
March 3, 2025

Committee on Natural Resources
Subcommittee on Energy and Mineral Resources
Oversight Hearing
1324 Longworth House Office Building
February 11, 2025
10:15am

“Restoring Energy Dominance: The Path to Unleashing American Offshore Energy”

Chairman Stauber,

It was an honor to testify before you and the rest of the subcommittee just a few weeks ago. I sincerely thank you for the opportunity and happily submit answers to the follow-up questions submitted to me on February 14th.

Questions from Rep. Higgins:

1. Port Fourchon is the primary service hub for Gulf of America energy production. Would lifting the GOMESA revenue-sharing cap provide significant benefits to Louisiana’s coastal parishes by supporting hurricane protection, coastal restoration, and flood mitigation efforts? Given Louisiana’s critical role in offshore energy production, how important is the funding for sustaining our coastal communities and the infrastructure that supports the industry?

With our tenants serving over 90% of the offshore oil and gas activity in the Gulf, Port Fourchon provides critical infrastructure to facilitate the production that results in the Gulf of Mexico Energy Security Act (GOMESA) funding. Thanks to the revenue sharing paradigm initiated through GOMESA, a portion of the federal revenues generated from this offshore activity can be invested directly into the coastal areas that host the production activities. Eligible projects include hurricane protection, coastal restoration, flood mitigation, and onshore infrastructure.

In fact, GOMESA funding (through Lafourche Parish Government) has been dedicated to restoring the natural infrastructure at Port Fourchon through the Fourchon Beach Repair and Renourishment project. The GOMESA funding for coastal restoration will result in healthier marsh and stronger beaches. These features will strengthen the

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natural buffer and provide additional protection for our port infrastructure. GOMESA-funded projects also go to coastal protection initiatives that protect the communities and homes of our port's workforce and business partners. Revenue sharing funds from GOMESA are valuable to ensuring the long-term success of our Gulf energy industry.

Given this, Port Fourchon agrees that removing the arbitrary cap on GOMESA revenues would be very beneficial. Other revenue sharing programs, such as for onshore production on federal lands, do not have a cap.

With consideration for budget sequestration, the effective cap on GOMESA revenues means the Gulf Producing States can receive a maximum of approximately \$353 million a year. Ironically thanks to the cap, the more revenue produced in the Gulf, the lower percentage is shared with the host states. The cap results in significant limitations to revenue sharing. According to information from the Department of Interior, the GOMESA cap prevented \$215 million from being shared to the Gulf Producing States after 2023 production.

If those revenues had been shared, then Louisiana and the other Gulf Producing States could have implemented many more projects to protect these coastal communities that are essential to offshore production. These investments can save the federal government money as well, such as when GOMESA-funded projects reduce federal disaster damage claims from hurricanes, for example.

Our working coastal areas, like Port Fourchon, need these funds to improve the long-term economic viability of our offshore energy sector and the communities that support it.

2. The 2020 Biological Opinion governing federally regulated oil and gas activities in the Gulf of America is set to be vacated in May, and any replacement biological opinion is almost certain to face immediate litigation. Given that every permit issued for the Gulf operations relies on an active and legally sufficient Biological Opinion, should Congress consider reforms to the Endangered Species Act and Marine Mammal Protection Act—including judicial review limitations—to prevent repeated legal challenges from creating an indefinite permitting freeze that discourages investment, threatens domestic energy production, and undermines the livelihood of Gulf Coast workers?

Yes, Congress should consider reforms to the Endangered Species Act (ESA) and Marine Mammal Protection Act (MMPA). Reform is necessary in order to prevent red tape and legal challenges from threatening domestic energy production and the livelihoods of thousands of Gulf Coast workers. Port Fourchon has more than 250 companies that utilize the port as the base of operations. Port Fourchon serves as the foundational base of U.S. energy production in the Gulf. The port and all of our clientele depend upon regulatory and legal certainty and predictability in order to sanction, sustain, and maintain investment in U.S. energy projects. Yet, while the ESA and MMPA serve important roles in protecting and preserving threatened and endangered species on land and in the marine environment, both statutes have been manipulated in ways that do not advance those fundamental goals but instead disrupt U.S. energy

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production. Through misapplication of the statute and litigation, the ESA and MMPA are continually used to prevent important economic activities, like U.S. offshore energy projects.

The Rice's whale is a great example. As noted by National Marine Fisheries Service on its own website, only "a single Rice's whale was observed in the western Gulf of Mexico off the coast of Texas." Despite only one sighting in 2017, the government entered into a settlement agreement with opponents of offshore energy development that imposed substantial restrictions across vast areas of the Gulf of America that could have been economically devastating to our port and our clients. This settlement was crafted behind closed doors without input from experts, stakeholders, or Congress. This kind of backroom policymaking ignores the best available science. This settlement would have placed onerous restrictions on vessels where there is a negligible or even no presence of the whale. Fortunately, a federal court in Louisiana struck down the settlement agreement, making the important point that "The process followed here looks more like a weaponization of the Endangered Species Act than the collaborative, reasoned approach prescribed by the applicable laws and regulations. Even when an agency's decision is based on political considerations, it is not excused from justifying the position—particularly when the decision is a pivot from a prior policy. Failure to do so leads to 'surprise switcheroo' by an agency against regulated entities."

Reform of the ESA and MMPA is essential to avoid a repeat of this situation. Without reform, investment in U.S. projects will continue to be at risk, because it only takes one court or one regulatory decision to effectively shut down projects or operations. We encourage Congress to work together to reform these laws so that environmental goals are reasonably achieved without the threat of damaging the Gulf Coast economy and the thousands of families that depend upon offshore energy for employment.

Question from Rep. Huffman:

1. Is it part of your business plan to drill or support drilling operations in areas of the Outer Continental Shelf beyond areas where leasing and drilling currently take place? If so, to which states and/or regions do you intend to expand business?

The Greater Lafourche Port Commission is a public port that provides logistical support to offshore energy exploration and development. The areas that we service are the entire US Central and Western Gulf of America, which spans roughly from the western boundary of Alabama to the western border of the Texas coast, out to the 200 mile territorial limit in the Gulf. The only recent expansion of the area in which we service occurred in 2013 when President Barack Obama signed into law the U.S. Mexico Transboundary Agreement. This Treaty specifically clarified and facilitated the ability for both U.S. and Mexican companies to conduct energy activities in the area of the Gulf spanning the two Countries' international borders. The first lease sale in this area occurred under President Obama, and the area has been included in subsequent lease sales since that time. Port Fourchon services projects located in these waters.

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With regard to the Eastern Gulf of America, as the Ranking Member is aware, energy development in that region is subject to a statutory prohibition, coupled with an Executive Order signed by President Trump in his first term of office. President Biden expanded the areas restricted to offshore energy development during his term. Thus, while we support any offshore energy development, including renewable energy, in the entire Gulf of America, the decision to expand areas of the Gulf available to energy development is beyond our purview. However, should additional areas of the Gulf open up for any type of energy development, including the Eastern Gulf, service to those areas will be provided by Port Fourchon.

Once again, thank you for this opportunity to testify and provide follow-up information. If there are any further questions, please contact me at chettc@portfourchon.com.

Very Respectfully,

A handwritten signature in blue ink, consisting of a stylized 'C' followed by a loop and a dot.

Chett Chiasson, MPA
Executive Director