February 11, 2025

The Honorable Pete Stauber, Chairman
Committee on Natural Resources
Subcommittee on Energy and Mineral Resources
United States House of Representatives
1333 Longworth House Office Building
Washington, DC 20515

The Honorable Yassamin Ansari, Ranking Member
Committee on Natural Resources
Subcommittee on Energy and Mineral Resources
United States House of Representatives
1332 Longworth House Office Building
Washington, DC 20515

Dear Chairman Stauber and Ranking Member Ansari:

Thank you for holding this important Hearing in the U.S. House Natural Resources Subcommittee on Energy & Mineral Resources on the importance of "*Restoring Energy Dominance: The Path to Unleashing American Offshore Energy.*"

Offshore U.S. Gulf of America production is one of the safest, most secure, and resilient sources of domestic energy. Williams' network of pipelines plays a critical role in ensuring uninterrupted energy delivery, even during supply disruptions caused by international conflicts. By efficiently transporting offshore energy resources and remaining committed to infrastructure build-out, we enhance long-term energy self-sufficiency by providing American companies, manufacturers, and exporters access to a stable, American oil and natural gas.

Notably, the Gulf has long-been one of America's most prolific providers of natural gas resources. In FY 2023, it generated 795 billion cubic feet of natural gas while also generating 674 million barrels of oil.[i] According to the U.S. Energy Information Administration (EIA), U.S. Gulf production accounts for nearly 15 percent of total U.S. crude and nearly five percent of total U.S. dry natural gas production. In fact, if the Gulf were a country, it would be one of the top 12 producing nations.[ii]

Further, the U.S. Gulf produces some of the lowest carbon-intensity barrels in the world, a particularly important attribute for our exporters. Wood Mackenzie estimates the average intensity in the U.S. Gulf to be 7.4 tons of carbon dioxide equivalent per thousand barrels of oil equivalent (tCO2e/kboe) in 2023, while the global average for deep and ultra-deepwater fields is 14.[iii] Moreover, a study by ICF International, commissioned by the National Ocean Industries Association (NOIA), found that the U.S. Gulf has a carbon intensity 46 percent lower than the global average outside of the U.S. and Canada, outperforming other nations like Russia, China, and Iran. The report also details how methane emissions are tightly controlled throughout U.S. offshore operations.

Outer Continental Shelf (OCS) oil and natural gas activities generate significant revenue for the U.S. Treasury and Gulf-producing states from lease sales, royalties on production, and rental fees. In 2024 alone, this generated $6.42 billion, funds distributed to the U.S. Treasury, Gulf-producing states, counties, and parishes to help address the maintenance backlog on federal lands and fund restoration programs. Revenues derived from offshore oil and gas activity provide the second largest contribution to the General Fund of the U.S. Treasury, behind the American taxpayer, which benefits all Americans through funding of daily operations of the U.S. Government.[iv]

Williams in the Gulf
Williams is the largest midstream service provider in the Gulf with over 2,500 miles of onshore and offshore gathering and transmission pipelines transporting both crude oil and natural gas in the Gulf Coast area. We own and operate oil pipelines capable of safely transporting 660,000 barrels per day of oil from offshore to onshore terminals along the Gulf Coast. We own and operate natural gas gathering pipelines capable of safely transporting 3.15 bcf/d from offshore production sources across the Gulf to our processing plants.

Williams owns and operates significant natural gas gathering and processing assets around the Gulf Coast states of Texas, Louisiana, and Alabama, including onshore natural gas liquids fractionation assets. Williams also owns and operates four deepwater crude oil pipelines and owns production platforms serving the deepwater in the Gulf.[v]

Williams has a history of successfully developing offshore gathering systems, including oil and gas gathering systems for the Whale and Perdido platforms, the latter of which is the world's deepest direct vertical access spar.

