saw the text of the email before it was released to the public, but it didn't commission the email campaign, spokesman Chet Wade said. The company was kept apprised on the work before the fake emails emerged.

"The more we hear about this issue, the more we learn, the more it feels like there was a deliberate attempt to mislead the public by someone other than us or CEA," Wade said. "We are puzzled by it. We are disturbed by it."

The fake emails, Holt said, were sent from computers outside South Carolina. He declined to say how many illegitimate messages were sent.

The Consumer Energy Alliance, Holt said, supports lawmakers' and the attorney general's request for an investigation. The group will cooperate with whatever is asked of it, Holt said.

"We're as concerned as some of the legislators in the state are," Holt said. "In my opinion, we are on the same side as these legislators because our system was duped."

This isn't the first time the Consumer Energy Alliance has been involved in an episode where people's names were used to advocate for a pro-industry issue without their permission.

In 2014, the group sent a petition to Wisconsin regulators in support of a utility company's plans in that state. That petition was denied after several people said their names were wrongly included among the 2,500 people listed on the document.

A similar problem occurred in Ohio in 2016. In that case, state residents filed a complaint with the Federal Energy Regulatory Commission after the Consumer Energy Alliance submitted 347 letters of support for a proposed interstate pipeline project.

The problem was at least 14 of those people said they didn't support the pipeline project and never gave the Consumer Energy Alliance permission to submit letters on their behalf. One of the Ohio residents who was named in a letter died 18 years earlier, according to the Cleveland Plain Dealer.

The Federal Energy Regulatory Commission fielded the complaints, but in documents, the federal agency said it doesn't handle claims of "mail fraud. "

Holt blamed those past issues on groups and bloggers who "oppose energy and pipelines." He said the group was cleared of any claims of wrongdoing in both instances.

State lawmakers see the issue differently.

"It's a way for the utilities to do the marketing but to disguise who is doing it," said Massey. "To the average person, it makes it look like there are multiple groups supporting this deal."

Simrill, the Rock Hill Republican, is concerned about how these fake emails affect state lawmakers' interactions with their constituents.

"Unfortunately, this delegitimizes the real emails we get, because you starting thinking: Is this a ploy? Is this a fraudulent email?" Simrill said. "It has reverberations across the spectrum."

Mr. STAUBER. And I also ask unanimous consent to enter into the record the BOEM's 2024 to 2029 proposed 5-year plan, and would like to draw attention to chapters 5, page 25 of the plan, which states, and I quote, "The results are consistent with the analysis discussed in chapter 1, 2, and 3, that Outer Continental Shelf oil production has one of the lowest GHG intensities compared to domestic onshore and other global producers of oil."

I will enter that into the record.

[The information follows:]

Table 5-9: Lease Sale Option: Social Cost of Upstream GHG Emissions ($ Billions)

Program Area Scenario	Low Activity Level	Mid-Activity Level	High Activity Level
Cook Inlet	0.03	0.16	0.19
GOM (5-sale scenario)	0.14	0.48	0.81
GOM (10-sale scenario)	0.14	0.66	1.58

The results are consistent with the analysis discussed in Chapter 1.2.3.4, that OCS oil production has one of the lowest GHG intensities[36] compared to domestic onshore and other global producers of oil.

No Sale Option: Social Cost of Upstream Greenhouse Gas Emissions

For the No Sale Option, BOEM models the upstream emissions from the energy substitutes. While most of BOEM's net benefits analysis is conducted to only consider domestic impacts, BOEM analyzes the GHG emissions from international production of substitute energy sources that are imported, given the global nature of GHG emissions. BOEM includes both emissions from production of imported oil and natural gas under the No Sale Option as well as the GHG emissions from transport of that oil and natural gas by tanker to the U.S. These emissions are derived using BOEM's substitutions estimates. Table 5-10 shows the model results for each program area and scenario for upstream GHG emissions.

The increase in social cost of upstream GHG emissions associated with the No Sale Option represents the greater per-barrel GHG emissions that result from substitute sources other than OCS production. The fossil fuel energy sources that substitute for OCS oil and gas typically have higher GHG intensities than those of OCS production. Imports result in additional emissions during transport to the U.S. and because, in many cases, there are less restrictive emissions standards in the producing countries.

Table 5-10: No Sale Option: Social Costs of Upstream GHG Emissions ($ Billions)

Program Area Scenario	Low Activity Level	Mid-Activity Level	High Activity Level
Cook Inlet	0.04	0.50	0.54
GOM (5-sale scenario)	1.58	6.64	10.15
GOM (10-sale scenario)	1.58	8.85	20.16

The GHG emissions associated with the No Sale Option would vary greatly if there were different assumptions regarding future energy substitutions and future energy demand under net-zero goals and technology advancements. In such a future, the social costs of GHG emissions under the No Sale Option would similarly shift.

