Unlocking the New South-Central Gulf of America for Energy Development: Potential Economic Impacts and Opportunities

Prepared By

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API American Petroleum Institute

NOIA America's Offshore Energy Industry

Executive Summary

The Gulf of America offshore oil and natural gas industry is a significant contributor to domestic energy production, the national economy, employment, and government revenues. Access to the Eastern Gulf planning area has long been restricted, and despite various policy proposals, the area has remained unavailable for oil and natural gas development. In November of last year, the Bureau of Ocean Energy Management proposed that lease sales be held beginning in 2029 for a limited area of the Gulf of America of America dubbed "Program Area B", which is the newly designed South-Central Gulf of America Planning Area. This area, which is adjacent to the Central Gulf planning area, would allow access to a limited portion of the resources in the new South-Central GOA Planning Area, primarily in deep water, excluding areas near the coasts of Florida.

Energy and Industrial Advisory Partners has been commissioned by the American Petroleum Institute to prepare a report that constructs a scenario of oil and natural gas development in the South-Central GOA Planning Area, based on the resource potential of the area, geologic analogs, and the full value chain of oil and natural gas development and production. It quantifies the capital and other investments projected to be undertaken by the oil and natural gas industry, identifies linkages to the oil and gas supply chain at both the state and national levels, estimates both job creation and contributions to the economy associated with oil and natural gas development, as well as government revenues due to lease bids, rents, and production royalties.

This study estimates that if access to South-Central GOA Planning Area for oil and natural gas exploration were allowed, with leasing beginning in 2029, by 2040, over 470 thousand barrels of oil equivalent are projected to be produced from the South-Central GOA Planning Area. The oil and natural gas industry exploration, production, and operational spending is projected at just over $13 billion. Industry-supported employment from this spending is projected at around 130 thousand jobs, and supported GDP is projected at just over $11.3 billion. (Table 1)

Table 1: South-Central GOA Planning Area Oil and Natural Gas Development Key Findings

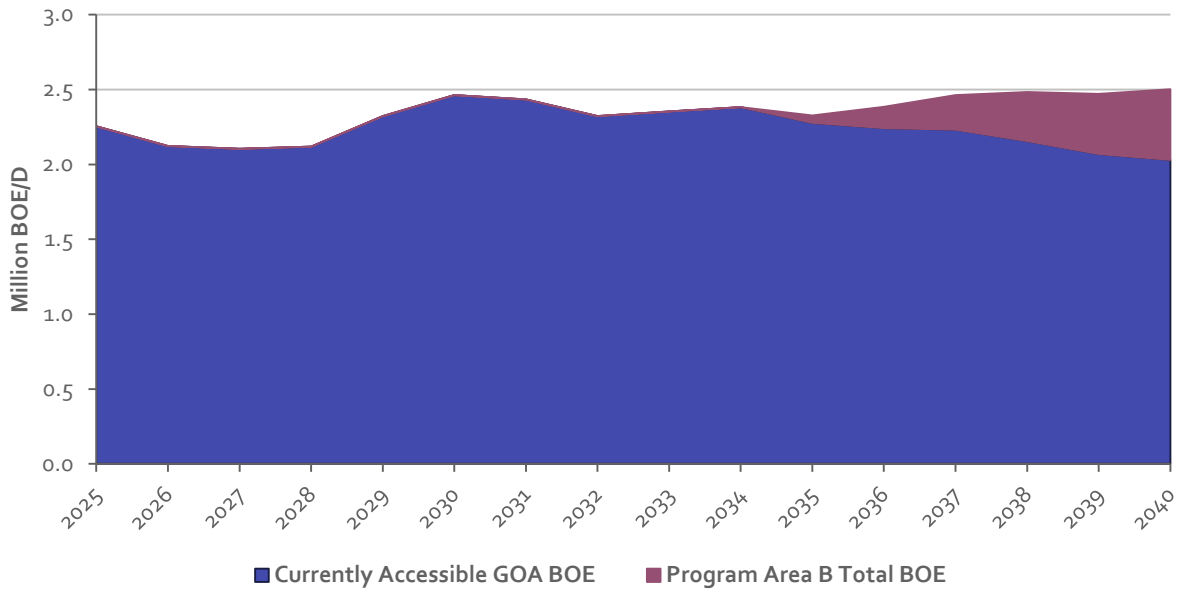
Economic Impact	10 Year Average (2031 to 2040)	2040
Capital Investment and Spending ($ Billions)	$6.7	$13.1
Employment	69,050	133,202
Contributions to GDP ($ Billions)	$5.8	$11.3
Government Revenues ($ Billions)	$0.6	$1.5

Oil and Natural Gas Production (BOED)	147,509	472,717

Source: Energy and Industrial Advisory Partners

Opening the South-Central GOA Planning Area to offshore oil and natural gas leasing, exploration, and development is projected to maintain and increase the Gulf of America's contributions to domestic energy production and help the United States maintain energy independence. (Figure 1)

Figure 1: Projected Currently Accessible Gulf of America[1] and South-Central GOA Planning Area Oil and Natural Gas Production



Source: Energy and Industrial Advisory Partners, Energy Information Administration

Study Limitations

Given the significant volatility and uncertainty in energy markets and the global economy, the assumptions and forecasts in this report are based on reasonable readings of conditions when this report was developed. Uncertainty around commodity pricing, global economic conditions, and individual operators' actions in response to the opening of the South-Central GOA Planning Area, as well as limited historical exploration activity in the area, may significantly affect the forecasts contained in this report. EIAP makes no representations as to the impacts of the potential policy environment addressed in this report. Additional potential long-term impacts due to changes in economic and employment patterns that are beyond the scope of this report could also increase the scenario's impact. The report's projections of the effects of this potential scenario on engineering, operations, and costs are independent, good-faith views derived from reasonable assumptions based on these potential scenarios

[1] GOA forecast production is based on the Energy Information Administration's 2025 Long Term Energy Outlook

and the authors' expertise and experience. Energy and Industrial Advisory Partners provided this independent study while expressly disclaiming any warranty, liability, or responsibility for the completeness, accuracy, use, or fitness to any person or party for any reason.