Another example is our 745-mile Gulfstream pipeline, an interstate natural gas pipeline that safely and reliably transports gas from the Mobile, Alabama area across the Gulf some 745-miles to the Tampa, Florida area to serve Florida's rapidly growing residential power generation needs. The pipeline system can move approximately 1.3 billion cubic feet per day to serve utilities, Local Distribution Companies (LDCs), and municipal users. The system is a joint venture with Williams functioning as the system operator.

We have ownership in two platforms in the Gulf. Devil's Tower, which is capable of safely handling 60,000 b/d of oil and 110 MMcf/d of natural gas, and Gulfstar, which is capable of handling 80,000 b/d of oil and 172 MMcf/d of natural gas. As a demonstration of our commitment to safety and reliability, Williams has a one-of-a-kind Pipeline Emergency Repair Kit (PERK), a fully stocked warehouse designed to shorten time and costs of post-hurricane pipeline repairs.

Williams pipelines ensure that U.S. energy resources from the Gulf of America reach key onshore demand centers, reducing net reliance on foreign energy imports and securing domestic energy supply. Our investment in offshore and associated onshore energy infrastructure creates thousands of direct and indirect jobs, supporting skilled labor and stimulating local economies. And, by enabling natural gas exports through liquified natural gas (LNG) facilities, Williams helps the U.S. capitalize on global energy demand, boosting national wealth and trade surpluses.

Williams is committed to safety and reliability. Williams takes action to comply with all applicable laws and regulations related to our pipelines. We continually monitor regulatory changes and industry events, and our plants are monitored 24 hours each day and seven days a week by highly skilled operations personnel using sophisticated technology.

To support the Gulf communities, Williams' local and community grant and giving in Gulf states, including employees giving their hard-earned money to support the communities where they live, totaled more than $3.6 million for calendar year 2024.

Pipelines are Essential, Pipelines Power America
Pipelines are the safest, cleanest, and most cost-efficient means of transporting energy. The U.S. Department of Transportation recognizes that pipelines are essential infrastructure capable of moving greater volumes of energy resources than any other mode of transportation.

Oil and natural gas account for 74 percent of our nation's energy mix – nearly all of that product is transported via pipeline.[vi]

Regions of the country where pipelines are more abundant see lower energy costs, and alternatively, it is no coincidence that regions with higher energy costs are known for overly aggressive permitting regimes or abuses of the permitting process to block or cancel interstate natural gas pipeline projects.

During peak demand, New England experiences extremely high price spikes compared to other areas of the country. For example, gas prices have spiked numerous times during winter months in New England (as high as $75 per MMBtu) in the past decade, while prices have remained moderate and more stable in Southwest Pennsylvania (consistently under $5 per MMBtu), where abundant supplies have adequate pipeline outlets to serve peak demand.

Growth in U.S. natural gas is driven by LNG exports, data center growth, electrification, and a general increase in energy consumption. Lower-48 gas demand growth driven by LNG exports is expected to more than double by 2030, with an additional 13.2 Bcf/d of growth expected from 2024-2030.[vii]

Electricity demand is also experiencing 10 times faster growth per year this decade than what was seen in previous decades, driven by the energy needs of artificial intelligence and the emergence of new, large-load data centers. U.S. data center power demand is expected to more than double from about 22 GW in 2023 to 45 GW in 2030 per S&P base case, requiring as much as 4 Bcf/d of incremental gas demand. It is notable, however, that this new technology's demand needs could be underestimated. If combined-cycle gas-fired generation provided 100 percent of the electricity for the range of forecasts already presented, it could translate into incremental U.S. demand for power as high as 12 Bcf/day.

This growing demand cannot be met by intermittent resources such as wind and solar. In fact, excluding this forecasted growth, to replace the energy supplied by natural gas to New York's homes and businesses in February 2023 alone, New York would need 285 times more utility scale solar installations than the state had in 2022 and enough solar panels to cover 549,000 football fields. And it would require $1 trillion in solar construction costs.[viii]

Additionally, Americans cannot rely on intermittent wind and solar to meet demand during peak hours or extended weather events. The U.S. saw record high power demand in 2023, averaging 35.2 Bcf/d (2.1 Bcf/d higher than in 2022), even as wind and solar grew. And peak day demand for natural gas hit a record high of 54.8 Bcf/d in August of 2024, highlighting the continued need for reliable natural gas to meet peak day needs and back up intermittent resources.

