TESTIMONY OF ERIK MILITO
PRESIDENT, NATIONAL OCEAN INDUSTRIES ASSOCIATION
HEARING OF THE HOUSE NATURAL RESOURCES COMMITTEE
SUBCOMMITTEE ON WATER, WILDLIFE, AND FISHERIES
LEGISLATIVE HEARING
MARCH 25, 2025

For more than 50 years, the National Ocean Industries Association ("NOIA") has represented the interests of all segments of the offshore energy industry. Our membership includes energy project leaseholders and developers and the entire supply chain of companies that make up an innovative energy system contributing to the safe and responsible exploration, development, and production of energy for the American people. We appreciate the opportunity to testify and put a spotlight on the strategic significance of the Gulf of America for U.S. energy security, global leadership, and national security. We also appreciate the efforts to remove obstacles to American economic development through legislative proposals such as the ESA Amendments of 2025.

For the more than 80 years, the offshore oil and gas industry has proven to be a mission-critical asset for the United States by producing vast quantities of oil in the Gulf of America to fuel our economy. We are fortunate in the United States that our Gulf of America region is up to the task of delivering the oil and gas the economy needs. Production numbers from the U.S. Gulf of America would place it among the largest oil producing countries. If the Gulf of America were its own country, it would be the fourteenth largest oil producing country in the world (source EIA). The chart below provides the top ten producers plus the Gulf of America:

The offshore energy sector is a proven leader in solving energy challenges and delivering diverse sources of energy to the global economy. For the foreseeable future, the offshore industry will play an integral role in shaping an energy system that promotes the provision of affordable and reliable energy while continuing to reduce environmental impacts. Importantly, for the coming decades, oil and gas supplies will remain a vital energy source for Americans and our allies around the globe. The U.S. Gulf of America is firmly established as a highly prospective region with abundant reserves of domestic oil and gas that will fuel our economy for decades to come.

The Bureau of Ocean Energy Management (BOEM) has recognized a promising future for oil development in the Gulf of America. According to its *2021 Assessment of Technically and Economically Recoverable Oil and Natural Gas Resources of the Gulf of Mexico Outer Continental Shelf*[1], the region contains estimated undiscovered technically recoverable resources in the range of 23.31 billion barrels of oil to 36.27 billion barrels of oil. According to experts at Energy and Industrial Advisory Partners, "A key requirement for continued Gulf of Mexico oil and natural gas production is continued lease sales, which enable operators to explore new acreage for previously undiscovered resources, develop new projects, and underpin existing and planned projects by allowing operators to backfill production into facilities with declining production."[2]

THE U.S. OFFSHORE REGION WILL CONTINUE TO FUEL OUR ECONOMY

According to Rystad Energy, global oil exploration activities must ramp up to meet global demand through 2050. More than $3 trillion in capital expenditure is estimated to be needed to add the undeveloped and undiscovered resources necessary for the global market.[3] Rystad analysts expect deepwater areas to play a prominent role in building essential energy supplies. According to Rystad Senior Upstream Analyst Palzor Shenga, "Upstream players may have to more than double their conventional exploration efforts in order to meet global oil demand through 2050."