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Introduction

Purpose of the Report

Energy and Industrial Advisory Partners were commissioned by the American Petroleum Institute (API) to provide an independent evaluation of the potential impacts of the development of offshore oil and gas resources within the South-Central GOA Planning Area of the Eastern Gulf of America, if leasing in the area began in 2029 and continued regularly in the following years. This study projects potential impacts on oil and natural gas production, supported employment, GDP, and government revenues. The conclusions outlined in this study are based solely upon government and other publicly available data and EIAP's own expertise and analysis.

The report assumes a continued supportive regulatory environment throughout the forecast period, including regular lease sales and continued permit approvals for seismic, drilling, and project development in the South-Central GOA Planning Area. The analysis uses existing USGS and Bureau of Ocean Energy Management (BOEM) resource estimates.

This analysis projects the full lifecycle of offshore oil and natural gas development that is projected to take place following the beginning of leasing in the South-Central GOA Planning Area. The report projects spending from leasing and seismic to exploration drilling, project development, and through production and operations.

This report assumes leasing will begin in 2029 with two lease sales in that year and 2030, with one additional lease sale for the South-Central GOA Planning Area through the end of the study in 2040. The study projects oil and natural gas industry activity, spending, employment, and government revenues associated with these activities through 2040.

Economic and employment impacts are calculated based on projected industry spending dependent on the report's forecasted timing of oil and natural gas exploration and production activities, as well as projections for where associated economic activity will take place. The report also projects estimated state and federal government revenues from sources such as bids, rents, and royalties, and projects the economic and employment effects of these, where applicable. State revenue calculations are based on the assumption that Florida will be included in state revenue sharing programs and that the current $650 million per year revenue sharing cap will remain in place. Assumptions on pricing, the location and types of spending, oil and natural gas prices, and economic multipliers are based on current conditions and may potentially change due to allowing access to the South-Central GOA Planning Area's oil and natural gas resources.

Report Structure

The first section of this report introduces the purpose of the report, the second section explains the South-Central GOA Planning Area and provides a brief history of the oil and natural gas industry in the Eastern Gulf of America, the next section provides an overview of the report's data development and methodology, the next section provides the results of the report, and the final section concludes. The report also includes appendices on methodology and results.

Excluded from Study

This paper is limited in scope to assess the potential impacts of the scenario developed for the report. Additionally, the projected government revenue impacts do not account for personal income taxes, corporate income taxes, or local property taxes. Due to the exclusion of these impacts, the economic impacts presented in this study likely represent conservative projections of the potential impacts of the scenario developed. Moreover, the impacts presented could be imprecise by as much as 10% or more due to the scenario studied and other factors.

About EIAP

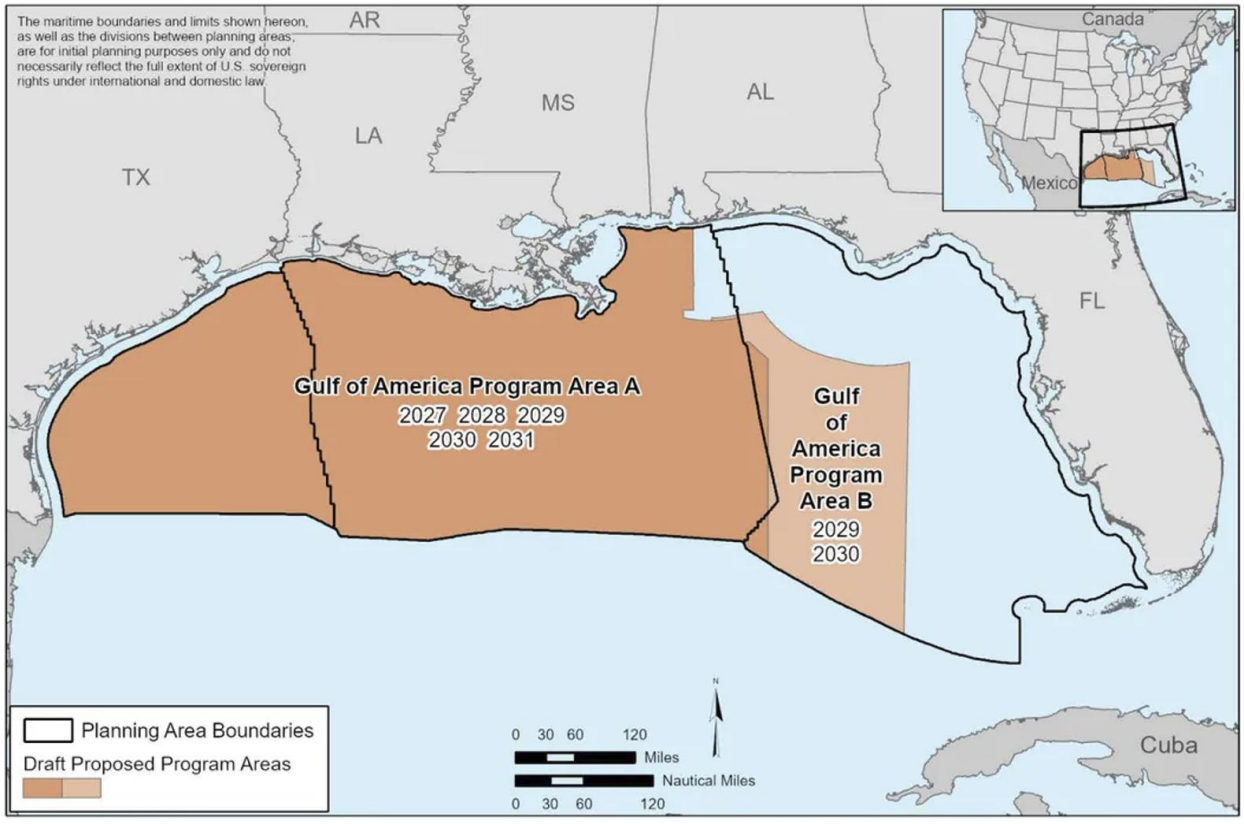
Energy & Industrial Advisory Partners (EIAP) was founded to provide companies and their management teams, investors, and industry associations across the energy and industrial markets with economic and strategic consulting and M&A advisory services from seasoned advisors with significant industry experience. EIAP is a specialist Economic and M&A advisory and consulting firm that utilizes its deep industry experience and rigorous analytical methodologies to help stakeholders gain the insights they require to make more informed, data-driven decisions. For more information, please visit **eiapartners.com**.