Peak day gas demand for power generation is expected to increase across all major Independent System Operators (ISO), due to the growth in electrification, artificial intelligence (AI), and data center growth.

America Needs More Pipelines to Meet Growing Demands and Ensure National Security

Data centers driving advancements in artificial intelligence will be built overseas if we do not build the critical energy infrastructure required to support their operations here. The U.S. has the abundant energy resources to meet this need, but a byzantine permitting system coupled with fervent opposition to human advancement from activist groups makes building infrastructure unnecessarily challenging. To ensure America's long-term competitiveness, Congress must prioritize permitting reform.

Demand for natural gas has increased 43 percent since 2013, while the capacity of infrastructure to support the demand has only grown 25 percent. Without action, the gap between demand and physical infrastructure will grow as AI tools become more critical to the U.S. in a competitive world marketplace. This gap will continue to impact reliability and affordability and harm American consumers.

It takes our industry about six-to-nine months to build a large natural gas pipeline safely and in a way that has little environmental footprint, but it can take years to get a project approved by government agencies. America's permitting system is labyrinthian by any reasonable measure, requiring projects to receive duplicative approvals from dozens of federal and state agencies.

Beyond the permitting process, there are also significant litigation risks from groups weaponizing regulatory loopholes and misusing environmental statutes to delay and cancel projects. Virtually every pipeline project encounters these costly and time-consuming delays. It has become a feature of the system.

There are three key steps to streamlining the regulatory process that Congress can take to help ensure that we have the infrastructure needed to meet growing energy demands:

1. **Policymakers need to empower the Federal Energy Regulatory Commission (FERC).** Currently, a single activist state can block a proposed interstate natural gas project, regardless of the benefits it would bring, through an abuse of the Clean Water Act's 401 review process. FERC already considers water quality issues as a part of its National Environmental Policy Act (NEPA) analysis, so bringing the 401 review process under FERC would create efficiencies and prevent any one state from obstructing inter-state commerce.

2. **Congress needs to reform judicial review, providing for the courts to fairly review the actions and decisions of government agencies**, such as the Bureau of Land Management (BLM), the Environmental Protection Agency (EPA), and FERC, to cut back on lawfare that leaves good projects languishing for months, if not years. The best way to accomplish this reform is to alter the evidentiary standard to provide greater durability for federal authorizations and principled guard rails to ensure challenges of the authorization are based on evidence, not harmless gaps in the administrative process. A challenge should only be successful if its proponent is able to present evidence that establishes clearly and convincingly that a permit authorization was improper. Otherwise, the authorization should stand.

3. **Lastly, but equally as important, is fixing the remedy allowed under the NEPA**, the procedural statute that is wrongly being used to delay, deny, and cancel energy infrastructure. NEPA litigation should be limited to the purpose of the statute – to inform the public. Defects in a NEPA analysis should only result in further disclosures, not in unduly delaying or cancelling a project.

These reforms would allow interstate natural gas pipelines, as well as other energy infrastructure, to be built to meet demand. We must come together to ensure the Clean Water Act, NEPA, and judicial review of agency decisions are working for the American people – not preventing progress and competitiveness in the name of politics.

Impediments to Increasing Production and Pipeline Capacity in the Gulf

The lengthy permitting process, changing federal regulations, and legal challenges inject uncertainty and delay pipeline expansions and upgrades needed in the Gulf to keep pace with growing energy demand.

