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**LIEUTENANT GOVERNOR SCOTT ANGELLE'S TESTIMONY AT BOEMRE FORUM ON  
OFFSHORE DRILLING**

BATON ROUGE, LA – Today, Lieutenant Governor Scott Angelle testified before Bureau of Ocean Energy Management, Regulation and Enforcement (BOEMRE) Director Michael Bromwich in New Orleans, LA at the BOEMRE Forum on Offshore Drilling.

Note: These are remarks as prepared for delivery. Lt. Governor Angelle frequently ad-libs remarks.

***Lt. Governor Scott Angelle: Forum on Offshore Drilling Testimony***

"Good morning, Director Bromwich. It is my pleasure to welcome you and your staff to America's Energy State. Thank you to Mayor Landrieu and Tulane University for their hospitality today.

"Mr. Director, thank you for your public service and your willingness to serve the nation in these challenging times. Thank you for inviting me to testify this morning on a subject matter in which I strongly believe - a safe and viable domestic energy industry. Thank you for your continued cooperation as we all work together to meet one of the nation's biggest challenges of this generation of Americans -- the balance of what I call the three E's: the energy, the environment and the economy.

"I bring greetings to you from Governor Bobby Jindal and the men and women of Louisiana who have been working, day in and day out, for 107 days to restore our way of while never forgetting the families of the 11 men who lost their lives in the Deepwater Horizon tragedy. Let us all remember to keep them in our prayers.

"In Louisiana, we have a long and distinguished history of fueling America. This 18th great state of the union is the epicenter for oil and natural gas exploration, production, distribution, refining and processing for the nation, as well as for imports of foreign oil and Liquefied Natural Gas.

"We rank:

- 1st in OCS crude oil production
- 1st in OCS natural gas production
- 1st in OCS revenue generated for the federal government
- 1st in mineral revenues from any source to the federal government
- 1st in foreign import oil volume
- 3rd in crude oil proved reserves
- 3rd in total energy from all sources
- 1st in natural gas processing capacity
- 2nd in petroleum refining capacity
- 2nd in primary petrochemical production.

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"AN EQUAL OPPORTUNITY EMPLOYER"

“When it comes to contributing to America’s energy security, there is no more important piece of real estate in all of America than Louisiana.

“Because of our willingness to host the activities that many states simply refuse to do, every American is tied to Louisiana and the Gulf of Mexico through the gas pump. About a third of our nation’s domestic production comes from the Gulf and nearly 90% of that comes from deepwater wells.

“Shutting down new drilling threatens our ability to sustain the production we need to fuel this nation. We have seen how quickly a drop in production can hurt our economy. Looking back to 2005, Louisiana was devastated by Hurricanes Katrina and Rita – storms that interrupted production from the Gulf of Mexico. In the week after Katrina, the national average of the price of a gallon of gasoline spiked 46 cents. Indeed, a 50 cent increase in the cost of a gallon of gasoline costs American consumers \$1.4 billion per week.

“A moratorium does not strike as swiftly as a hurricane, but the longer drilling is halted, the more domestic production will suffer as existing wells play out with no new wells to replace them. More than 360 new wells were drilled in the Gulf OCS in 2009 and all of the resulting production helped America to rely less on foreign imports to fuel our nation. The Gulf of Mexico is, indeed, the golden goose.

“The six-month halt we already face could mean an estimated 4 percent drop in 2011 production – and that production could lag for years.

“And while I have huge concerns about a six month moratorium, I am concerned about what also may be longer moratorium.

“Morgan Stanley issued a report June 1, 2010, wherein they have estimated a 60 percent chance that the moratorium will last at least a year to 18 months, a 35 percent chance that it could last 4 years and only a 5 percent chance that deepwater drilling will resume by next February.

“These kinds of reports, based on the concern for the administration’s ability to promulgate regulations in a timely fashion, are drying up investment in the Gulf industries and increasing economic troubles for our people, our businesses and our government.

“Even in shallow waters, where there is no declared moratorium, drilling has come to a near halt, even as the industry has reached out to the regulator to find a way forward.

“In 2009, before the moratorium, the lowest new permit total for a single month in OCS shallow waters was eight. The number of new permits approved in the last three months combined, five, doesn’t even match that low-water mark.