The South-Central GOA Planning Area and the Eastern Gulf of America

The Eastern Gulf as a whole is the second largest OCS area within the US Gulf of America, comprising 64.5 million acres of federal waters stretching southeast of the Florida and Alabama border. Currently, 98% of the acreage, as well as the majority of potential oil and gas reserves, remain inaccessible under the most recent 5-year leasing plan. No area of the Eastern Gulf of America (previously under a moratorium through GOMESA until 2022) has been included in recent leasing programs, including in the most recently released 2024 to 2029 program.

The currently under development 11th National OCS Leasing Program proposes the potential inclusion of a limited area "the South-Central GOA Planning Area" of the Eastern Gulf of America into lease sales to take place in 2029 and 2030. This would exclude areas of the Eastern Gulf within 100 nautical miles of Florida from leasing but open the southwestern portion of the Eastern Gulf to oil and natural gas activities. (Figure 2)

Figure 2: Proposed 2026 to 2031 Gulf of America Leasing Program, Including the South-Central GOA Planning Area



Source: 11th National Oil and Gas Leasing Draft Proposed Program: 1st Proposal

Lease History

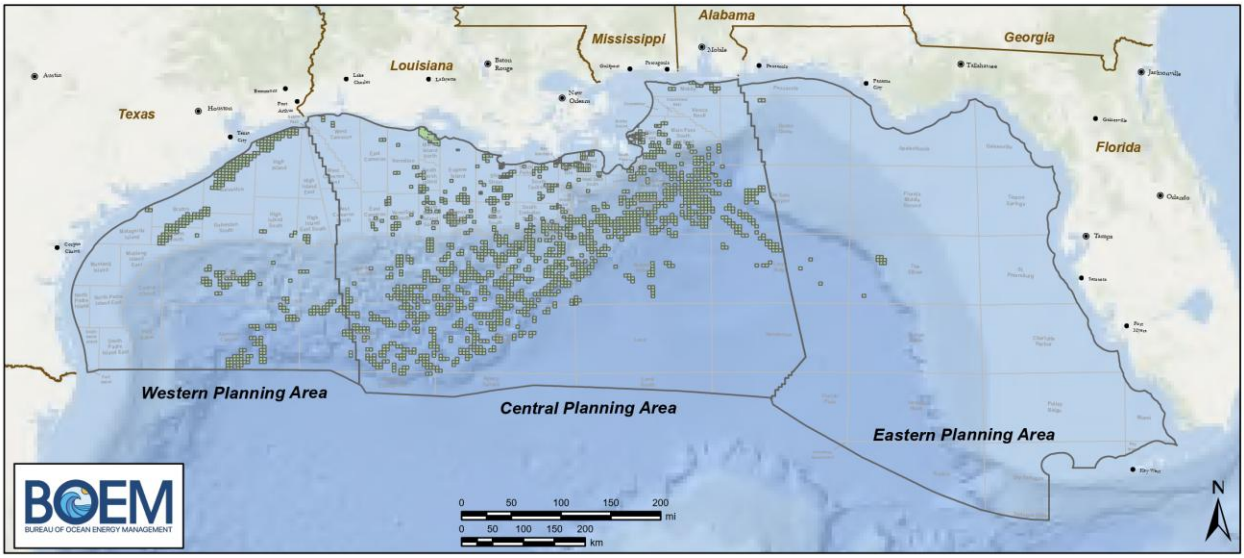
Federal lease sales within the Eastern Gulf took place between the years 1959-2016, with the most recent sales taking place in a selected portion along the Central and Eastern Gulf border. Overall, 11 lease sales have been completed within federal waters: 1959, 1973, 1984, 1985, 1988, 2001, 2003, 2005, 2008, 2014, and 2016.

Historically, sales in the area stretch back to the 1950's when the first lease comprising 80 blocks was offered in 1957. While federal lease sales were limited in the following years, offshore drilling continued through the period in shallow water areas upon the Florida shelf, culminating in the late 1970's when additional lease sales in state waters were halted.

In the late 1980's, Florida and the Department of the Interior (DOI) began to outline a proposed ban on lease sales as well as drilling in the Eastern Gulf, including placing a 100-mile buffer zone along the Florida coast (which aligns with the South-Central GOA Planning Area). This led to the repurchasing of leases from lessees throughout the period, though several operators were allowed to hold leases for future exploration if the moratorium was lifted within the region.