In January 2021, shortly after taking office, the prior Administration issued an Executive Order announcing a moratorium on new oil and gas leases on public lands. The Administration continued to take aggressive action over the past four years to make it harder to produce oil and natural gas on federal lands and waters. By October 2023, E&E News reported that there was a 30 percent decrease in permits issued for new offshore oil and gas wells during the first two years of that Administration, compared to the equivalent period under the first Trump Administration. As the Institute for Energy Research explains, "*Unfavorable policies are deterring companies from making long-term, capital-intensive investments in the U.S. Gulf of Mexico, where almost all U.S. offshore drilling occurs. The Bureau of Safety and Environmental Enforcement permitted 105 wells in President Biden's first two years, which compares to approving 148 during President Trump's first two years in office and 275 during President Obama's first two years.*"[ix]

This drop-off in permitting, which bottlenecked the authorization of new offshore projects, was then compounded by the Administration's failure to adequately renew key permits and regulatory documents that are required, at minimum, just to maintain the current level of U.S. offshore production.

In early 2023, the prior Administration failed to renew the U.S. EPA's five-year discharge permit for oil and gas development in the Gulf. This led to a multi-month gap in permit compliance for offshore operators and their drilling contractors, where leaseholders were forced to choose between continuing to drill and produce wells at the risk of violating U.S. law (thus facing hefty, daily fines from EPA), or ceasing all operations and absorbing the significant cost of contracted services standing idle, as well as lost production. This was a pointless and costly regulatory gap that created significant investment and operational uncertainty for the upstream partners on which Williams relies to continuously supply raw hydrocarbons for processing and distribution through our midstream infrastructure.

Then, in December 2023, the prior Administration published its final 2024-2029 National Outer Continental Shelf Oil and Gas Leasing Program (Five-Year Plan). The leasing program, which is mandated by Congress to be conducted by the Secretary of Interior through the Outer Continental Shelf Lands Act (OCSLA), is one of the first steps in the offshore resource development process. Issued in five-year intervals, the program defines the terms and schedule of public lease sales in which upstream operators may bid on the rights to develop areas of the OCS that the federal government has determined appropriate via a rigorous environmental review process. Despite the critical role the leasing program plays in ensuring the steady upstream supply of hydrocarbons on which Williams and its customers rely, the Biden Administration delayed finalization of the 2024-2028 plan until December 2023, resulting in an 18-month gap from the previous plan (2017-2022). This was the longest gap without an active offshore leasing program since the program's inception in 1980. Additionally, despite both Democratic and Republican Administrations historically having issued robust programs featuring dozens of lease sales, the Biden Administration's five-year plan included only three sales over five years. This pace is far below the minimum of two sales per year cited by the upstream industry as the 'bare minimum' needed to maintain current levels of offshore production.

Permitting delays aside, the prior Administration actively pursued a politically biased approach to federal policy decisions surrounding energy development that sought to pick winners and losers by favoring non-oil and natural gas energy development on federal lands and waters, despite hydrocarbons being the nation's most reliable and consistent fuel source for over one hundred years. This bias has emboldened environmental activist groups to ramp-up their use of arbitrary and capricious legal challenges to jam the permitting process and cost energy companies, taxpayers, and the federal government millions of dollars in waste per year.

An example of a politically driven approach to federal energy policy is the July 2023 voluntary settlement between the prior Administration and activist groups regarding the Rice's whale. This agreement resulted in the removal of millions of prospective acres from Lease Sale 261 in the Gulf, which was mandated by the Inflation Reduction Act, and implemented new restrictions targeting the offshore oil and gas industry. The restrictions, under the name of mitigation measures and implemented through a Notice to Lessees – or NTL, exclusively targeted the offshore oil and gas industry, included vessel speed restrictions, and banned transit in the expanded habitat areas during dusk, dawn, and other times of low visibility. The Fifth U.S. Circuit Court of Appeals eventually found that the environmental groups lacked standing to challenge the Bureau of Ocean Energy Management (BOEM) from excluding the acres from the Congressionally mandated lease sale and ordered BOEM to hold Lease Sale 261 in the Gulf before the end of the year without additional regulations for Rice's whale.

