ENERGY WORKFORCE & TECHNOLOGY COUNCIL

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Questions for the Record, Tim Tarpley, President Energy Workforce and Technology Council

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

"Restoring Energy Dominance: The Path to Unleashing American Offshore Energy"

Questions from Rep. Higgins for Mr. Tim Tarpley, President, Energy Workforce and Technology Council:

1. The workforce and supply chain supporting offshore energy has been affected by regulatory uncertainty. What impacts have these delays had on workforce development and investment in new energy technologies, and what role could permitting reform play in restoring industry confidence?

The Biden Administration leased fewer acres for offshore oil and gas production than any other modern administration since World War II. The Biden Administration's 2024-2029 program called for a mere three lease sales, representing the lowest number of lease sales in history, raising concerns over energy security and economic impact. The pause and slow walk of offshore leasing has led some investors and the offshore workforce to lose confidence in the consistent availability of the resource. We must keep in mind that the average cost of a new offshore drilling rig costs somewhere in the range of $500 million to $1 billion and there may be 10 years from first application for a permit until first oil. This is a significant financial investment to make when there are permitting delays that could extend that time frame significantly. This uncertainty tends to lead investors either away from offshore entirely or to offshore basins around the world where the regulatory environment is more certain such as the Middle East or Brazil.

The uncertainty in the U.S. offshore has also caused significant uncertainty for the workforce that makes their living offshore. These men and woman face an unorthodox working environment where they spend many weeks away from their families. The jobs are quite well paid, but when regulatory uncertainty threatens the availability of these jobs long term Americans will drift to other sectors or find jobs internationally. This means the U.S. loses this vital resource, expertise. This expertise is what has allowed us to have the most advanced offshore environment in the world that is extremely efficient.

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2. Lease Sale 261 was burdened with last-minute stipulations that significantly reduced its attractiveness to bidders. If not for a court intervention pulling back these stipulations, the sale could have been a failure. Alternative C in the Draft PEIS for the Five-Year Plan continues this pattern by limiting available acreage and imposing new regulatory hurdles. How do these restrictions affect the viability of future lease sales, and what message does this send to potential investors considering long-term commitments in the Gulf?

Alternative C continues the pattern of regulatory uncertainty in the Gulf and such an option if chosen, would slow investments in that region. Lease area 261 has already had a detailed NEPA review conducted by BOEM and further regulatory hurdles will not yield any significant new results.

3. Lease Sale 262, originally scheduled for 2025, has already been pushed to 2026 due to BOEM's tactically slow NEPA process. Beyond the immediate impact on industry planning and capital investment decisions, how do these persistent delays stifle technological innovation—innovation that has made the Gulf the cleanest major offshore oil and gas producing region in the world? Do you believe these delays are part of a broader strategy to discourage offshore development and create prolonged gaps between lease sales, ultimately weakening the industry's ability to advance safer and more efficient energy production?

Yes, unfortunately I do believe that the prior administration conducted a coordinated strategy to delay, slow walk and add new administrative and regulatory burdens with the purpose of tactically slowing down oil and gas activity in the gulf. Often environmental reviews were ordered to be conducted multiple times in the same regions knowing full well that the results would be the same or very similar. This burdensome and duplicative regulatory process not only wastes government resources, but I believe is counter to the congressional intent of OSCLA. The resources in the Gulf belong to the American people. The federal government is only a steward of these resources, the government does not have the right to use its regulatory and administrative powers to essentially block access entirely.

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Questions from Rep. Huffman for Mr. Tim Tarpley, President for Energy Workforce and Technology Council.

1. Is it a 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?

Our trade association is made up of service and equipment companies that provide services on contract to the operators in the Gulf who ultimately bid on leases and make business decisions as to where to operate. Many of our companies work in various locations throughout the world. Should the operators choose to conduct operations in areas of the OCS where drilling does not currently take place we would expect that many of our companies would bid to support these activities.