In 2001, a small, concentrated lease sale returned to the Eastern Gulf with lease sale 181, which offered 233 lease blocks in a portioned section directly east of the Central Gulf of America planning area border - incorporating sections of De Soto Canyon and Lloyd Ridge. Limited lease sales continued with five additional lease sales, most recently in 2016, which included an ever-decreasing number of acres and blocks on offer to operators as the leases on offer in the limited area along the western edge of the Eastern Gulf were leased (those areas included in Program Area A of the above map). (Figure 3)

Figure 3: Gulf of America including Eastern Gulf Active Leases



Source: Bureau of Ocean Energy Management

Drilling & Production

The history of offshore drilling in the Eastern Gulf has mainly been focused on a select number of historical opportunities in shallow water. Developed prospects include Alabama's Mobile Bay, Florida's Charlotte Harbor, Key West, as well as several prospects within the currently available deepwater region.

Throughout the 1960's and 1970's, exploration was limited but mainly focused on the Destin Dome region along the Alabama and Florida border. These exploration wells, while dry holes, helped delineate and define the sandstone and reservoir possibilities within the Norphlet play, which has become an important play in the Central Gulf. Further exploration within deeper portions of the area led to discoveries and projects within Alabama state waters, particularly the Mobile Bay region, as well as the Destin Dome project in block 56. Additional drilling has taken place in areas of the Florida shelf as well as the southern Key West region, though the wells are dated and limited in number.

More recently, deepwater drilling has taken place within the available region within De Soto Canyon and Lloyd Ridge along the Central Gulf border. These wells have led to several discoveries within the Eastern Gulf, while additional resources and wells have been completed in nearby areas of the Central Gulf of America. In particular, wells in the Norphlet play, which overlap into the South-Central GOA Planning Area, have been successful in recent years as projects such as Appomattox, Vicksburg, Rydberg, and Ballymore have been developed, with additional discoveries made, such as Dover and Nashville.

Eastern Gulf Resources

For this analysis, EIAP has estimated the amount and general location of oil and natural gas resources, generally based on the BOEM's "2021 Assessment of Technically Recoverable Hydrocarbon Resources of the Gulf of Mexico Outer Continental Shelf".[2]

The report identified possible oil and gas bearing geologies throughout the Gulf of America, including the Eastern Gulf. The play-by-play reserve assessments by the BOEM are the basis for both the resource and production models used to formulate this study, as discussed in the data development section and resource appendix.

Limitations

Given the significant volatility and uncertainty in energy markets and the global economy, the assumptions and forecasts in this report are based on reasonable interpretations of conditions at the time of its development. Uncertainty around commodity pricing, global economic conditions, and individual operators' actions in response to the potential opening of the South-Central GOA Planning Area to leasing, exploration, and development may significantly affect the forecasts contained in this report. EIAP makes no representations regarding the impacts of the potential policy environment discussed herein.

The report's projections of the effects of this potential scenario on engineering, operations, and costs are independent, good-faith views derived from reasonable assumptions based on these potential scenarios and the authors' expertise and experience. Energy and Industrial Advisory Partners provided this independent study while expressly disclaiming any warranty, liability, or responsibility for the completeness, accuracy, use, or fitness for any person or party for any reason.

Data Development

Methodology

The methodology used in the calculation of resources was derived from previous reports of the Bureau of Ocean Energy Management (BOEM) and its predecessor agencies on estimated resources in place. In total, 10 plays which overlapped with the South-Central GOA Planning Area were considered in the development of this report. Given that most plays considered overlap with areas of the Central Gulf of America, as well as areas of the Eastern Gulf outside of the South-Central GOA Planning Area, only a portion of the plays' potential resources were considered in the development of the report. Given the predictive nature of these reports, EIAP deemed it reasonable to extrapolate from BOEM estimates to better reflect undiscovered technically recoverable reserves (UTRR) growth patterns within developed

[2] "2021 Assessment of Technically Recoverable Hydrocarbon Resources of the Gulf of Mexico Outer Continental Shelf" Bureau of Ocean Energy Management

regions. This important step was principally modeled through analysis of historical reserve assessment growth within the developed areas of the Gulf of America, Alaska, and the North Sea. A resulting multiplier of 2.07 and UTRR alternative case of 10.38 MMboe were calculated using this methodology.

After recalculating UTRR play resources, further subdivision was assigned based on USGS field size distributions within similar geological plays. The combination of field sizing and number of fields allows for the distribution estimation of possible discoveries within each play, while the potential reserves within each discovery were then further discounted based on a recovery factor of similar geological plays. EIAP's assessments of potential field developments led to the creation of multiple project development scenarios dependent on the field sizing, with the assumption that large fields are more likely to be discovered first. Through the allocation of field discoveries into project categories based on individual play reserve expectations, EIAP forecasted the number of projects expected within each play.

Projects were developed under two major criteria that allowed for six development scenarios. These criteria were separated between deepwater and shallow water projects, and furthermore between small, medium, and large projects. This allowed for further delineation between projections, as each scenario has defined characteristics behind timing, spending, and production that drive later modeling. These delineations allowed for smaller projects to be developed under a shorter timeframe, require less hardware and engineering, and to produce lower volumes for fewer years, while the opposite holds true for larger projects. Project timing was developed based on offshore sector data, as each project was given an individual timeline representing the required time for a generic project of that size and scope. Timelines and infrastructure requirements were adjusted as infrastructure grew within certain areas, allowing for increased subsea tiebacks for deepwater projects and increased project numbers given decreasing infrastructure requirements and increasing project economics. Once in place, projects are expected to produce based on a set production curve based on historical ramp-up and peak production data for existing fields, while declines are expected to follow an Arps equation.