The politically motivated Stipulated Stay agreement ignored the best science, contravened Congress' explicit directives in enacting the Inflation Reduction Act, and threatened America's energy independence.

A 2024 decision by the U.S. District Court for the District of Maryland to vacate the 2020 Biological Opinion for Gulf of Mexico Oil and Gas Activities (2020 BiOp) inserted risk, bureaucratic bottlenecks, and could halt all oil and natural gas operations in the Gulf, including for Williams.

The BiOp, issued by the U.S. Fish and Wildlife Service and the National Marine Fisheries Service in relation to the Endangered Species Act (ESA), was challenged by environmental groups, and an order to vacate was issued by a Maryland district judge. Eventually, the Court issued an order to stay the order to vacate until May 2025, however this Court decision has injected significant uncertainty into operations in the Gulf.

Additionally, the Biden Administration took numerous actions to make it harder to export U.S. LNG – an important economic driver for Gulf Coast states, as well as an important strategic asset for geopolitical security and lowering global emissions. Notably, the prior Administration banned the transportation of LNG by train, increased the time to review an LNG export permit at the U.S. Department of Energy from seven weeks to 11 months, and eventually halted permitting for LNG export facilities altogether. All these actions are examples of regulatory overreach into the global marketplace for U.S. LNG that created regulatory volatility and economic issues for Gulf states and communities.

If production in the Gulf becomes constrained, needed barrels could be replaced by higher carbon-intensity barrels and there could be a lag in future Gulf development opportunities. In September 2024, during Hurricane Francine, nearly 25 percent of oil and natural gas production in the Gulf was disrupted, causing natural gas prices to rise in Gulf Coast markets. This effect could be exacerbated if regulatory uncertainty continues in the Gulf.

Conclusion: Congress can Provide Much-Needed Certainty for Permitting Projects

Congress can instill certainty and spur increased investment of capital in American energy infrastructure, unleashing a renaissance in American manufacturing and an advancement of national security, all with American energy resources.

Pipelines power America, and our country and its citizens have received the benefits of this large-scale infrastructure for years. We should not take this historical benefit for granted and let competing countries rapidly build out their own infrastructure, while our permitting system continues to stifle ours. The timing is perfect for meaningful permitting reform that includes pipelines.

Real permitting reform will put the U.S. on a path to meet the ever-growing need for energy and a path to achieve human flourishing. The changes will cost taxpayers nothing while paying a world of dividends.

Sincerely,

THE WILLIAMS COMPANIES, INC.

T. Lane Wilson

T. Lane Wilson
Sr. Vice President and General Counsel

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[i] https://www.offshore-energy.biz/us-court-forestalls-threat-of-oil-gas-shutdown-in-gulf-of-mexico-with-a-reprieve/

[ii] https://www.eia.gov/special/gulf_of_mexico/

[iii] "Understanding the US GoM's emissions advantage" Wood Mackenzie Insight June 2023

[iv] https://revenuedata.doi.gov/explore/?dataType=Revenue&location=NFpercent2CNApercent2CGMR&mapLevel=State&offshoreRegions=true&period=Calendarpercent20Year&year=2023

