

**Written Testimony of  
Mr. Christopher Blankenship, Commissioner  
Alabama Department of Conservation and Natural Resources  
Before  
The United States House of Representatives  
Committee on Natural Resources  
Washington, D. C.  
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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 Saitaire 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 manmade 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 through 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.