Chairman Joe Manchin's Opening Statement

April 27, 2021

Full Committee Hearing On Offshore Energy Development In Federal Waters And Leasing Under The Outer Continental Shelf Lands Act

- Turning now to our hearing, I want to thank everyone for being here today to discuss the status of offshore energy development of oil, gas, and wind and the offshore leasing programs.
- In January, the administration announced a pause on new oil and gas leasing while they conducted a review of both the onshore and offshore leasing programs.
- In the meantime, it's my understanding that activity on existing leases has continued, with over 250 well permits approved for 89 unique wells and production continuing.
- I'd like to acknowledge that the leasing programs have very real impacts to many of the states represented on this Committee.
- I believe the new administration has the right to take a pause and evaluate how these energy programs are working.
- My goal for this hearing, just as it was for our onshore energy program hearing two weeks ago, is to set a baseline from which the Committee can work to make sure we strike the right balance between American energy security and independence, environmental stewardship, and ensuring fair returns to taxpayers from our shared resources.

- It is my hope that the administration will also take into these discussions into account as part of their ongoing evaluation and forthcoming report.
- Turning now to focus on oil and gas production on the Outer Continental Shelf, or OCS, I'd like to acknowledge the significant role offshore production plays in our domestic energy portfolio, providing 16% of all domestic oil production and 3% of domestic natural gas production.
- This energy development produced an average of $3.27 billion annually in revenue for host states and the federal government over the last 5 years through royalties, rents, bonuses, and other fees.
- 37.5% of certain oil and gas revenue is shared with coastal states under the Gulf Of Mexico Energy Security Act, commonly referred to as "GOMESA," which I expect we'll hear more discussion of today.
- Additionally, 27% of the revenue from the first three nautical miles of federal OCS waters is shared with the closest state.
- But let me be clear - every state and county in the country has benefitted from OCS revenue through the Land and Water Conservation Fund, for which we secured $900 million in permanent annual funding along with addressing deferred maintenance on our public lands in the Great American Outdoors Act last year.
- These programs will preserve our majestic public lands for generations to come.

- It's important to recognize the practical and historic differences between onshore and offshore production and the leasing systems, revenue sharing schemes, laws and different Bureaus within the Department of the Interior that manage them.
- For one, offshore leasing is managed by the Bureau of Ocean Energy Management, often called BOEM.
- I also understand that the capital costs, the timelines for development, the exploration uncertainty, and the risks of offshore development are very different.
- In addition, doing everything possible to mitigate the potential safety and spill risks is incredibly important, and I look forward to hearing what lessons were learned from the Deepwater Horizon disaster and what steps have been taken to make that never happens again.
- I'm also very interested in hearing more about how offshore producers have taken steps to reduce damaging and wasteful methane venting and flaring.
- As I've said before, I'm a strong supporter of an all-of-the-above energy policy and in that light I am also very interested in the administration's focus on expanding offshore wind.
- I know that manufacturers are already working domestically in response to the opportunities for wind energy here in the United States, as well as designing substitute materials that won't require particular critical minerals with uncertain supply chains.

- This is important innovation, driven by U.S. manufacturing knowhow, and we need to keep these concerns in mind as we look to develop offshore wind energy.
- Unfortunately, in the past, BOEM and other federal agencies involved in the process have not focused on the offshore wind program or dedicated appropriate resources.
- The Biden administration seems keen to change that. In fact, Vineyard Wind is slated to become BOEM's first commercial scale offshore wind project having just received their approval for construction and operation earlier this week.
- Unfortunately, this comes after they submitted the plan for approval in December of 2017, nearly 3 and a half years ago.
- With construction expected to take another 3 years, we'll be looking at almost 6 and a half years to produce power.
- I understand that the first project is the hardest, but I'm hoping we can find ways to improve the process and provide some economic and regulatory certainty for the offshore wind industry.
- I look forward to hearing from BOEM about how we might work together to improve some of the hurdles so that good projects can move forward in a timely manner.
- Ensuring that our permitting environment makes efficient and orderly development possible in a timely fashion is critical, whether we are talking about pipeline infrastructure, critical mineral mining and processing, transmission, or offshore wind.

- If we can’t get the permits in place, all the great plans in the world won’t make a difference because we won’t be able to get anything built.
- With that, I look forward to a robust discussion today with our panel of distinguished witnesses and I’ll turn it over to Ranking Member Barrasso to give his opening remarks.