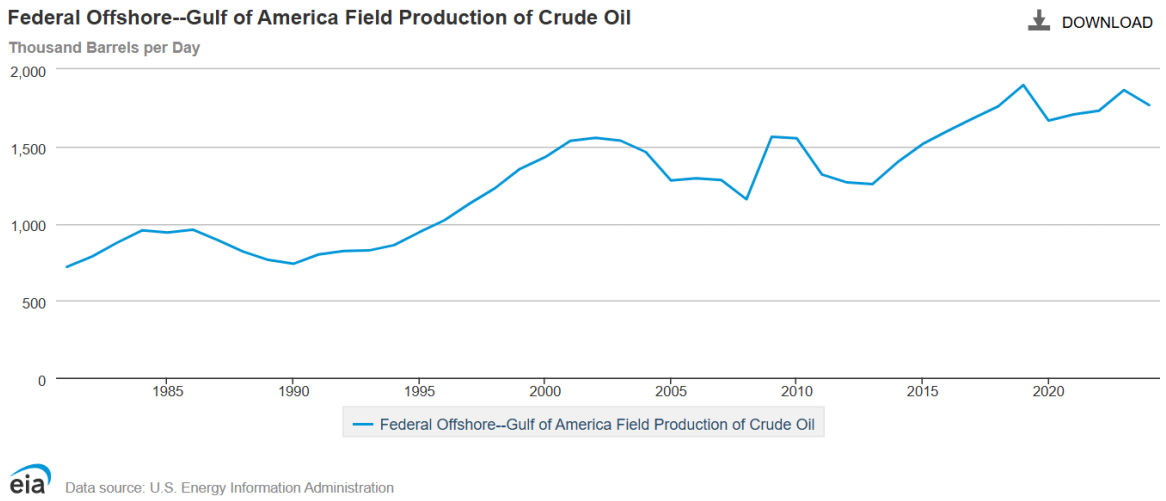
The U.S. has been producing oil offshore in the federal Gulf of America waters since the 1940s and production from the Gulf has been steadily increasing over the past 30 years. In fact, this region has been producing more than one million barrels of oil per day since 1997 and hit its highest level of production on record of 2.044 million barrels per day in August of 2019, just before the onset of the pandemic. Production today is at nearly 1.8 million barrels per day and, with many new, high-tech projects coming online, we expect production to climb considerably over the next few years.

[1] https://www.boem.gov/sites/default/files/documents/regions/gulf-mexico-ocs-region/resource-evaluation/2021%20Gulf%20of%20Mexico%20Oil%20and%20Gas%20Resource%20Assessment%20%28BOEM%202021-082%29.pdf

[2] https://www.noia.org/noia-one-pagers-infographics/#flipbook-df_223664/1/, at page 3.

[3] https://www.ogj.com/general-interest/article/14188745/rystad-exploration-must-be-accelerated-to-meet-world-oil-demand

U.S. offshore oil production has been steadily increasing for decades, demonstrating our industry's continued commitment to innovation and investment in U.S. energy development:



We know from experience that technology advancements will continue to enable the discovery and development of ever-increasing volumes, resulting in a continuous upward trend over time in the estimated recoverable resources in the Gulf of America. One of the earliest federal resources assessments, if not the earliest, was conducted by the U.S. Geological Service in 1975, which estimated a mean of 6.25 billion barrels of undiscovered crude oil in the Gulf of America.[4] The study reflected the geologic realities as best it could and focused only on water depths of less than 200 meters. Today, cumulative historical production from the Gulf of America is well over 21 billion barrels of oil, and, as noted earlier, the federal government estimates that there are still 23 to 36 billion barrels of oil remaining[5]. As we have learned through experience, government estimates inevitably end up undercounting the true amount of energy available for development, especially as the industry advances technologies to secure new sources of hydrocarbons. The offshore oil and gas industry is an exploratory, prospective business and there is often a gap between what we think is there based upon government estimates and what is actually there based on industry's exploration efforts, especially when considering the deployment of modern science and exploration techniques. Companies must have the opportunity to continue to lease acreage and conduct exploration activities through regular, formalized lease sales to close the gap. Exploration activities from seismic exploration to exploratory drilling add the necessary scientific data that is fundamental for more accurate estimates and the ultimate production of energy. These activities generally only occur once a company has secured a lease.

Moreover, the record of innovation in the Gulf of America is remarkable. Last summer, the first deepwater high-pressure development began production. Using 20,000-psi subsea technology, the Anchor project taps reservoirs at depths of 34,000 feet—thanks to industry-wide collaboration. Similar projects are moving forward in these once inaccessible geological plays,

[4] https://www.boem.gov/sites/default/files/documents/about-boem/Historic%20Assessments_2021_fixed.pdf
[5] https://www.boem.gov/sites/default/files/documents/oil-gas-energy/BOEM%202020-028.pdf#:~:text=Cumulative%20Production%20from%20all%20fields,recoverable%20from%20459%20active%20fields.

with the second project expected to produce first oil this summer, further solidifying the Gulf of America's position as a global leader in offshore energy.

