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U.S. House of Representatives
Committee on Natural Resources
Subcommittee on Energy and Mineral Resources
Legislative Hearing on:
H.R. 1121 *Protecting American Energy Production Act*; and
H.R. 5616 *BRIDGE Production Act of 2023*

Chairman Stauber, Ranking Member Ocasio-Cortez, and distinguished members of the subcommittee, thank you for inviting me to testify here today. My name is Tim Tarpley. As President of Energy Workforce & Technology Council, I am here to testify in support of two important pieces of legislation. H.R. 5616 BRIDGE Production Act of 2023 introduced by Rep. Graves that ensures regulatory roadblocks do not interfere with the American people's ability to access resources offshore and H.R. 1121, the Protecting American Energy Production Act introduced by Rep. Duncan, which would prohibit an administrative ban on hydraulic fracturing unless authorized by Congress.

Energy Workforce & Technology Council is the national trade association for the energy technology and services sector, representing over 370 companies and employing more than 650,000 energy workers, manufacturers and innovators in the energy supply chain. Our workforce is in all 50 states, with representation in the vast majority of congressional districts across the country. Our membership ranges from large energy services companies with global operations all the way down to small family-owned well-servicing companies that operate locally within the U.S. Energy Workforce member companies provide the United States and the world with energy in the most environmentally safe, efficient, and responsible way possible, and our sector is leading the development of technology that will ensure our country maintains energy security that will power our economy and protect our way of life for generations to come.

The Russian invasion of Ukraine and the resulting disruption of the world energy supply has made it abundantly clear to the world the importance of energy security. Maintaining energy security requires long-term investments and commitments to developing reliable energy sources like oil and gas. Not only is this commitment important to maintaining access to energy, but developing hydrocarbons in countries with high environmental standards, like the U.S., allows us to reduce global emissions without sacrificing reliability. Germany, for instance, made a political decision to rely on Russian gas to power much of their economy. With that source now gone, the country has been forced to return about one-fifth of its energy supply to coal-fired power generation[1]. Returning to coal has drastically increased the cost of power across the country—significantly damaging their industrialized economy while simultaneously causing emissions to increase.

In contrast, the United States is blessed with tremendous sources of domestic energy that, if utilized, can protect us from suffering a similar energy-reliance disaster as experienced in Europe. In addition to renewable

[1] (Roach, 2023)

energy sources, the United States boasts multiple basins with significant oil and natural gas reserves. As long as we continue to allow Americans to access these resources, we will never face such a dilemma.

Producing energy resources is a necessity. The truth is that the United States and the world will need a lot more oil and gas in the coming decades, even as new forms of energy come online. In fact, U.S. Energy Information Administration (EIA) predicts that the worldwide demand for all forms of energy will increase by 50% by 2050[2]. The only way to meet this increase in demand without sacrificing the environmental progress made over the past 25 years is through a wholehearted commitment to developing the energy resources in the United States. H.R. 5616 and H.R. 1121 guarantee this access and ensure that the rights to domestic resource development are kept from being interrupted or administratively slowed down.

