

Quadrennial Energy Review
Stakeholder Meeting #3
New Orleans, LA
May 27, 2014

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Thank you for the opportunity to participate today on this panel. I'd like to start off by saluting the Administration and the Department of Energy for taking a hard and thorough look at the many dimensions that together comprise our country's very promising energy future.

The Gulf coast has long been proud to play a leading role in that future. Here in Louisiana, we proudly serve as the gateway to the Gulf, the front door to the boundless energy potential just miles off our coast and thousands of feet under the water's surface. We proudly do a job that other states along the Gulf, Atlantic and Pacific Ocean either hesitate or refuse to do — a job that literally helps fuel America. As Louisiana has become a leader in producing American Energy, we do it in such a way that we balance energy production with environmental stewardship. Thus, we are known as the Energy State as well as the Sportsman's Paradise.

To best understand both the challenges and the potential that define this region's energy sector, it's useful to take a look at the scope of energy production that takes place right here in the Gulf.

The Gulf attracts investment from U.S. and international energy companies due to its political stability, proximity to Gulf Coast refineries, and — notably for the purposes of today's discussion — our region's strong pipeline and production infrastructure — infrastructure that it is imperative to maintain and continue to invest in. According to a recent Wood McKenzie study, operators are expected to invest over \$70 Billion by 2030 on exploration in the Gulf of Mexico.

Today, the Outer Continental Shelf produces approximately 23 percent of total U.S. crude oil and 7 percent of total dry gas production. That is one-fifth of our nation's energy production.

And, while the amazing emergence of on-land shale plays have captured most of the headlines over the past few years, Gulf production is getting stronger and stronger. Between 2014 and 2019, output from the Gulf is expected to rise another 26 percent, from around 1.5 million bpd to 1.9 million bpd. There've been nine new discoveries of oil formations in the Central Gulf since June 2012, spurring significant bids in the most recent lease sale that garnered over \$850 million for the Department of the Interior and signaled strong continued business interest in the offshore. Federal revenue from offshore energy production from 2003 to 2012 totaled more than \$47 Billion in lease sales and royalties — a major source of revenue for the U.S. Treasury.

All of this activity has rested on implementation of strict new safety and environmental standards, which industry and the federal government have cooperatively developed since the end of the post-Macondo moratorium, making Gulf operations safer than ever. Deepwater exploration and production requires high-tech rigs and advanced technology, which means jobs and tremendous economic impacts for small businesses across the country that design, build and service this new equipment.

In fact, the total economic impact of Gulf energy is immense. It creates jobs in every state in the U.S., with some 430,000 jobs nationwide estimated to link to Gulf energy activity, along with tens of thousands here in Louisiana alone. The offshore oil and gas industry has a \$44 billion annual impact to Louisiana per year and a \$70 billion annual impact when you factor in the related pipeline and refining industries. Where I live just south in Lafourche Parish, it's very common to have at least one energy worker in your family, or several others living in your neighborhood – it's a way of life. And communities along coastal Louisiana are experiencing some of the lowest unemployment in the nation — from 6.4 percent after the moratorium to an amazing 2.8 percent in February of this year – an economic report that makes us the envy of metropolitan areas around the country.

Others here today will describe some of the specific challenges we face in ensuring our region's energy sector flourishes over time. But let me leave you with one overriding thought.

As we look toward a future that once seemed inconceivable – one in which America gradually becomes ever more energy independent – the Gulf of Mexico will remain a long-term energy powerhouse for our country. And here in Louisiana, we are highly focused on continuing industry's proactive efforts with the federal government on regulatory and permitting improvements, working with partners to sustain and promote increased Gulf activity, and supporting political leaders who understand the need to move forward on energy infrastructure needs, coastal restoration and protection plans, and the economic and workforce development strategies that will help ensure our communities and residents remain well-equipped to serve America's energy needs well into the future.

I look forward to discussing this further. Thank you.