



New leadership brings new hope for American oil and gas

Louisiana's offshore oil and gas industry has seen a lot of change over the past eight years. Not only have operators experienced both the ups and the downs of worldwide markets, but they have had to scramble to make sense of an unprecedented barrage of federal rules that have threatened the vitality of America's Gulf as an energy province.

Things may soon be changing once again, and we have reasons to be hopeful this time.

In its Annual Energy Outlook for 2017, the Energy Information Administration (EIA) predicts a surge in natural gas exports and improvement in the trade balance of petroleum products, resulting in the U.S. becoming a net energy exporter by 2026. It would be the first time the U.S. held that status since 1953. The EIA asserts, while our nation's energy demands will continue to grow over the next several decades, domestic oil and gas will meet those demands.

The vast offshore resources in the U.S. are vital to this future energy security and the economic prosperity of our country. As those of us in Louisiana readily recognize,

the Gulf of Mexico is a critical component of our nation's oil and gas supply. For the past 60 years, the Gulf has been our primary source for producing offshore energy, generating approximately 97 percent of all domestic offshore oil and natural gas. In 2014, the Gulf supplied the U.S. with 16 percent of total onshore and offshore oil produced and 4.5 percent of all the natural gas produced. America's Gulf and offshore energy production are valuable resources that should be nurtured, not crippled.

Although crude oil prices have had some impact on recent levels of offshore production, decisions by operators to bid on and develop leases are made years before production begins. The biggest hindrance to offshore oil and gas development has been the unreasonable and risky government regulations and policies of the previous administration.

In only the past two years, more than 140 rules and regulations impacting the oil and gas industry have been issued, in many cases with limited public input. LMOGA's Offshore Committee is now working with congressional and Trump administration

officials to address some of these more onerous policies immediately, including:

- Well Control Rule, which instituted far-reaching changes to the way oil and gas operators are regulated, increasing costs and risks to worker safety.

- Limits on geological and geophysical seismic activities in the Gulf regularly used by oil and gas operators to characterize deepwater ocean environments, identify potential hazards, and locate and monitor mineral resources.

- Air Quality Control Rule, which changes how operators measure and report air emissions, including the emissions of marine vessels servicing a platform or rig.

- Decommissioning Bonding/Financial Assurance Policies, which mandate unreasonable increases in capital required for offshore leases and will drive smaller operators out of the Gulf.

Clearly, regulations are a major problem, but access is another. The Gulf of Mexico, with the exception of waters off the coast of Florida and Alaska's Cook Inlet, is currently the only Outer Continental Shelf (OCS) available for

offshore oil and gas development. That means out of a total 1.7 billion acres of OCS in the U.S., 94 percent is currently off limits to oil and gas activity.

At the very end of his term, President Obama once again inappropriately used executive powers to impose a so-called "permanent" ban on future oil and gas activity off the Atlantic coast and a large portion of Alaska's Chuckchi and Beaufort Seas via an executive order. Although President Obama claimed it was a permanent ban, President Trump can and should reverse this decision soon.

With over 90 percent of America's OCS closed off to energy exploration and production and American offshore operators holding the key to American energy security, the new administration must look to expand access to other offshore areas and unravel regulations to provide for more certainty and predictability in offshore development. Changes like these will provide hope for the energy and economic security our nation desperately needs.

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