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Written Testimony for the January 11, 2024, Subcommittee on Energy and Mineral Resources hearing on “Examining the Biden Administration’s Limits on Access to the OCS: Impacts on the Consumers, States and Operators”

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:

<b>Year</b>	<b>Amount</b>
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
<b>TOTAL received</b>	<b>\$351,668,457</b>

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.