“I appreciate the previous opportunity to visit personally with you, Mr. Director, about the concerns for shallow water permits, an area that the President and the Secretary have both said are permissible for drilling operations. I appreciate the fact that we have had over a dozen conference calls, each with 25 to 30 participants, since June 22, to get into the weeds on exactly what is being required within the NTL-06, yet since this effort began, permits for only two new wells have been issued—again this is in an area that both the President and Secretary have publicly stated are open for drilling.

“I respectfully urge you to redouble your agency’s efforts to get shallow water permits issued as the Louisiana economy hangs in the balance. To help with this I am hosting a workshop next week in Louisiana to facilitate a process to make certain industry is doing everything possible to share information about best permitting practices.

“It is critical the Bureau of Ocean Energy employees are operating within a culture that allows them to issue the very permits that the President and the Secretary have indicated are available. We have heard from a variety of folks within the Bureau of Ocean Energy that they are fearful to lose their jobs if

they do their jobs. Again, as a result of our private conversations I know that this is not your intention; however, I think it is a concern worth revisiting and providing an increased management review of the shallow water permitting, at the most senior levels of our federal government.

“Again, a substantial interruption of production will mean a greater reliance on foreign sources of energy, and greater exposure to increases in price.

“A look over the past several decades is very revealing. We have had six recessions in this country since 1972. Prior to each one of them, the price of oil saw a sustained increase over the previous year. A major increase in fuel prices has almost always been an indicator or a driver of a major recession or downturn in our economy.

“Oil reached \$147 a barrel in July 2008, more than a double what it had been the previous July. By October, 2008 those prices swept up our national economy. These energy prices helped cripple our car manufacturers, our banks, and our housing markets.

“We may be seeing it again. I would point out to you that the price of oil has risen 11 percent since the moratorium was declared – from \$77 to \$86 a barrel.

“Supplies being reduced, energy prices going up and more Americans out of work in a faltering economy cannot be the response and legacy to this tragedy.

“While the potential six month moratorium is sure to reduce energy production, this moratorium is not about the stockholders of BP, Exxon, Shell, Chevron or Conoco. It’s about JOBS! JOBS! JOBS!

“Louisiana’s Economic Development agency estimates that 10,000 jobs in Louisiana alone could be lost in a six month moratorium, 20,000 in a year to a year and a half.

“Dr. Joseph Mason with LSU’s E.J. Ourso College of Business estimates that the six-month moratorium would cost Gulf states more than 8,000 jobs, and cost the nation more than 12,000 jobs.

“LSU Economist Jim Richardson’s study estimates more than 17,000 Louisiana jobs could be lost in the first six months.

“The LSU Center for Energy Studies estimates that up to 24,000 Louisiana jobs could be lost in the first six months of the moratorium, increasing at an average of almost 400 per month after that.

“Jobs will be affected not only on the rigs – but also in the service industries - the welders, the fabricators, the diesel mechanics, the pipe fitters, the boat captains, the fork lift operators, the dock workers, the service technicians, the plumbers, the sandblasters, the warehousemen, the carpenters, the janitors, the crane operators, the pump mechanics and the electricians...

“But it won’t stop there - the hotel workers, the retail clerks, and the auto mechanics...

“But it won’t stop there - restaurant workers, caterers, and the waitresses...

“But it won’t stop there - banks and real estate...

“But it won’t stop there, local government revenues will be impacted which impacts school teachers, police officers and other vital services.

“They will ALL bear the brunt of the shutdown and no one has indicated who will pay for this cascading impact. This six month moratorium, what the United States federal court system has called arbitrary and

capricious, is indeed a moratorium on middle class Americans.

“While it may be difficult for the federal government to understand, the local governments most impacted by this oil spill and the Louisiana Seafood Research and Promotion Board have all indicated they are opposed to this moratorium.

“In this unique slice of America we have demonstrated that we can fuel America and at the same time provide the nation with over 20 percent of its commercial fisheries catch.

“Again, we understand it can’t be business as usual, but this six month moratorium is an overreach.

“And this is in a time when our American families are already struggling to make ends meet, a time when our country can’t afford to lose jobs.

“We cannot threaten more jobs when this nation has already invested nearly \$800 billion in stimulus funding to boost the economy and create jobs -- When we still have an unemployment rate running near 10 percent.

