

Testimony of Chett C. Chiasson, MPA
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Cut Off, Louisiana
Restoring Energy Dominance:
The Path to Unleashing American Offshore Energy
Subcommittee on Energy and Mineral Resources
Committee on Natural Resources
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Good morning Mr. Chairman and Members of the Committee. My name is Chett Chiasson, and I am the Executive Director of the Greater Lafourche Port Commission, otherwise known as Port Fourchon. I appreciate the opportunity to appear before you today.

While I appear today on behalf of Port Fourchon, I also serve on the Louisiana Governor's Advisory Commission for Coastal Activities, the Louisiana Coastal Protection and Restoration Authority Finance Corporation, the Bureau of Ocean Energy Management's Renewable Energy Task Force, the Executive Board of Restore or Retreat, a regional non-profit coastal restoration advocacy group. I am also Chairman of the Board of Directors of the American Association of Port Authorities, Chairman of the Board of Directors of the Gulf Ports Association, a member of the Ports Association of Louisiana, National Ocean Industries Association, and Business Network for Offshore Wind. I hold a B.A. and Masters Degree in Public Administration from Louisiana State University.

Port Fourchon is located on the Gulf of Mexico – soon to be Gulf of America - near the mouth of Bayou Lafourche, and is the only Louisiana port directly on the Gulf. Although 675 million barrels of domestically produced and imported crude oil per year are transported via pipelines through or near the Port, Port Fourchon does not itself handle any bulk oil and gas. Rather, we are an intermodal offshore services and supply port. More than 250 companies utilize Port Fourchon in servicing offshore energy activities in the Gulf, carrying equipment, supplies and personnel to offshore locations. In terms of service, Port Fourchon's tenants provide services to more than 90 percent of all deepwater rigs in the Gulf, and roughly 45% of all shallow water rigs in the Gulf. 80% of all Gulf oil now comes from deepwater Gulf of America operations. In total, Port

Fourchon plays a key role in providing nearly 20% of the nation's oil supply – or one in every five barrels of oil in the country is serviced by Port Fourchon.

Translating that to economic impact, offshore oil and gas activities produce on average 360,000 U.S. jobs, \$30.9 billion in Gross Domestic Product impact, and more than \$7 billion annually in government revenues. Gulf energy activities will produce \$353 million in Gulf of Mexico Energy Security Act (GOMESA) funding, and \$1 billion in funding for the Land and Water Conservation Fund.

The local impact of our Port operations to South Louisiana is significant. Port Fourchon is responsible for over 8,000 direct jobs in the Houma-Thibodaux Metropolitan Statistical Area. Eight out of the top ten tax payers in Lafourche Parish are either a tenant of the Port or otherwise operate in the offshore energy sector. The economic activity from Gulf of America energy operations supports not just jobs, but provides substantial funding to Lafourche Parish and neighboring Parishes, and other local governmental entities, providing services like after school programs, economic development assistance, public works projects, and emergency preparedness. Offshore energy serves as an economic base for our levee and water districts, and emergency responders. Offshore energy production is vital to all of these services that impact our daily lives, where we live, work and raise our families. Simply put, offshore energy is the underpinning of our economy and quality of life.

What I believe is key to Unleashing American Offshore Energy is that America's policy makers must view energy policy over a continuum, with impacts lasting many decades, far longer than any one Congress or Presidential Administration. This requires instilling a level of certainty in the federal regulatory process, certainty that can be relied upon by industry participants over a broad sector of our economy and by local governments such as Port Fourchon, in order to make financial decisions today which will come to fruition decades after those decisions are made.

An integral part in providing services to our tenants and supporting the economy of our region and state is the necessity to plan for the future – developing a yearly budget, forecasting future expenses and revenues, developing and adjusting as necessary our 5 year Capital Improvement Program. *Everything we do at Port Fourchon is impacted by federal and state policies*, whether it's related to offshore energy production, environmental protection or a host of other matters. We actively and effectively work with our state and federal representatives on policy matters impacting our industry. But the most *difficult* aspect of working

within a framework of federal, state and local laws is the *uncertainty* of what will occur in the future - - even the near future, with respect to these policies. But the most difficult aspect of working within a framework of federal, state and local laws is the uncertainty of what will occur in the future - - even the near future, with respect to these policies. We as a Nation cannot predict with any level of certainty the next natural disaster, the next pandemic, or the next international conflict. All of these, of course, impact all of our daily lives today. But we as a Nation *should* be able to develop governmental policies in a reliable and timely fashion, particularly those policies that impact investment by local governments and the private sector.