Oil is a global commodity, and investment in oil production projects occurs on a global scale. Eliminating or reducing lease sales in the U.S. federal offshore leasing program only serves to shift that investment away from the U.S. Gulf of America to other regions, both offshore and onshore, throughout the world. Companies will naturally invest where there is more certainty, and the U.S. government can increase certainty by continually providing acreage for leasing, issuing permits, and ensuring a sensible regulatory framework. It is critical that the U.S. does not cede ground in offshore energy production to other regions and that it recognizes that it is in the best interests of every American to encourage and attract investment to U.S. offshore production opportunities. The numerous adverse consequences of eliminating or scaling back offshore oil and gas leasing negatively impact all Americans, most particularly those struggling to cope with increased energy costs, which continue to be threatened by geopolitical uncertainty. Offshore leasing is requisite to replenishing and building new supplies of oil and gas for Americans. It is only the first step in the process, but, without it, our nation will be left without the energy that is vital for our everyday lives, including transportation, manufacturing, agriculture, groceries, education, and healthcare. Energy affordability is fundamentally and directly tied to the supply and demand of energy sources, and energy supplies are assured through continued leasing, permitting, and reasonable, cost-effective regulations.

ENERGY REALITIES

Energy lifts society. A system of reliable, abundant, and affordable energy is essential for meeting basic societal needs, including healthy living conditions, health care, education, and mobility, economic or otherwise. Oil, gas, and petroleum products fill the fuel tanks of passenger vehicles and airplanes. They are transformed into the essential building blocks of smartphones, clothing, and medical equipment. They are in so many products we use every day that they underpin the conveniences of modern life.

Natural gas is recognized as a key energy source for providing electricity, heating, cooling, and clean cooking. More than 750 million people around the globe do not have access to electricity, which leaves entire communities at a severe and fundamental disadvantage. According to the World Health Organization (WHO), "Access to energy is critical when it comes to the functionality of health-care facilities and the quality, accessibility and reliability of health services delivered. Electricity is necessary for the operation of critically needed medical devices such as vaccine refrigeration, surgical emergency, laboratory and diagnostic equipment, as well as for the operation of basic amenities such as lighting, cooling, ventilation and communications."[6]

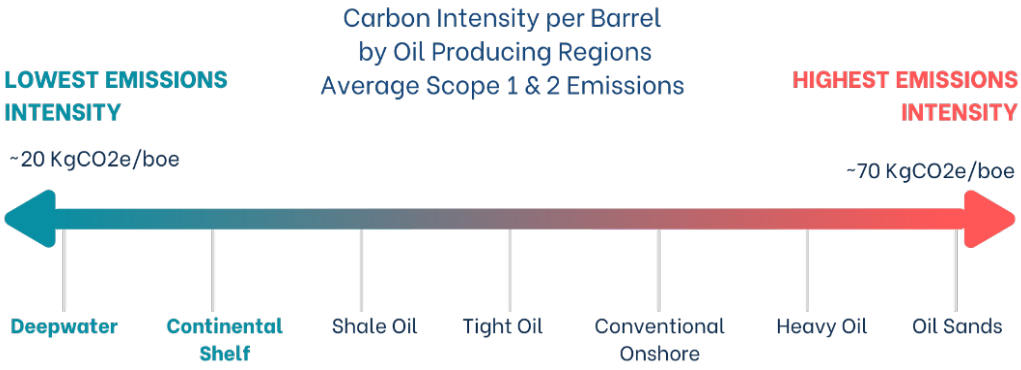
Globally, 2.6 billion people do not have the means for clean cooking and must use solid fuels such as wood, crop wastes, charcoal, and dung in open fires and inefficient stoves. The WHO attributes 3.8 million premature deaths each year to indoor air pollution caused by the fumes and soot generated by inefficient and dirty cooking. The tragic impacts of energy insecurity are not only experienced abroad; 44 percent of low-income American households experience energy insecurity, spending 10 percent to 20 percent of their income on energy

[6] https://www.who.int/activities/accelerating-access-to-electricy-in-health-care-facilities

expenses.[7] Energy insecurity has adverse consequences on both physical and mental health. Millions of Americans are faced with the "heat or eat" dilemma, regularly having to choose between paying utility bills and paying for food.[8]

Currently, global oil consumption is approximately 100 million barrels per day. Various scenarios forecast global oil consumption volumes through 2050 and beyond, and nearly all of them predict substantial oil production will be necessary through at least 2050. The facts, data, and our experience make clear that we should focus on the U.S. offshore region, and the Gulf of America in particular, for securing those vital resources.