Scenario Development

The study's data development involved creating a comprehensive model that encompasses all key aspects of the offshore oil and natural gas exploration and production lifecycle. The main components of this model include:

- **Activity Model**: Evaluates near-term project activity, OCS reserves, and production, as well as the necessary project development and drilling activities to achieve production targets.
- **Spending Model**: Based on the activities required to develop and operate offshore oil and natural gas projects, incorporating reasonable assumptions about typical spending levels.
- **Government Revenue Model**: Utilizes forecast production levels, other relevant forecasts (such as leasing and block rentals), forecast commodity pricing, historical data on actual government

revenues and distributions, and governmental policies to predict potential government revenues.

- **Economic Model**: Uses projected spending and government revenue levels, along with assumptions about the nature and geographic distribution of spending, to forecast associated economic activity, including employment and gross domestic product.

Forecast oil and natural gas prices are based on the reference case of the US Energy Information Administration's Annual Energy Outlook 2025.

The methodology appendix contains additional information on the methodology used to develop the forecasts in this report.

The South-Central GOA Planning Area Impacts

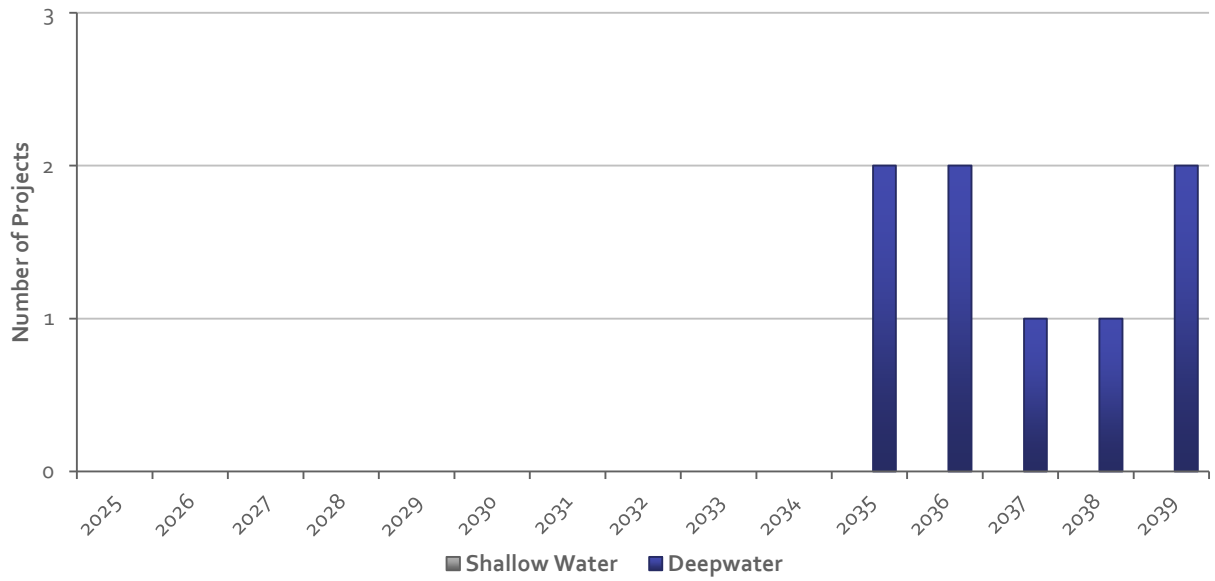
The Gulf of America oil and natural gas industry is a significant contributor to employment, gross domestic product (GDP), and state and federal government revenues. The potential opening of the South-Central GOA Planning Area to oil and natural gas leasing, exploration, and development is projected to provide large contributions to employment, gross domestic product, and state and federal government revenues. These benefits would be felt throughout the Gulf Coast region as well as the US as a whole.

Offshore oil and natural gas exploration and production require diverse activities, including seismic imaging of reservoirs, drilling of wells, manufacturing equipment, installing specialized equipment, and continuous operational activities. The development of the South-Central GOA Planning Area's oil and natural gas reserves would require capital and operational expenditures associated with these activities, as well as increase government revenues, which would combine to lead to increased employment and economic activity.

Projects

The development of new oil and natural gas projects is the primary source of industry capital spending, which supports national employment and GDP. Given the lack of existing projects in the South-Central GOA Planning Area, the development of new oil and natural gas producing projects would be the key driver of oil and natural gas production and spending. This study projects that through 2040, a total of 9 projects are projected to come online in the South-Central GOA Planning Area, with the first project beginning production as soon as 2035. (Figure 4)

Figure 4: Projected South-Central GOA Planning Area Offshore Oil and Natural Gas Project Startups by Year