“The safety record in the Gulf of Mexico does not support a reaction that places so many working families in jeopardy.

“Offshore drilling has been going on in the Gulf waters for almost 60 years, and deepwater drilling began out there in the 1970s. Nearly 50,000 wells have been drilled in the Gulf -- 3200 of those in deepwater -- and never before have we seen this kind of accident.

“Five of the seven experts chosen to review the Department of Interior safety study that led to the moratorium publicly opposed the use of their names and involvement to justify a blanket moratorium.

“On page two of their public letter of opposition is the statement, ‘A blanket moratorium is not the answer. It will not measurably reduce risk further and it will have a lasting impact on the nation’s economy which may be greater than that of the oil spill.’

“Again, I would state, we recognize it can’t be business as usual, but a one size fits all solution is not the answer.

“When it comes to drilling in the Gulf of Mexico, we believe that we can inspect, detect and correct at the same time. We believe that taking a time out to huddle is appropriate. Our nation has dealt with similar challenges before.

“A comparison to our nation’s reaction to 9/11 is very appropriate. It was a tragedy of epic proportions with a tragic loss of life and tragic economic losses. Certainly there was a systemic failure.

“But, in spite of that systemic failure, there was no six-month moratorium on the airline industry – the leadership of our nation didn’t pick an arbitrary timeline and back into a solution. Our leaders immediately implemented best practices to protect our country. They didn’t eliminate risk. It’s impossible to eliminate all risk. They mitigated our risk by putting air marshals on planes, and national guardsmen in airports. Travelers were instructed to arrive earlier; they were instructed to pack differently, and we did not accept business as usual. And it worked. We did all of this in four days. We have continued to review and enhance security, as so we should, and we haven’t had a successful attack since.

“Instead of a complete shutdown to review rig operations and rules, we are recommending an alternative, expedited approach of safety inspections by experts on a well-by-well basis so as to allow those rigs with limited risk to immediately address enhanced safety issues, receive a renewed permit and get back to

work immediately.

“The recent NTL on new safety measures in the OCS sets a high bar for operators, and should be stringent enough to enable all OCS operations to recommence – including deepwater.

“Further changes to procedures and equipment will be required, but can be made through regular rulemaking as operations continue. The immediate safety measure improvements have already been made.

“The ongoing restructuring of Bureau of Ocean Energy should not slow the industry in its operations, and the agency should be given authority to bring in third parties to support immediate needs until the agency is prepared to do so.

“The normal rulemaking process should be restored, instead of regulating through NTL’s, to allow for appropriate study, discussion and participation from stakeholder groups.

“This can be done. Secretary Salazar said just last week he is allowing shallow water drilling operations to implement new standards AND simultaneously continue to operate. We can make that same standard apply to deepwater drilling.

“And while the necessary work of finding the fuel this nation needs is going on with a renewed focus on safety; industry and government CAN work together to meet the standards laid out in the federal safety offshore report, dated May 27, 2010.

“If we have a sense of urgency to get this done, I am confident the United States of America has the resources to make it happen. The longer the shutdown continues, the more deepwater rigs will be increasingly committed to other parts of the world – there are plenty of other places they can drill – robbing the American workers who have worked so hard to gain the skills to do the tough work of fueling America.

“If those rigs leave our waters, we can’t be sure when or if they would return, even after the moratorium is finally lifted. The Baker Hughes services company out of Houston has already announced it has moved 300 of its 2100 Gulf area employees overseas, and a quarter of its equipment assets. Who’s next?

“Even if the drilling ban lasts only six months, it will mean an estimated:

- \$2.7 billion loss to the U.S. economy
- \$707 million in lost wages
- \$100 million in lost state and local taxes that pay for roads, schools and health care
- \$219 million in lost federal revenue
- A loss in valuable oil and natural gas production.

“As you can see, Director Bromwich, this moratorium affects much more than the oil industry. Access to affordable energy impacts every sector of our economy, every state in our nation and every American family. This moratorium on deepwater drilling in the Gulf of Mexico is a moratorium on energy security, on economic development and on American jobs.

“Thank you for your time here today and I wish to submit to you a variety of independent reports that support my testimony and request they be entered into the public record.”

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