Energy production in the U.S. Gulf of America demonstrates that it is possible to develop offshore resources while adhering to the highest safety and environmental standards. A multitude of companies involved in offshore energy development are working collaboratively to shrink an already small carbon footprint. From electrifying operations to deploying innovative solutions that reduce the size, weight, and part count of offshore infrastructure – thus increasing safety and decreasing emissions – the U.S. Gulf of America hosts a high-tech revolution. Oil produced from the U.S. Gulf of America has a carbon intensity one-half that of other producing regions.[9] The technologies used in deepwater production – which represents 92 percent of the oil produced in the U.S. Gulf of America – place this region among the lowest carbon intensity oil-producing regions in the world[10]. Policies that restrict domestic offshore development require imports to make up the shortfall and supplemental production may come from higher-emitting operations in other countries. Foreign providers may employ less environmentally conscientious production methods, which when combined with the added emissions from transporting oil over great distances by tanker, can increase the amount of carbon released into the atmosphere rather than decreasing it.



In May 2023, NOIA released a report on emissions from global oil production by ICF International, the *GHG Emission Intensity of Crude Oil and Condensate Production*.[11]

[7] http://large.stanford.edu/courses/2020/ph240/radzyminski2/
[8] S. Jessel, S. Sawyer, and D. Hernández, "Energy, Poverty, and Health in Climate Change: A Comprehensive Review of an Emerging Literature," Front. Public Health 7, 357 (2019).
[9] Motiwala, and Ismail, "Statistical Study of Carbon Intensities in the GOM and PB," ChemRxiv, April 13, 2020.
[10] https://www.woodmac.com/news/the-challenge-of-negative-emissions/
[11] https://www.noia.org/wp-content/uploads/2023/05/NOIA-Study-GHG-Emission-Intensity-of-Crude-Oil-and-Condensate-Production.pdf?utm_source=Mailchimp&utm_medium=email&utm_campaign=ICF+study+emissions+

According to the report, U.S. oil production, and in particular, production from the U.S. Gulf of America, has lower greenhouse gas emissions intensity than much of the rest of the world. According to ICF, increasing U.S. production (onshore and offshore) to a level that offsets foreign crude or condensate would result in a 23% reduction in the average international carbon intensity of those displaced oil production volumes. This translates to a removal of 5.7 CO2e kg/bbl from the global average outside of the U.S. and Canada of 24.4 CO2e kg/bbl. ICF estimates that increasing U.S. Gulf of America production to offset foreign crude or condensate would lead to a significant reduction in the average carbon intensity of the substituted oil volumes. Specifically, they estimate a 46% decrease, which translates to a removal of 11.3 CO2e kg/bbl from the global average.

Offshore energy is a true story of accomplishing more with less – creating more energy with less environmental impact. Offshore production platforms are incredible engineering edifices of continuously improving technology that allow enormous amounts of energy to be produced through a relatively small footprint. Incredibly, 18 deepwater facilities, which equate to about the size of only nine city blocks, produce about the same amount of oil as the entire state of North Dakota.[12]

Emissions reduction is a global challenge. As analysts at Wood Mackenzie explain, "Removing or handicapping a low emitter hurts the collective global average."[13] Removing a proven, stable supplier such as the U.S. Gulf of America would be a poor choice with devasting consequences. The better choice is to institute government policies that promote cleaner and safer domestic production, less reliance on higher-emitting foreign suppliers like Russia and China, and the preservation of hundreds of thousands of American jobs.

Efforts to restrict U.S. energy development could eventually lead to Americans of every walk of life having to contend with the issues Europe has been experiencing as a result of disrupted supply from Russia, including potential industrial curtailment and families having to make difficult choices between heat and food. Our energy reality makes it clear that U.S. energy policy should support U.S. energy production of all types. Government policies play a substantial role in the ability to develop energy in the U.S., whether onshore or offshore, and whether the energy source is oil and gas, renewables, minerals, hydrogen, or another resource. Obstructive government policies inevitably lead to adverse consequences for our energy security, national security, economic security, and job growth.

