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Time for Trump to lead energy turnaround

BY Jane Arnette May 1, 2017

Louisiana's oil and gas industry has been facing a perfect storm of threats. In these early days of the Trump administration, there are signs that the tempest may be blowing out. But for the sake of workers across Louisiana — the hundreds of thousands in the energy sector and the many more in industries supporting it—our new President should take forceful action to spark growth in the Gulf of Mexico.

A triple-header of challenges makes bold moves an immediate necessity. Louisiana has been fighting low oil prices for years coupled with eight years of damaging federal overreach that has weakened oil and gas opportunities.

The bayou area is hurting. We have the second highest unemployment rate in the nation. And new hiring is trailing other states, even as a $20 billion ExxonMobil investment promises tens of thousands of jobs.

We cannot lay these problems at Mr. Trump's feet. They precede him, and many are beyond his purview to repair. But we can ask that his administration use his powers to help re-level the playing field for industry and deliver on the hope his leadership stirred.

From the sheer inspiration of his election, we're seeing heightened bidding for oil and gas leases, expanding oil rig volumes, and other positive signs. To take advantage of an improving outlook, we now need concrete changes that will loosen government reins on energy and unleash industry to expand.

A great place to start is overturning a last-minute Obama-era assault by the Bureau of Ocean Energy Management. In late 2016, a crafty "Notice to Lessees" increased financial assurance requirements on Gulf operators in a manner perfectly designed to sabotage their growth.

It was an abuse of what had for decades been a common sense policy. To qualify for a lease, companies were required to set aside capital or purchase bonds to guarantee that funds would be available to decommission a well once the oil and gas was extracted. The rule was highly effective in protecting taxpayer dollars in the case of energy company bankruptcy.

Rather than modernize the requirements to suit the 21st century, however, the Obama administration chose to simply raise them to untenable levels—so high that the bond industry cannot meet the increased demand. The change has essentially sidelined independent energy companies. Even for multinationals, the capital requirements are taking funds that could otherwise be spent on exploration, hiring, and even well safety and plugging measures.

The total cost of this measure is estimated to be 87,000 jobs and a $10 billion hit to U.S. GDP. Most pressing for our region, the ripple effect is hampering Louisiana's ability to enjoy the economic rebound many neighboring states are experiencing.

If good things come to those who wait, there is no doubt Louisiana is due. We've been waiting eight long years for economic relief and jobs. Now it's time for a turnaround led by energy, industry, and President Trump.

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