

## **Realizing America's Offshore Economic Opportunity**

*White House can pursue smart energy deregulation worth tens of thousands of new jobs*

By: Randall Luthi | 06 Apr 2017

It's early days for the Trump administration, but we already know a few things. Our new president favors swift action to meet his campaign promises. He's also shown himself to be a no-holds-barred cost-cutter.

These two prongs create a dilemma. Mr. Trump pinned his reputation on job creation, but given recent events he will now lack expected healthcare savings to reinvest in stimulus in a budget-neutral manner. Fortunately, significant opportunity exists to unshackle offshore drilling and simultaneously unleash hiring activity and boost federal revenues. Some moves will require only the stroke of a pen.

At stake are over 100,000 energy jobs, many offering six-figure salaries to hard-working, high-skilled Americans with or without a college degree. These would be in the oil and gas sector, the second largest contributor to U.S. revenues. Industry growth could also dramatically increase taxes, royalties, and rents from offshore production to help fund other pressing government priorities.

That this potential is untapped today is the consequence of the previous administration abnegating its stewardship of our national energy independence. Obama's anti-fossil fuel onslaught spanned 145 new regulations and executive actions designed to delay and derail domestic exploration.

The effects were unsurprisingly harmful. In just one year from 2008 to 2009, acres open to offshore drilling fell from 8 million to 3 million. By 2010, the Gulf of Mexico went from contributing 30 percent of U.S. energy to just 20 percent. Only a doubling of output on private and state-owned onshore lands over the decade ending in 2015 kept America in a relatively safe zone for domestic supply. A new policy direction is urgently needed.

President Trump has signaled a more rational approach to fossil fuels, committing to reverse overly stringent power plant restrictions and approving pipeline construction. Regarding offshore drilling, however, the administration has only put a toe in the deep waters of change.

The recent auction of 73 million acres in the Gulf of Mexico was welcomed but represented a modest difference from Obama-era plans. Similarly, appointing energy realists Secretary of State Rex Tillerson, EPA Administrator Scott Pruitt, and Secretary of Interior Ryan Zinke was an inspired decision, but filling remaining positions has been slow.

Staffing is only a first step on the path toward a top-to-bottom regulatory review — a project that can deliver transformational impact without adding a dollar to the federal budget.

For example, in 2016 the Bureau of Ocean Energy Management (BOEM) pushed through a Notice to Lessees (NTL), which imposed new financial assurance obligations on oil and gas companies operating in the Gulf of Mexico. This regulation dramatically overhauled the existing

framework for financial assurance that had been in practice for decades and had ushered in an era of responsible development while protecting our taxpayers from decommissioning obligations.

The purported goal of the change was to ensure that there are sufficient funds available to plug and abandon wells and decommission infrastructure once an offshore oil and gas facility reaches the end of its economic life. But there was no crisis in well decommissioning to compel the action. The NTL is one of the most egregious cases of hijacking arcane bureaucratic authority to debilitate an industry. According to industry experts, overturning the BOEM decision is worth over 360 million barrels in annual oil production, \$10 billion in GDP, and 85,000 jobs. And this is just one regulatory action in need of immediate reevaluation.

A convincing nod in favor of energy production can have immense impact. Already ExxonMobil is creating more than 45,000 American jobs in Texas and Louisiana from Gulf investments. Imagine the employment impact if other companies could follow suit.

All it will take to spark a hiring spree is smart deregulation that balances human and environmental safety with American energy independence. Perhaps most importantly, increases in homegrown production will enable the U.S. to disentangle from foreign engagements and perhaps increase our national security.

Jobs, revenues, and more security, these are the results of an oil and gas resurgence, which the Trump administration should be proud to spearhead and own.

*Randall Luthi is National Ocean Industries Association (NOIA) CEO and President.*