THE U.S. GULF OF AMERICA SUPPORTS HIGH-PAYING JOBS

The 2021 EIAP report, *The Gulf of Mexico Oil & Gas Project Lifecyle: Building an American Energy & Economic Anchor*[14], commissioned by NOIA, describes the sizable economic and employment footprint of shallow-water and deepwater project life cycles and details the vast employment benefits of offshore oil and gas development. The Gulf of America

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12Director Scott Angelle, BSEE Director, BSEE Presentation to the Deepwater Technical Symposium, November 13, 2020.

[13] https://www.woodmac.com/news/opinion/could-restricting-oil-production-in-the-us-gulf-of-mexico-lead-to-carbon-leakage/

[14] https://www.noia.org/gulfanchor/

oil and gas industry supports an estimated 412,000 jobs throughout the country.[15] While a substantial portion of the jobs are located along the Gulf Coast, every state in the nation has companies that support Gulf of America oil and gas production. Offshore oil and gas jobs are varied and high paying, with an average industry wage of $69,650, or 29% higher than the national average.

An average deepwater project produces about $3 billion in total direct wages. Direct employment associated with a modern deepwater project development averages over 1,435 jobs across the project's 30-year lifecycle. Indirect and induced employment is projected to account for an average of over 2,200 additional jobs.

While employment during the first two years of a project's lifecycle is estimated at only an average of 880 jobs, during the most active years of the project employment impacts peak at nearly 14,400 jobs. During normal operations, total supported employment is projected at around 1,900 jobs. While these numbers are associated with just one project, the Gulf of America is illustrated by dozens of such projects and an investment horizon that could span several decades.

The EIAP report also covered the economic impacts of a shallow water project, which results in, on average, $16.2 million in annual direct wages, 230 direct jobs supported annually, 390 indirect and induced jobs supported annually, and the same high average annual wage of $69,650. BSEE reported in 2019 that there were more than 900 producing platforms in the shallow water of the Gulf of America.[16]

The offshore industry provides jobs to Americans of all walks of life in communities throughout the Gulf Coast and the country. Our industry includes companies owned and managed by all demographics, including women, African Americans, Latinos, Native Americans, and veterans. The offshore oil and gas industry further provides new workers with the knowledge, skills, and abilities that will be essential for not only oil and gas projects, but also for emerging energy technologies.

OFFSHORE ENERGY DEVELOPMENT ENHANCES QUALITY OF LIFE

Oil and natural gas touch every part of our daily lives. Fundamentally, "Everything that is fabricated, grown, operated or moved is made possible by hydrocarbons."[17] The U.S. Department of Energy states:

> Oil and natural gas play an essential role in powering America's vibrant economy and fueling a remarkable quality of life in the United States. Together, oil and natural gas provide more than two-thirds of the energy Americans consume daily, and we will continue to rely on them in the future. In addition to meeting our energy needs, oil and natural gas are integral to our standard of living in ways that are often not apparent. Several key advances in technology enabled a dramatic increase in domestic oil and natural gas production over the past 20 years. This increased

[15] https://www.api.org/~/media/files/news/2023/10/06/economic-impacts-of-gom-oil-and-natural-gas-vessel-transit-restrictions

[16] https://www.bsee.gov/sites/bsee.gov/files/reports/shallow-water-report-01.pdf

[17] Mark Mills, Wall Street Journal, January 8, 2019

production provides energy security and economic benefits to the entire country, and ongoing technology advances will help us to enjoy those benefits into the future.

Oil and natural gas are used in many ways that are familiar to consumers. Petroleum products power transportation, providing fuel for cars, trucks, marine vessels, locomotives, and airplanes. Natural gas generates more than one-third of the electricity needed for dependable heating, air conditioning, lighting, industrial production, refrigeration, and other essential services, and tens of millions of Americans rely on oil and natural gas to heat their homes directly and on clean burning natural gas to cook their food. But petroleum products do so much more than fuel our cars and power our homes and businesses.

While perhaps less recognized, oil and natural gas also play critical roles in supplying essential products and materials, increasing agricultural productivity, and supporting the expansion of new energy sources.