[v] https://www.williams.com/pipeline/gulf-of-mexico-gathering-processing/

[vi] https://www.eia.gov/energyexplained/us-energy-facts/

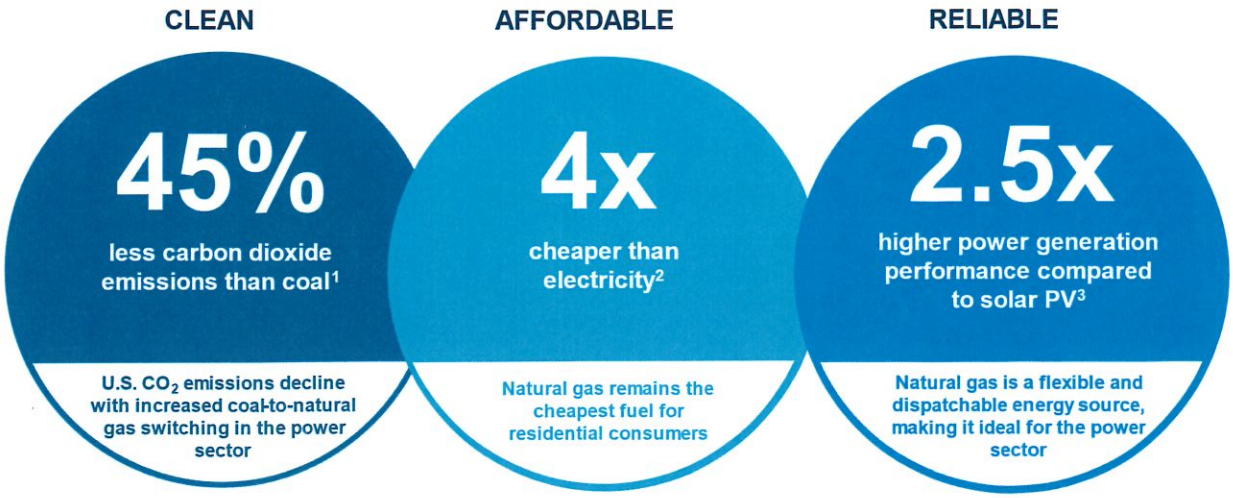
[vii] Source: Wood Mackenzie North America Gas, Investment Horizon Outlook, November 2024.

[viii] Williams' analysis utilizing data from S&P Global Platts, US Energy Information Administration, Environmental Protection Agency and National Renewable Energy Laboratory. 1To replace the natural gas Btus that NY state's residential/commercial customers used on 02/3/2023, it would take 285x more utility scale solar installations than the state had in 2022.

[ix] http://instituteforenergyresearch.org/regulation/200-ways-the-biden-administration-and-democrats-have-made-it-harder-to-produce-oil-gas/

APPENDIX:

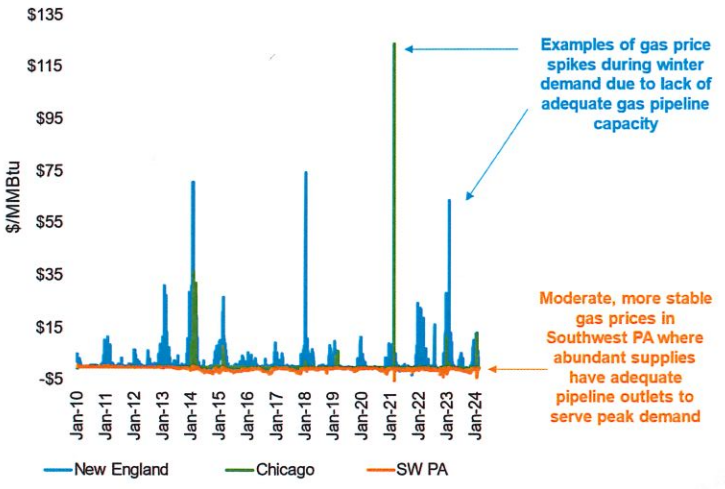
Natural gas meets the trifecta for energy solutions



Sources: [1]Energy Information Administration (EIA) Carbon Dioxide Emissions Coefficients by Fuel ; [2]U.S. Energy Information Administration (EIA), Annual Energy Outlook, 2023. Avg. Unit Costs of Energy for U.S. Mid Atlantic Re sidential Energy Sources; [3]U.S. Energy Information Administration using 2023 capacity factors for US combined -cycle gas fired-generation versus utility sca le solar photovoltaic

Lack of adequate natural gas pipeline capacity creates price spikes during days of peak demand