[36] GHG intensity is a volume-weighted ratio of GHGs emitted while producing a given unit of oil.

Mr. STAUBER. I want to thank the witnesses for their valuable testimony today.

Representative Dingell, before we close, you, my friend, will have 5 minutes. How is that?

Mrs. DINGELL. I will let the poor witnesses that have been here, but I wanted to call and tell them I will read everything that they said, and show my support for you, Mr. Chairman.

[Pause.]

Mr. STAUBER. OK. Representative Dingell, if you want 5 minutes.

Mrs. DINGELL. That is OK.

Mr. STAUBER. OK. I thank the witnesses for their valuable testimony and the Members for their questions.

The members of the Subcommittee may have some additional questions for the witnesses, and we will ask you to respond to these in writing. Under Committee Rule 3, members of the Committee must submit questions to the Committee Clerk by 5 p.m. on Wednesday, January 17. The hearing record will be held open for 10 business days for these responses.

If there is no further business, without objection, the Committee stands adjourned.

[Whereupon, at 12:11 p.m., the Subcommittee was adjourned.]

[ADDITIONAL MATERIALS SUBMITTED FOR THE RECORD]

Submission for the Record by Rep. Westerman

CONSUMER ENERGY ALLIANCE

House Committee on Natural Resources
Subcommittee on Energy and Mineral Resources
1324 Longworth House Office Building
Washington, DC 20515

Re: Response for the Record from Consumer Energy Alliance

Dear Chairman Westerman, Ranking Member Grijalva, Subcommittee Chairman Stauber, and Ranking Member Ocasio-Cortez:

On behalf of Consumer Energy Alliance (CEA), its more than 350 member organizations and more than 500,000 individual members, thank you for the opportunity to testify during the Energy and Mineral Resources Subcommittee Hearing "Examining the Biden Administration's Limits on Access to the OCS: Impacts on Consumers, States, and Operators" on Jan. 11, 2024.

CEA is pleased to have the opportunity to respond and confirm for the Congressional record once and for all that CEA has been cleared in several years-old allegations regarding falsified grassroots comments. Representative Grijalva inserted these claims for the record at the close of the hearing. CEA would like to provide more accurate information to Representative Grijalva, and provide the current facts to the Committee and Congress.

Representative Grijalva referenced three instances where CEA was accused of providing public comments for a state rulemaking without knowledge or consent of the party submitting the comments. These allegations occurred in 2015 (Wisconsin); 2016 (Ohio) and 2018 (South Carolina).

In all three cases referenced, CEA was either fully cleared of wrongdoing or the allegations were found by the pertinent regulatory agency to be lacking adequate substance to prompt a formal investigation.

Outcomes of the incidents are included below:

- Regarding allegations related to Wisconsin Public Service Commission proceedings, the Milwaukee County District Attorney investigated and in 2015 found there was "no evidence" that anyone connected to CEA did anything intentionally, as alleged by an activist group opposed to CEA's position. The letter is attached to this submission.
- In 2016 in Ohio, the Federal Energy Regulatory Commission declined an activist group's request to investigate.[1] FERC referred the matter to the United States Postal Service, which also declined to pursue an investigation and did not even contact CEA to do so.
- In 2018, the South Carolina Attorney General did not pursue an investigation of CEA after activist groups accused CEA of delivering up to (approximately) five comment letters that the respondents said they did not author. Of note, as soon as CEA became aware of the allegations of false comments, CEA asked the Attorney General of South Carolina to investigate. Again, as with Wisconsin and Ohio matters noted above, the South Carolina Attorney-General's office declined to investigate the matter. In fact, South Carolina found that CEA had been victimized by the same two companies that sent more than one million false comments into the Federal Communication Commission's Net Neutrality public comment docket. That finding came as the result of a major investigation by BuzzFeed News[2] into the false comments sent to the FCC. The story recounted CEA's experience with those two companies, Media Bridge and LCX Digital, as an example of how those companies operated and intentionally submitted false comments that were difficult, if not impossible, to verify by an organization such as CEA. CEA confirms the accuracy of the article's account of CEA-related information.