Oil, natural gas, and natural gas liquids are building blocks for a range of modern materials used to produce life-changing prosthetics, energy-efficient homes, safer cars that go farther on a gallon of gasoline, and hundreds more consumer products that Americans use every day. Plastics and chemicals derived from oil and natural gas make our food safer, our clothing more comfortable, our homes easier to care for, and our daily lives more convenient.

Natural gas is also a key ingredient for chemical fertilizers, helping increase crop production and yield per acre planted, and powering many important operations on the farm like crop drying.[18]

According to the United Nations, access to affordable, reliable, and sustainable energy is critical to achieving many international development goals, specifically, the eradication of poverty through continued improvements in education, health, and access to water.[19] Oil and natural gas play a central role in eliminating poverty and raising the standard of living for millions by serving as a key form of abundant and affordable energy. The Gulf of America contributes positively to societal goals and standards of living by providing abundant supplies of energy for Americans, making energy more affordable, and putting Americans to work in high-paying jobs.

OFFSHORE ENERGY DEVELOPMENT IMPROVES ENERGY AFFORDABILITY

The cost of energy is fundamentally driven by supply and demand and, over the past decade, global markets have been impacted by supply disruptions in both the oil and natural gas markets. The energy paradigm has shifted over the past decade, with the United States rising to a position of energy power and emerging as the leading producer of both oil and natural gas in the world.

[18] *U.S. OIL AND NATURAL GAS: Providing Energy Security and Supporting Our Quality of Life*, U.S. Department of Energy, September 2020, p. 4.
[19] https://unstats.un.org/sdgs/report/2016/goal-07/

Vice Chairman of IHS Markit (now S&P Global) Daniel Yergin explains how things have changed:

> According to the old script, United States oil production was too marginal to affect world oil prices. But the gap today between demand and available supply on the world market is narrow. The additional oil Saudi Arabia is putting into the market will help replace Iranian exports as they are increasingly squeezed out of the market by sanctions…. But if America's increase . . . [in oil production] . . . had not occurred, then the world oil market would be even tighter. We would be looking at much higher prices – and voters would be even angrier.[20]

Mr. Yergin made this point in 2012 at the outset of the shale revolution, but the significance of U.S. production for global energy markets is as important as ever today. In fact, Mr. Yergin reiterated this very point in February 2022 in the aptly title op-ed in the *Wall Street Journal*, "America Takes Pole Position on Oil and Gas."

Analysts recognize that the downturn in the oil and natural gas industry from 2014-2020, combined with ill-conceived policies and investment approaches, led to significant underinvestment in oil and natural gas exploration and infrastructure. According to Simon Flower, Chairman, Chief Analyst at Wood Mackenzie and author of a weekly column called The Edge, in 2021, "Underinvestment in oil supply will lead to a tight oil market later this decade. It's a narrative that's gained increasing traction as capital expenditure on upstream oil and gas has shrunk. Spend in 2021 is half the peak of 2014 after slumping to new depths in [2021's] crisis."[21] Mr. Flowers poses the question, "How much ***new*** oil supply does the world need?" His answer is, "A lot - we reckon about 20 million b/d from 2022 to 2030." According to Flowers, "This is the 'supply gap', the difference between our estimate of demand in 2030 and the volumes we forecast existing fields already onstream or under development can deliver."[22] If his numbers are correct, a huge amount of new oil is needed to close the expected gap between the supply and demand and help bring stability and affordability to oil and petroleum product prices.

Saudi Aramco CEO Amin H. Nasser identified the crux of the energy crisis in his remarks during the Schlumberger Digital Forum, on September 20, 2022:

> Unfortunately, the response so far betrays a deep misunderstanding of how we got here in the first place, and therefore little hope of ending the crisis anytime soon. So this morning I would like to focus on the real causes as they shine a bright light on a much more credible way forward.
>
> When historians reflect on this crisis, they will see that the warning signs in global energy policies were flashing red for almost a decade. Many of us have been insisting for years that if investments in oil and gas continued to fall, global supply growth would lag behind demand, impacting markets, the global economy, and people's lives.

[20] Daniel Yergin, "America's New Energy Reality," *The New York Times*, June 9, 2012
[21] https://www.woodmac.com/news/the-edge/is-the-world-sleepwalking-into-an-oil-supply-crunch/
[22] https://www.woodmac.com/news/the-edge/is-the-world-sleepwalking-into-an-oil-supply-crunch/

In fact, oil and gas investments crashed by more than 50% between 2014 and last year, from $700 billion to a little over $300 billion. The increases this year are too little, too late, too short-term.