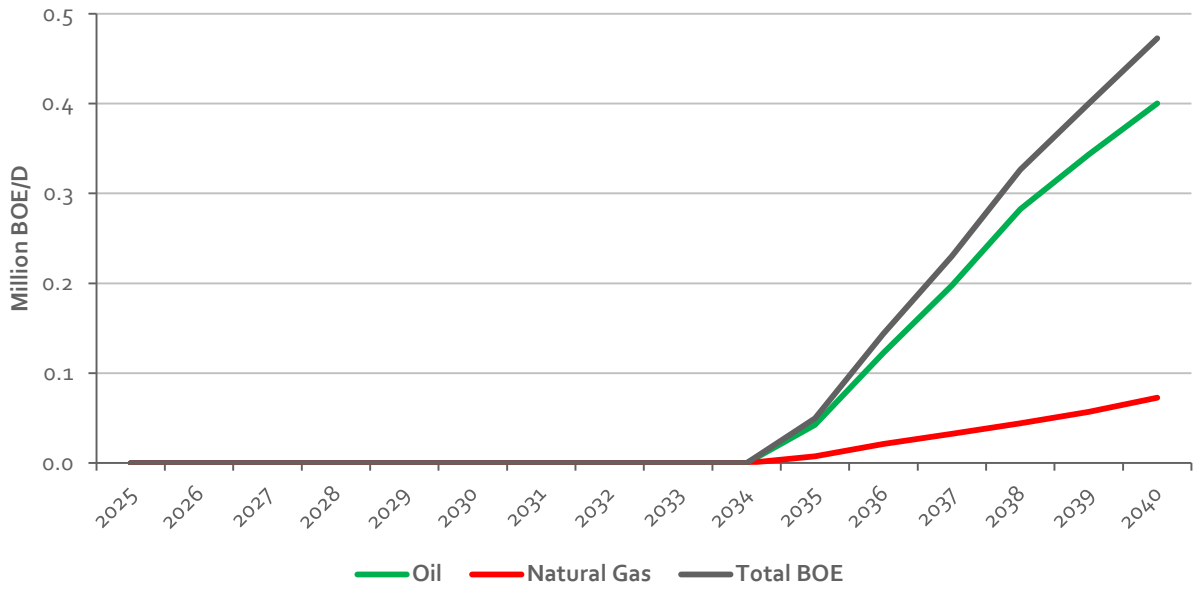
Source: Energy and Industrial Advisory Partners

Production

Oil and natural gas production is influenced by various factors, including new project developments, reservoir productivity, production ratios of oil and natural gas, well counts, the decline rate of wells, and operators' operational decisions. The production forecast in this report uses a project-based methodology coupled with projections of oil and natural gas resource discoveries. This report's forecast incorporates project developments, using indicators such as project water depth, the number of projected producing wells, expected per well production levels, peak production year assumptions, and decline rate assumptions.

This study forecasts that in the South-Central GOA Planning Area, oil and natural gas production in 2040 at the end of the forecast period will reach just over 470 thousand barrels of oil equivalent per day, with oil and other liquids accounting for around 84 percent of production and natural gas accounting for around 16 percent of production. (Figure 5)

Figure 5: Projected South-Central GOA Planning Area Oil and Natural Gas Production (BOE/D)



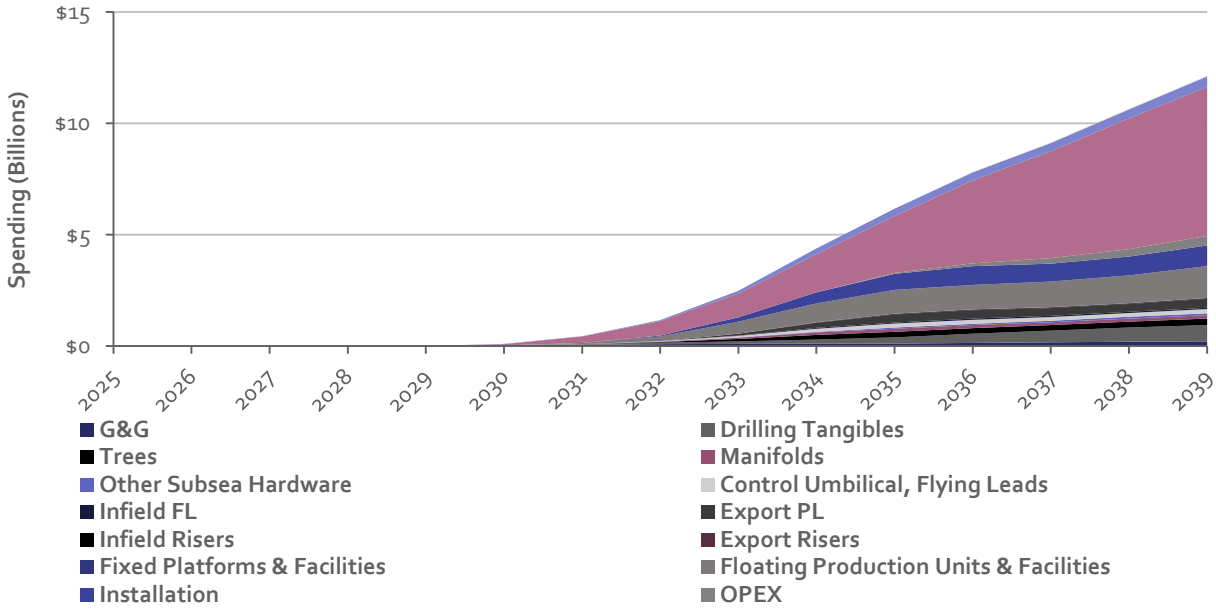
Source: Energy and Industrial Advisory Partners

Spending

Offshore oil and natural gas exploration, development, and operations demand substantial capital and operational investments. These investments cover a range of activities, including geological and geophysical surveys, drilling, engineering, procurement and installation of surface and subsea production equipment, operational expenditures, and decommissioning.

For this study, spending was modeled across 19 categories, covering the entire spectrum of activities needed to identify, explore, develop, operate, and decommission offshore oil and natural gas projects. In the scenario outlined in this report, the South-Central GOA Planning Area offshore oil and natural gas spending is projected to reach just over $13 billion in 2040. Over the ten-year period from 2031 to 2040, spending is expected to average just over $6.7 billion annually. (Figure 6)

Figure 6: Projected South-Central GOA Planning Area Annual Offshore Oil and Natural Gas Spending

