

*Testimony of*

**Don Briggs, President**

**Louisiana Oil & Gas Association**

**United States Senate**

**Committee on Small Business**

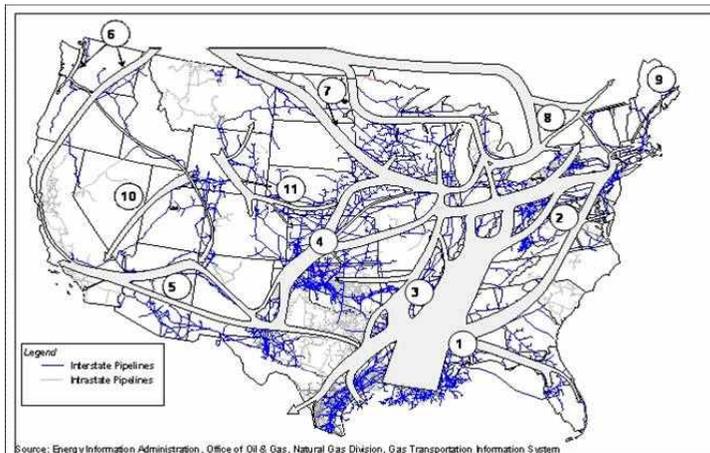
**Tuesday, July 27, 2010**

## Testimony of

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Louisiana Oil & Gas Association

Chairman Landrieu, Ranking Member Snowe, Members of the Committee, good morning. My name is Don Briggs. I am President of the Louisiana Oil & Gas Association, a trade association representing over 1,100 oil and gas related companies with operations in the state of Louisiana. I have been actively involved in the oil and gas industry for over 45 years. For nearly 20 years as President of our association, I have worked diligently to ensure that Louisiana remain a place that is open for business and continues to be a state where oil and gas companies can efficiently and economically produce the vital energy needs of our nation.

I thank you for the opportunity to speak about an issue that not only threatens the economic well being of my state, but one that will have a significant negative impact on our entire nation. In Louisiana alone, the deepwater drilling moratorium now in place in the Gulf of Mexico (GOM) stands to eliminate more than 17,500 jobs in the coming 6 months. Overall, this detrimental policy will threaten the jobs of more than 200,000 hardworking Americans in Texas, Louisiana, Mississippi and Alabama. In addition, this moratorium threatens the nearly \$100 billion impact the offshore oil and gas industry contributes to Gulf Coast States' GDP.



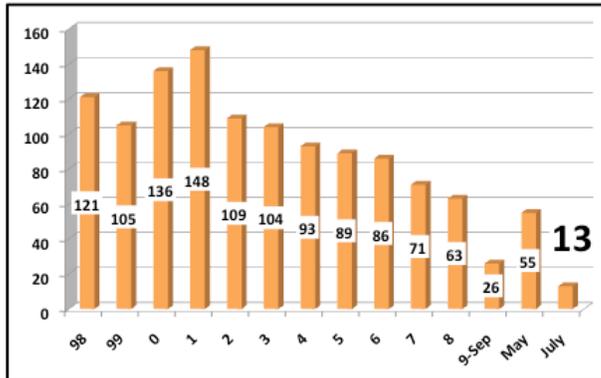
For over a century, the state of Louisiana has served as an integral part of our nation's energy infrastructure. Over 50% of the fuel, diesel & gasoline, that enters into this country runs through the intricate pipeline systems of Louisiana.

For decades oil and gas companies have explored and produced natural resources

from the deep waters off of our state's coasts. In total, oil and gas production in the GOM provides the U.S. with one third of its oil and one-tenth of its natural gas. Nearly 80% of the oil produced and 45% of natural gas produced in the GOM is produced from deepwater drilling.

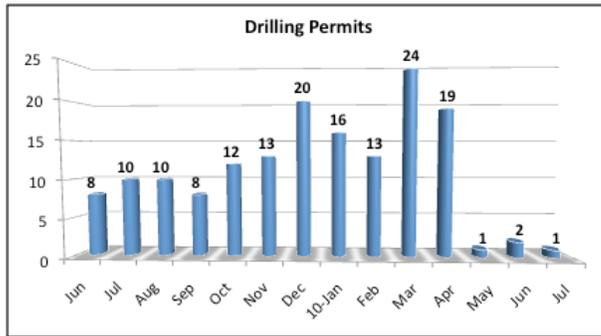
The federal moratorium imposed on deepwater drilling in the GOM is creating a financial disaster for Gulf Coast states and our nation. Nearly three months ago, there were 55 rigs in operation. Today, there are 13 rigs in operation in the GOM.

## Gulf of Mexico Rig Activity



In addition to the drastic rig decrease we are seeing in deep waters, this moratorium has created a stifling affect on all operations in the Gulf, including shallow water operations that were not to be affected by this policy. In the past three months of May, Jun, and July, a total of 4 permits have been granted. In comparison, 56 permits were granted in the three months of February, March and April.

**Federal OCS Drilling Permit Approved**  
New Well APDs in Less than 500 feet of Water  
Since June 2009



A lack of oil and gas production impacts every sector of the United States – manufacturing, agriculture, service, medical and many other industries. Consumers will bear the brunt of this moratorium, paying more everywhere from the pump to the grocery store. Whether we like it or not, our nation is dependent on fossil fuels, and here's why.

When we end the day today, we will have consumed nearly 20 million barrels of oil to run our nation's economy. Today, we will consume 65 billion cubic feet of natural gas. In addition, we will consume 1,200 carloads of coal. On a daily basis, there are approximately 250 million vehicles driving the roads in this country. Around 96% of the fuel that runs those vehicles comes from oil. In the US we produce 5 million barrels of oil a day. Of those 5 million barrels of oil production, 1.8 million come from operations in the GOM. Seventy Percent of that comes from deepwater.

Prior to the imposition of the federal drilling moratorium, nearly 85% of the US natural resources in the Outer Continental Shelf were off-limits. Now, that number is 99.9%. If we look at other nations around the world, our country now has the largest prohibition to natural resource exploration in the world. In support of U.S. District Judge Martin Feldman's recent decision to grant a preliminary injunction halting the moratorium, I too believe the moratorium is arbitrary and capricious. In my opinion, this detrimental policy does not reflect our American way of life.

Industry has drilled over 4,500 deepwater wells around the world and 2,500 in the deep waters of the Gulf of Mexico. Yes, we do have the technology to drill safely.

The Horizon incident should not have happened. Let us have an open discussion about the specifics of the Deepwater Horizon and find positive solutions to prevent any future disaster like this from happening again. I believe industry can effectively work with the Administration to develop sound safety regulations & a long-term vision for America's economic & energy future. We can accomplish increasing safety measures while ensuring we do not endanger the economic welfare of all American citizens.

Now, I would like to show you some real and personal examples of how the impact of the moratorium is affecting our citizens. (Video)

The moratorium in the Gulf of Mexico will in no doubt curtail future production and increase our importation of foreign sources of oil. Oil and natural gas are finite resources. Simply put, if we do not replenish the resources that we consume, we then put ourselves in a position to depend on other oil producing countries, many of which take an adversarial position against our way of life here in America. If we do not act now to remove the moratorium in the GOM, we will risk the jobs of thousands of hardworking Americans and limit our position in an ever-increasing competitive global economy. It's time that we get back to doing what we do best in Louisiana, and that's fueling our nation. I thank you again for this opportunity to testify, and I stand ready to answer any questions you may have.