Meanwhile, the energy transition plan has been undermined by unrealistic scenarios and flawed assumptions because they have been mistakenly perceived as facts. For example, one scenario led many to assume that major oil use sectors would switch to alternatives almost overnight, and therefore oil demand would never return to pre-Covid levels.

In reality, once the global economy started to emerge from lockdowns, oil demand came surging back, and so did gas.[23]

Mr. Nasser's remarks about the challenges ahead are similarly profound, "Oil inventories are low, and effective global spare capacity is now about one and a half percent of global demand. Equally concerning is that oil fields around the world are declining on average at about 6% each year, and more than 20% in some older fields last year. At these levels, simply keeping production steady needs a lot of capital in its own right, while increasing capacity requires a lot more."[24] The Gulf of America is at the ready to continue to meet the demand and deliver the fuel required for our American way of life.

U.S. OFFSHORE ENERGY PRODUCTION GENERATES SUBSTANTIAL REVENUES FOR THE U.S. TREASURY AND FOR KEY CONSERVATION PROGRAMS

Energy production from the Gulf of America generates multiple revenue streams. The first is the bonus bid, paid up front to the U.S. government by operators that acquire a federal oil and gas lease. The bonus bid is paid without complete knowledge and with no guarantees of what resources might be discovered and is retained by the federal government regardless of whether oil and gas are produced from the lease. The second revenue stream comes from annual rental payments tendered to hold the lease until it produces or expires. This revenue is paid to the federal government while companies work through internal assessments and move through the robust permitting process overseen by the Department of the Interior. The final revenue source is the royalty payment made when energy resources are produced in federal waters, at which point companies extracting those resources are required to pay the federal government a percentage of the gross proceeds of the sales of the product.[25]

Historically, the offshore oil and gas industry has been an important revenue generator for federal, state, and local governments. Since 2000, more than $150 billion in high bids, royalties and rents were paid to government entities[26]. A portion of these revenues flow into key conservation programs, such as the Land & Water Conservation Fund (LWCF), which is funded entirely by offshore oil and gas production, and beginning in 2021, certain provisions established

[23] https://www.aramco.com/en/news-media/speeches/2022/remarks-by-amin-h-nasser-at-schlumberger-digital-forum#

[24] https://www.aramco.com/en/news-media/speeches/2022/remarks-by-amin-h-nasser-at-schlumberger-digital-forum#

[25] This discussion does not include taxes paid to federal, state, and local governments, which accounts for billions of dollars in additional funding.

[26] https://revenuedata.doi.gov/explore/?dataType=Revenue&location=NF&mapLevel=State&offshoreRegions=true&period=Fiscal%20Year&year=2019

in the recent Great American Outdoors Acts for national park maintenance. More than $280 billion has flowed into the federal government and corresponding programs since the inception of the leasing program.

LWCF provides recreational opportunities, preserves ecosystem benefits for local communities, and enables public access to outdoor areas in urban regions. One program – the Outdoor Recreation Legacy Partnership Program, which is funded through the National Park Service – allocates funds to build new parks and improve existing ones in economically disadvantaged urban areas throughout the country. More than $100 million has been distributed to approximately 50 disadvantaged communities nationwide since the creation of the program by Congress 11 years ago. The Outdoor Recreation Legacy Partnership Program and programs like it have created safe, healthy outdoor recreation spaces in Atlanta, Milwaukee and Newark and other cities across the United States.

Further, in 2024, Interior disbursed more than $350 million for coastal conservation and other programs under the Gulf of Mexico Energy Security Act (GOMESA), commenting, "With this year's disbursement, the Department has now distributed more than $2 billion to the states and their [coastal political subdivisions] since GOMESA funds were first shared in 2009. Today's disbursement is the second consecutive year the maximum allowable amount under GOMESA has been shared, reflecting in part returns from record high oil and gas production."[27] These are important revenues for climate resiliency and adaptation programs. Revenues shared with Gulf Coast states through GOMESA are used by state and local governments for a host of vital programs, including wetlands preservation, coastal restoration, flood prevention and hurricane mitigation.[28]