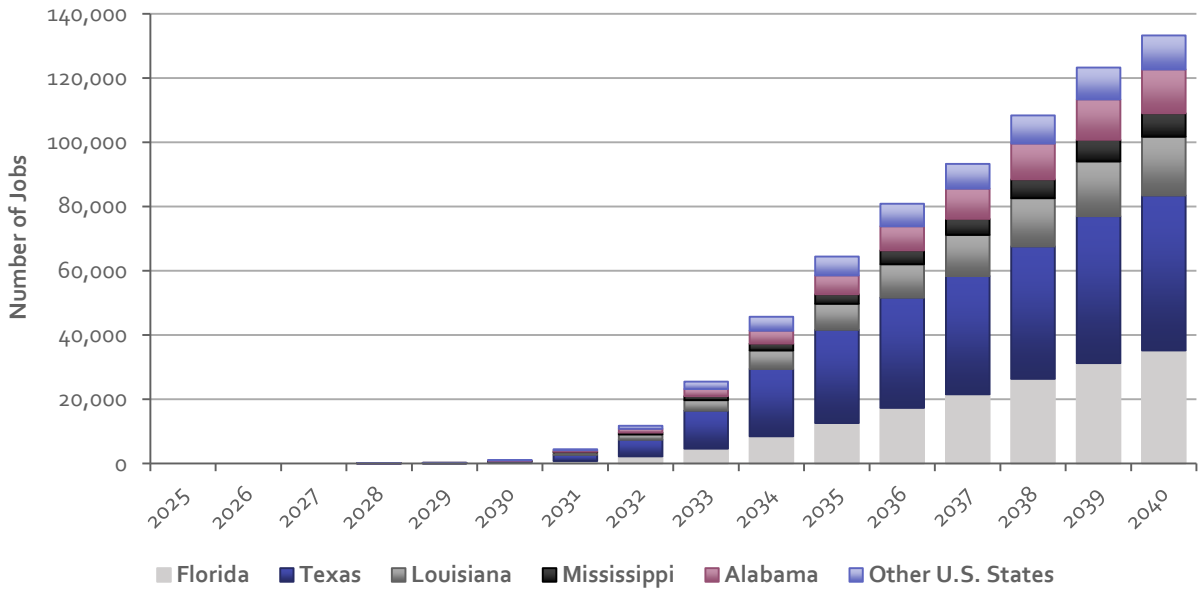


Source: Energy and Industrial Advisory Partners

Employment

Offshore oil and natural gas exploration, development, and operations require significant spending, which can support significant employment across the US. While the most substantial employment impacts are felt in the Gulf Coast states, nearly all states benefit from industry activity and spending. The offshore oil and natural gas industry directly supports many high-paying jobs, including well-compensated blue-collar positions. Beyond direct employment, the industry also supports significant employment through its supply chain (indirect jobs) and increased spending by workers (induced jobs). By 2040, employment supported due to South-Central GOA Planning Area offshore oil and natural gas development is expected to reach just over 130 thousand jobs. On average, in the ten-year period from 2031 to 2040, just over 61 thousand jobs are projected to be supported. (Figure 7)

Figure 7: Projected South-Central GOA Planning Area Oil and Natural Gas Supported Employment



Source: Energy and Industrial Advisory Partners

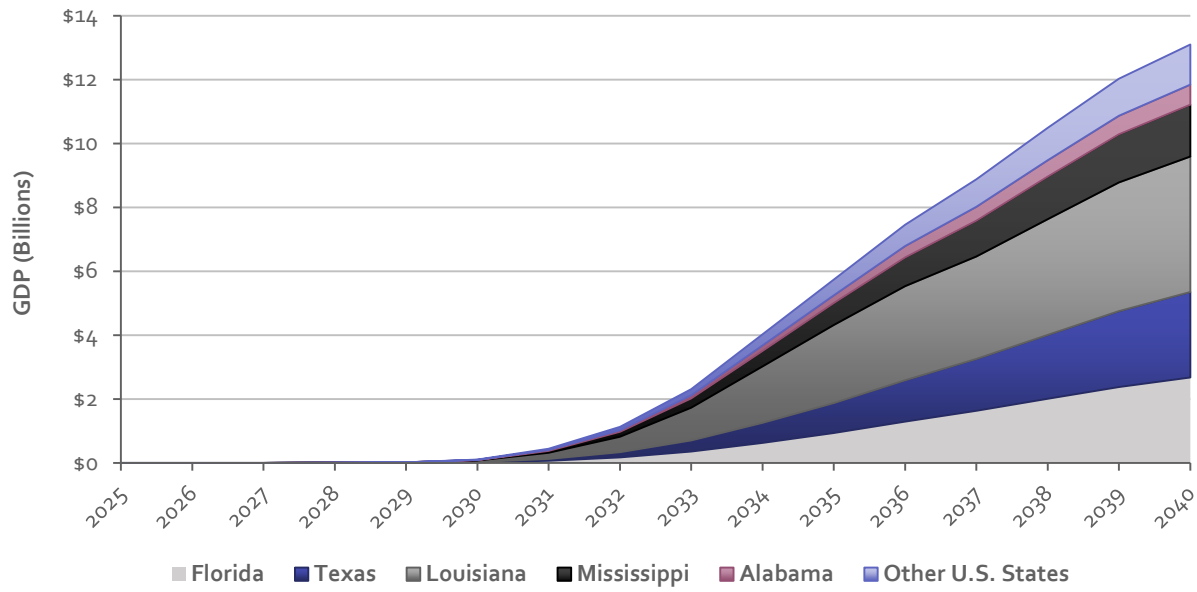
Given the large existing Gulf of America oil and natural gas supply chain, much of the economic activity due to spending to explore and develop the South-Central GOA Planning Area will likely continue to take place in states such as Texas, Louisiana, and Alabama.