The issue of lease sales and the development of a 5-year plan for Gulf of America leasing is a perfect example. Offshore operators, who essentially are our customers' customers, must plan multiple years in advance for investments in the hundreds of millions of dollars, for projects that will take multiple years to develop once permitted, before they ever begin producing. Our *tenants*, in turn, must develop future plans to accommodate their customer's needs, which in turn requires Port Fourchon to anticipate *our* customer's future needs, nearly all of which requires us budgeting for future revenues and expenditures. A BOEM 5 year plan, *with a guaranteed number of lease sales and at a frequency to provide investments in American energy*, is the best indicator for us as to where the Gulf of America energy activity will head in the near future. Two recent studies, one conducted by the American Petroleum Institute (API) and the National Ocean Industries Association (NOIA), and a more recent study by Energy & Industrial Advisory Partners, provide useful comparisons and forecasts regarding the economic impact a 5-Year Program that accounts for only one Gulf of America oil and gas lease every other year, as was the case with the 5 year plan proposed by the Biden Administration, with a 5 year plan as mandated by Congress, which includes two offshore oil and gas lease sales in the Gulf, and semi-annual lease sales in Alaska's Cook Inlet. Conclusions of these reports are as follows:

- Under the current 5-year offshore leasing program, the Gulf of America is projected to produce an average of 2.6 million barrels of oil and natural gas from 2022 – 2040. A delay in the program could mean nearly 500,000 barrels per day less over that time period.
- The offshore oil and gas industry is projected to support nearly 362 thousand jobs on average for the forecast years of 2025 – 2040. The expected increase to two lease sales per year would result in an increase of nearly 32 thousand jobs per year, and result in \$1.4 billion per year.

- GDP is expected to increase on average around \$2.6 billion per year under the Congressionally imposed leasing program.
- On average, \$1.5 billion per year in government revenue could be lost with reduced offshore production. That's revenue that could be used for public education, infrastructure, conservation projects, coastal restoration and hurricane protection programs. Conversely, an annual increase of approximately \$520 million in government revenues is projected under the Congressionally imposed leasing program.

Moving beyond the issue of a 5 year plan and robust lease sales, part and parcel to the concept of certainty on lease sales are two other points – first, *certainty on federal permitting* over the vast array of matters which require permitting, and second, *certainty on the timely delivery of infrastructure projects that support U.S. energy activities*. I applaud this Committee and others in Congress for your recent efforts on “permitting reform.” It's a notion that I am sure is easier to contemplate than it is to implement. But at it's core, permit reform must incorporate the notions of *certainty and accountability* – *certainty* to provide those involved in domestic energy production with the ability to make large financial investments, and *accountability* on part of the federal agencies that have a role in permitting to deliver timely, rational and legally sustainable decisions that are based upon the underlying goals of the statutes that they administer.

Uncertainty in the industry due to poor policy causes decisions to be made by industry participants that impact the ability of the U.S. to explore and produce energy. According to a recent report by Westwood Global Energy, which I have submitted for the record, which compares Offshore Rig Counts Globally with the U.S. Gulf, rig availability and utilization in the U.S. has plummeted over the past decade due to the competitive disadvantage crated by poor policy decisions – uncertain and conflicting U.S. policies impair the industry's ability to make long-term investments in the U.S. Gulf. The decisions by U.S. policy makers today have long lasting impacts on our ability to provide energy for our Nation for years to come.

Furthermore, timely approval of infrastructure projects or federal decisions impacting ongoing operations in support of energy activities are just as important to Unleashing American Offshore Energy as are a robust 5-year plan or permitting reform. As an example of the first issue, Port Fourchon has been seeking approval from the Corps of Engineers since 2016 to deepen the federal channel at Fourchon from an authorized depth of -24 feet to -30 feet. We have spent nearly ten years on this project, we received a Congressional authorization in 2020, yet we are still

awaiting final Corps approval in order to begin dredging – and this is a project which has broad local support due to its environmental restoration features. While I realize dredging and other infrastructure-related projects such as roads and bridges are largely outside of this Committee’s purview, from my vantage point, literally, delivery of such projects are equally as important to securing American energy dominance.

The final issue that I would like to mention are the impacts of regulatory interpretations on activities currently underway. The current Rice’s Whale issue is an example of where federal policy significantly impacts commercial operations in the Gulf. I would like to stress that the efficiency of commercial maritime operations as well as safety of vessels and mariners operating in the Gulf must at all times be given great consideration, which I do not feel has been the case in this instance.

This concludes my written testimony, again, I appreciate the opportunity to appear before you today, and I would be pleased to respond to any questions the Committee may have. Thank you.