[1] https://www.cleveland.com/metro/2016/09/nexus_pipeline_controversy_dead_mans_name_others_appear_in_letters_supporting_the_plan_photos.html

[2] https://www.buzzfeednews.com/article/jsvine/net-neutrality-fcc-fake-comments-impersonation

CEA also points out that in 2023, the Attorney General of Ohio investigated allegations regarding potentially falsified comments. CEA is confident that its personnel did nothing wrong and that, as with the other matters cited above, CEA will be exonerated. CEA has been and continues to be fully cooperating with the Attorney General's office. Once again, the allegations originated with a group opposed to CEA's position and mission. CEA looks forward to the findings of the Attorney General's investigation and will update the Committee once those are made public.

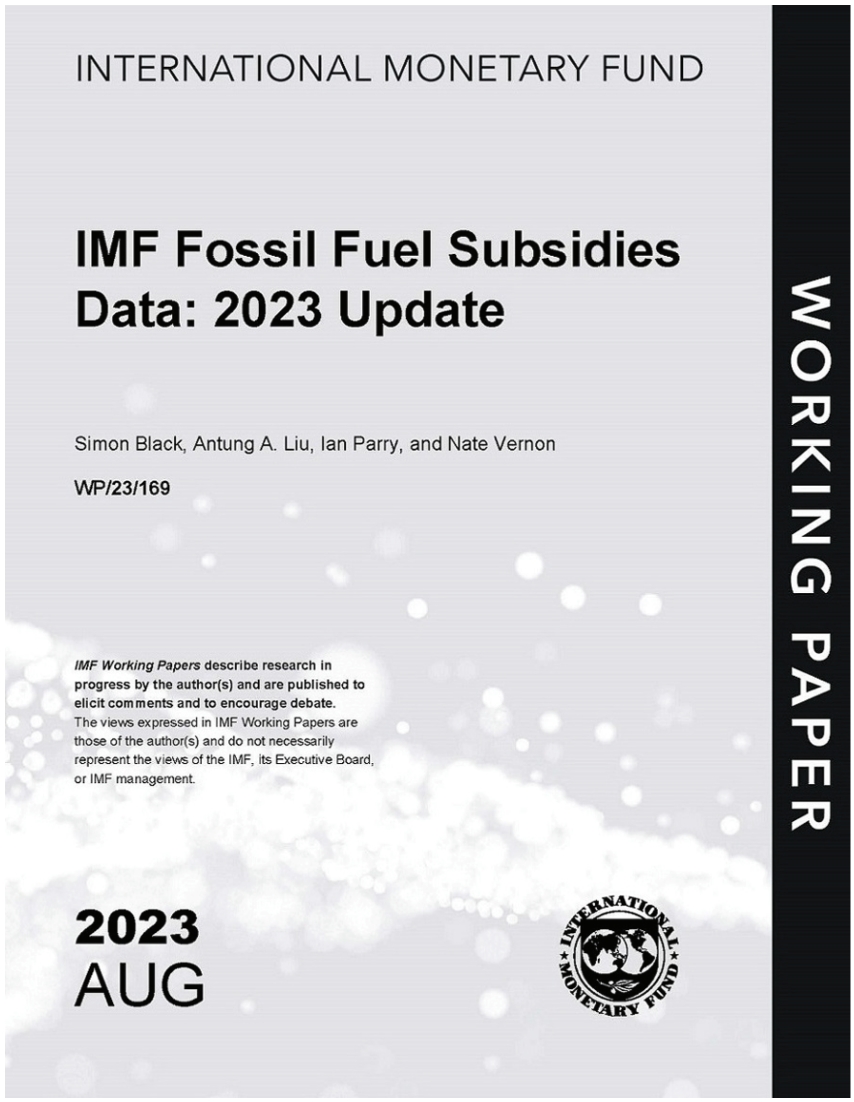
CEA remains committed to its mission of advocating for energy policies that support affordable, reliable and environmentally responsible energy. We recognize that criticisms, false allegations and other attempts to besmirch CEA's reputation are an unfortunate, constant cost of doing business. CEA is, however, undeterred from working tirelessly on behalf of American families, farmers, labor, manufacturers, and small businesses to ensure everyone has access to affordable, reliable and environmentally sound energy.

Thank you again for the opportunity to address the Committee.

Sincerely,

DAVID HOLT,
President

Submission for the Record by Rep. Grijalva



INTERNATIONAL MONETARY FUND

IMF Fossil Fuel Subsidies Data: 2023 Update

Simon Black, Antung A. Liu, Ian Parry, and Nate Vernon

WP/23/169

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https://docs.house.gov/meetings/II/II06/20240111/116688/HHRG-118-II06-20240111-SD005.pdf