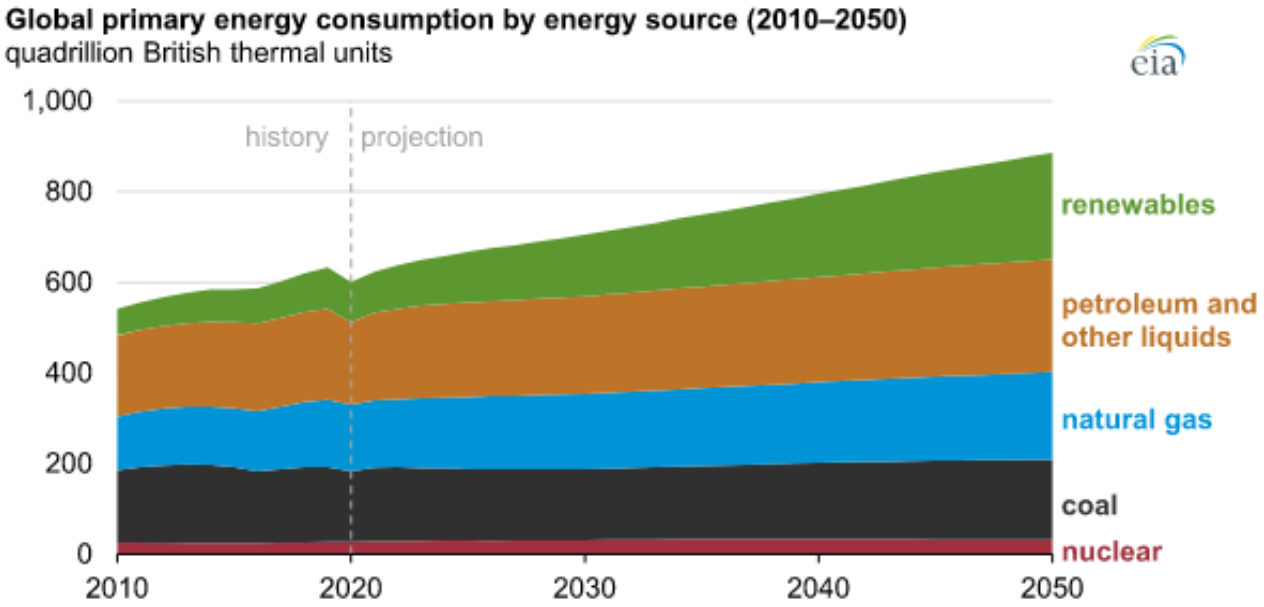

Figure 1 Global Primary Energy Consumption by Energy Source (U.S. Energy Information Administration, 2021)

H.R. 5616 BRIDGE ACT

In 1953, Congress passed the Outer Continental Shelf Lands Act (OCSLA), which states that Bureau of Ocean Energy Management (BOEM), within the Department of the Interior, must prepare and maintain forward-looking five-year plans to schedule proposed oil and gas lease sales on the U.S. Outer Continental Shelf[3]. Unfortunately, under the current Administration, this has not occurred. In fact, the most recent five-year plan expired on June 30, 2022, over a year ago.

Delays in restarting the plan have ceased exploratory well drilling, reduced the industry spending levels, drastically decreased employment across the offshore energy sector, lessened gross domestic product (GDP) and government revenues and plummeted oil and natural gas production across the Gulf of Mexico. Further delays will harm the U.S. economy, U.S. employment and force the United States and our allies to use oil and gas from less responsible and reliable sources.

Economy and Jobs

In 2022, the Gulf of Mexico offshore oil and natural gas industry supported an estimated 372,000 jobs in the United States. According to an Energy & Industrial Advisory Partners and National Ocean Industries Association report, in 2022 alone, activity in the Gulf of Mexico contributed approximately $30.8 billion to the

[2] (U.S. Energy Information Administration, 2021)
[3] (Office of the Law Revision Counsel of the United States House of Representatives, n.d.)

U.S. GDP[4]. Looking ahead, the report indicates the industry is anticipated to maintain a consistent contribution, averaging about $31.4 billion of GDP per year over the forecast period from 2022 to 2040. Assuming no further delays, this revenue source is expected to average an annual projection of over $7.4 billion from 2022 to 2040.

		Consequences of a 5-year Leasing Program Delay Reductions from Base Case Projection		
Economic Impact	Base Case Projection Average Annual (2022-2040)	Maximum Annual Impact	Average Annual Impact (2022-2040)	Total Cumulative Impact (2022-2040)
Capital Investment and Spending ($ Billions)	$30.6 / yr.	-$10.7 / yr.	-$5.3 / yr.	-$99.9
Employment (jobs)	372,012	-115,942	-57,259	N/A
Contributions to GDP ($ Billions)	$31.4 / yr.	-$10.0 / yr.	-$5.0 / yr.	-$95.0
Government Revenues ($ Billions)	$7.4 / yr.	-$2.5 / yr.	-$1.5 / yr.	-$27.8
Oil and Natural Gas Production million of barrels oil equivalent	2.62 / day	-0.88 / day	-0.48 / day	-3.34 Billion Barrels (19-year Total)

Source: Energy and Industrial Advisory Partners

- The Base Case assumes a continuous leasing program including lease sales in the year 2022.
- The 5-year Program Delay Case assumes the first lease sale for the next 5-year Program will occur in 2028 with continuous lease sales thereafter.