OFFSHORE CARBON CAPTURE AND STORAGE

U.S leadership in Carbon Capture and Storage (CCS) will help ensure the availability of abundant, reliable, and affordable domestic energy, while continuously driving down emissions. As it relates specifically to the offshore, the National Petroleum Council concluded that "One of the largest opportunities for saline formation storage in the United States can be found in federal waters, particularly in the Gulf of Mexico." National Petroleum Council, *Meeting the Dual Challenge*, p. 27. The U.S. Gulf of America offshore region provides tremendous advantages for an emerging U.S. CCS sector. The Gulf of America is characterized by vast geologic prospects for CO2 storage, extensive and established energy infrastructure along the Gulf Coast and throughout the outer continental shelf, a proximity to industrial centers for capturing emissions, and an assessable engineering and energy knowledge base and workforce, along with associated RD&D capabilities. The U.S. Gulf of America could very well soon be the global leader in CCS. Early projections show that 50 million tons of CO2 annually could be stored beneath the Gulf of America by 2030, more than all the CCS currently operating globally. The Gulf's storage capacity could double by 2040.

However, the build-out of the U.S. offshore carbon storage industry will depend upon certainty and predictability in U.S. laws and regulations. The Infrastructure Investment and Jobs Act of 2021 (P.L. 117-58) included Sec. 40307, explicitly authorizing the Department of the

[27] https://dualchallenge.npc.org/files/CCUS_V1-FINAL.pdf
[28] https://www.boem.gov/oil-gas-energy/energy-economics/gulf-mexico-energy-security-act-gomesa

Interior to grant leases, easements, or rights-of-way on the outer continental shelf for the purposes of long-term storage of CO2. It also mandated the Secretary to issue regulations to that effect within one year of enactment, or by November 2022. Our industry stands ready to invest in federal offshore carbon sequestration projects but it cannot be done without a regulatory framework. The regulations are more than two years past the Congressional-mandated deadline and have not even been proposed yet. This unnecessary, protracted timeline for the finalization of the rules and for the initiation of leasing and project development substantially impedes U.S. Gulf Coast investment and efforts to be a world leader in offshore CCS.

THE IMPORTANCE OF ENERGY POLICY

Ensuring a stable and predictable regulatory environment and regular access to new energy opportunities through lease sales are essential for attracting the investments needed to maintain and expand our offshore energy capabilities. The U.S. energy industry in the Gulf of America competes on a global scale, with projects that require massive commitments of capital and a long timeline to move from idea to energy production. Certainty in the legislative and regulatory framework can help elevate the Gulf of America above other regions around the world in terms of competitiveness for investment. The choice is clear – we would much rather see oil and gas produced here in U.S. waters than by our adversaries who routinely deploy energy as a geopolitical weapon.

As the Administration reviews and reworks regulations and energy programs, it will be important to ensure changes to the regulatory framework are done in a way that promotes U.S. energy development. A solid legislative and regulatory framework requires a combination of access to resources, streamlined permitting, and reasonable and cost-effective regulations. Environmental stewardship and economic progress are not mutually exclusive; members of NOIA have consistently been leaders in both arenas. Promulgating rules that balance the need for energy development with effective environmental stewardship will provide the certainty to attract and secure the massive investment commitments required for offshore energy projects.

Chairman Westerman's ESA Amendments Act of 2025 is an example of smart energy policy that will help provide the certainty required for investment in U.S. economic development opportunities of all types, including projects in the Gulf of America. This legislation seeks to advance the underlying purpose of the Endangered Species Act (ESA) of conserving endangered and threatened species while instituting logical changes to actually make the law work. Importantly, the legislation seeks to both streamline the ESA permitting process and create incentives for wildlife conservation and recovery of listed species.

CONCLUSION

Continued U.S. offshore oil and gas development provides vast benefits and a sensible pathway for energy security for the next few decades. To further this understanding, NOIA extends an invitation to subcommittee members to visit the Gulf Coast, where they can gain firsthand insight into the operations and significance of offshore oil and gas production.

NOIA and its members stand ready to work with policymakers to advance policies to ensure that Americans can rely upon an affordable and reliable energy system built upon strong pillars of energy, economic, national, and environmental security.