Historical Natural Gas Price Basis to Henry Hub - Northeast Region



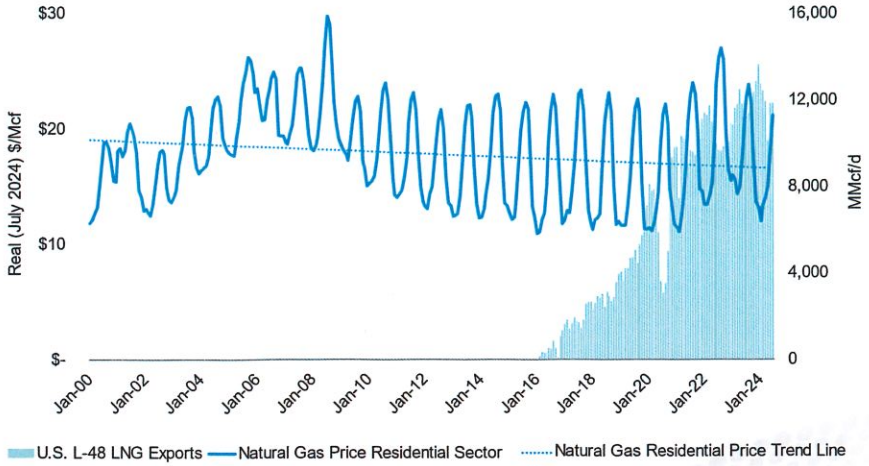
The need for **incremental gas capacity**

As prices in pipeline constrained markets, such as New England, continue to spike each winter with high demand, SW Pennsylvania prices tend to be more moderate due to better pipeline access to gas abundant supplies

Source: S&P Global Commodity Insights © 2024 Algonquin city -gates was used as the proxy for New England. Chicago city -gates as the proxy for Chicago. EGT South was used as the proxy for SW PA

Consumer natural gas prices have remained stable even as U.S. LNG exports increased over 13 Bcf/d since beginning in 2016

Monthly Average Residential Natural Gas Price (Real$ 2024) vs. U.S. LNG Exports

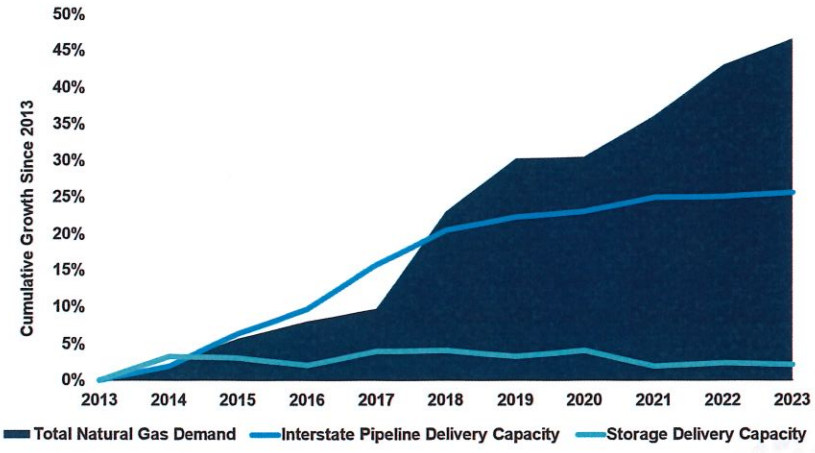


Even with seasonal price fluctuations, consumer prices have been stable since U.S. LNG exports began in 2016[1]

Source: U.S. Energy Information Administration (EIA)
[1] U.S. Lower-48 LNG exports commenced in February 2016

There is a growing need for reliable infrastructure investment

Cumulative Percentage Growth in L-48 Natural Gas Demand versus Growth in Interstate Natural Gas Pipeline Capacity and Natural Gas Storage Delivery, 2013-2023



Since 2013 demand for gas has grown by

▲ 47%

while infrastructure to deliver gas has increased by

▲ 26%

and storage delivery capacity has grown by

▲ 2%

Source: U.S. Energy Information Administration (EIA).