Figure 2 Key Findings: Consequences of a 5-year Leasing Program Delay (Energy & Industrial Advisory Partners, 2022)

U.S. Gulf of Mexico Energy is Cleaner Than Other Options

According to the 2022 NOIA report, the increase in U.S. Gulf of Mexico production, if it were to offset foreign crude or condensate, would significantly reduce carbon intensity. This reduction would amount to a remarkable 46% decrease in the international average carbon intensity for the displaced oil. This is equivalent to removing 11.3 CO2e kg/bbl from the current global average of 24.4 CO2e kg/bbl[5]. The U.S. Gulf of Mexico stands out as a region with some of the lowest carbon barrels of oil, particularly when compared to other oil-producing regions. A significant contributor to this is effective methane management. U.S. offshore operations in the Gulf of Mexico maintain stringent controls on methane emissions, resulting in notably lower emissions than those observed in other producing regions. The Gulf is also subject to a strong regulatory oversight framework and has adequate pipeline infrastructure to move product to market safely and efficiently.

In fact, the U.S. Gulf of Mexico boasts approximately half the carbon intensity of other producing regions[6]. What's more, this environmental performance continues to improve. From 2011 to 2017, according to

[4] (Energy & Industrial Advisory Partners, 2020)
[5] (Energy & Industrial Advisory Partners, 2022)
[6] (Energy & Industrial Advisory Partners, 2022)

the BOEM, carbon emissions from U.S. Gulf operations decreased by approximately 60%, even as oil production increased by over 35%[7].

So, we must ask ourselves why do we continue to delay further production in an area that can provide U.S. energy security, support the U.S. economy and workers and provide energy cleaner than anywhere else in the world? Fortunately, we have legislation in front of us today that will force the Administration to stop bureaucratic delay tactics and follow the intent of OCSLA to hold lease sales and allow Americans access to the resources they are legally entitled to access. H.R. 5616 BRIDGE Production Act 2023 mandates that the Secretary of Interior hold no less than four offshore lease sales on specified dates that cannot be bureaucratically delayed. This mandate should not be necessary, as we should already have a 5-year lease plan according to existing law, but unfortunately, we do not. This mandate will bring regulatory certainty for the energy workforce that relies on the offshore for their livelihood and will allow for long-term investments necessary to continue to develop our offshore resources.

Hydraulic Fracturing

Hydraulic fracturing, or fracing for short, originated in the 1940s and is currently used on 95% of new oil and gas wells today[8]. There is a reason this process is utilized so widely in oil and gas production. When paired with directional drilling, it is the safest and most effective way of accessing hydrocarbons in tight shale formations deep beneath the earth.

This technology is responsible for the steep increase in natural gas production we've experienced in the U.S. over the last 25 years. A ban on hydraulic fracturing would put an end to the abundance of natural gas that has both improved the environment and aided our allies.

According to the EIA, the increased use of cleaner-burning natural gas in power generation is the chief reason U.S. carbon dioxide emissions are at 25-year lows. And the abundance of natural gas in the U.S. has opened the door for LNG exports, which have allowed us to support our European allies impacted by the war in Ukraine.

Unfortunately, the debate over hydraulic fracturing has become politically weaponized, with four states prohibiting fracturing within their borders and President Biden making several statements before taking office that suggested he would consider banning hydraulic fracturing. Fortunately, the Administration has not taken that catastrophic action, but continued statements from Administration officials against fracing make it clear they have not given up on that campaign promise, and our workforce remains concerned they could in the future.

H.R. 1121 is a simple, straightforward bill that prohibits the President from declaring a moratorium or ban on the use of hydraulic fracturing unless such a moratorium or ban is authorized by an Act of Congress. The bill ensures Americans will continue to have full access to their resources on both public and private lands through hydraulic fracturing. Let us be clear about what is at stake here. With 95% of new onshore wells in the United States requiring hydraulic fracturing, a moratorium or ban would shut down new production in the United States. That means dramatically higher gas prices, no new investment, job losses and loss of United States energy security and the environmental gains the U.S. has made.

Conclusion

Both H.R. 1121 and H.R. 5616 are key pieces of legislation supporting American energy security. By providing the American people with clear and consistent guarantees that they will be able to access their resources in a timely and consistent manner, we will keep energy costs affordable, keep Americans employed and support investment in our domestic resources. This consistency will ensure the energy security of not only the United States but our friends and allies abroad. America should never find itself in a situation where our economy, or our politics for that matter, are held hostage by a foreign nation. We have been blessed with

[7] (Energy & Industrial Advisory Partners, 2022)
[8] (U.S. Energy Information Administration, 2016)

adequate resources to avoid that fate, and these two pieces of legislation before us here today help protect that blessing. I urge your support of these two critical pieces of legislation to protect American energy security.

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