In Florida, employment is projected to reach just over 35 thousand jobs by 2040. Employment is projected to average around 14 thousand jobs in the ten-year period from 2031 to 2040. In Texas, employment is projected to reach just over 48 thousand jobs by 2040. Employment is projected to average around 25 thousand jobs in the ten-year period from 2031 to 2040. In Louisiana, employment is projected to reach just over 18 thousand jobs by 2040. Employment is projected to average around eight thousand jobs in the ten-year period from 2031 to 2040. In Alabama, employment is projected to reach over 13 thousand jobs by 2040. Employment is projected to average around six thousand jobs in the ten-year period from 2031 to 2040. In Mississippi, employment is projected to reach over 7 thousand jobs by 2040. Employment is projected to average around three thousand jobs in the ten-year period from 2031 to 2040. In the rest of the US, employment is projected to reach just under 11 thousand jobs by 2040. Employment is projected to average over five thousand jobs in the ten-year period from 2031 to 2040.

GDP

The offshore oil and natural gas industry activity supports significant levels of gross domestic product nationally. It is projected that opening the South-Central GOA Planning Area to offshore oil and natural gas leasing, exploration, and development would increase that support. In 2040, the industry is projected to support just under $11.3 billion of USGDP. Over the 10-year period from 2031 to 2040, contributions to GDP are projected to average just over $5.2 billion per year. (Figure 8)

Figure 8: Projected South-Central GOA Planning Area Oil and Natural Gas Contributions to GDP



Source: Energy and Industrial Advisory Partners

In Florida, supported GDP is projected to reach nearly $2.7 billion in 2040. Over the ten-year period between 2031 and 2040, supported GDP in Florida is anticipated to average just over $1 billion. In Texas, supported GDP is projected to reach just over $4.2 billion in 2040. Over the ten-year period between 2031 and 2040, supported GDP in Texas is anticipated to average nearly $2.2 billion. In Louisiana, supported GDP is projected to reach just over $1.6 billion in 2040. Over the ten-year period between 2031 and 2040, supported GDP in Louisiana is anticipated to average around $725 million. In Alabama, supported GDP is projected to reach around $1.2 billion in 2040. Over the ten-year period between 2031 and 2040, supported GDP in Alabama is anticipated to average just over $540 million. In Mississippi, supported GDP is projected to reach $625 million in 2040. Over the ten-year period between 2031 and 2040, supported GDP in Texas is anticipated to average around $275 million. In the rest of the US, supported GDP is projected to reach nearly $900 million in 2040. Over the ten-year period between 2031 and 2040, supported GDP in Texas is anticipated to average nearly $435 million.

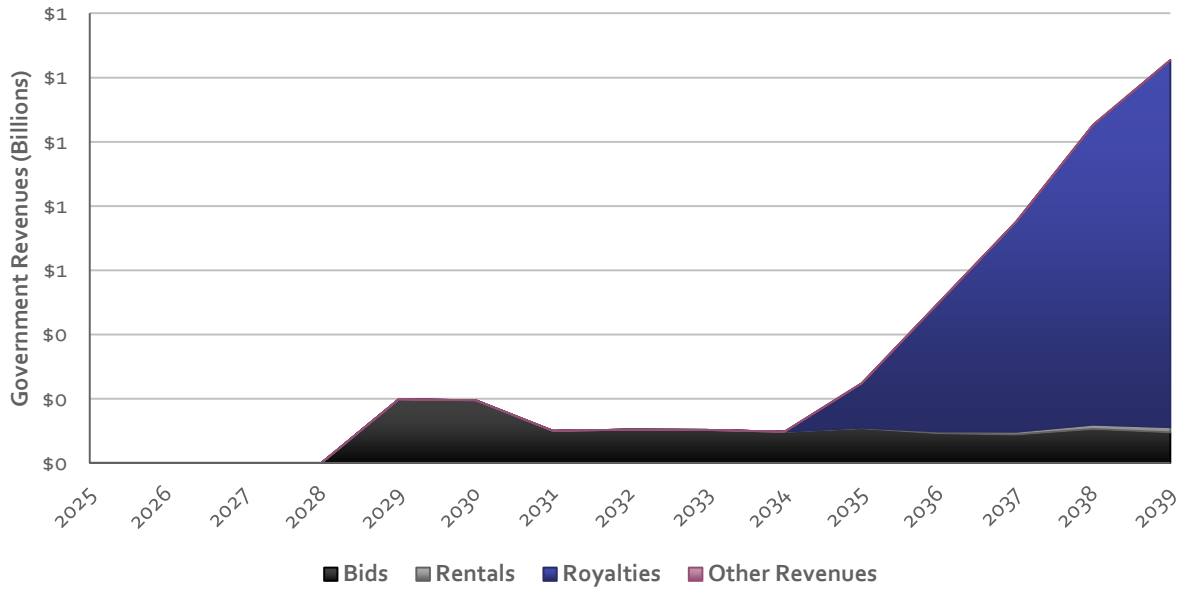
Government Revenues

The Gulf of America offshore oil and natural gas industry generates government revenue through three primary streams: royalties on produced oil and natural gas, bonus bids for acquiring lease blocks, and rents paid by operators for leased blocks. Various policies influence these revenues, including royalty relief based on production rates and different rent and royalty structures for fields at varying water depths. The value of oil and natural gas from the Gulf differs from standard indicators like West Texas Intermediate (WTI) crude due to factors such as transportation costs, long-term sales contracts, and quality and location differentials. To forecast potential future government revenues from South-Central

GOA Planning Area offshore activities, data from the Office of Natural Resource Revenue (ONRR) and price projections from the Energy Information Administration's Annual Energy Outlook 2025 were used. There are currently no provisions in place for state revenue sharing with Florida, unlike the traditional Gulf of America oil and natural producing states. This study assumes that, if the South-Central GOA Planning Area were to be opened for oil and natural gas leasing, exploration, and development, Florida would be included in revenue sharing programs and that the current cap of $650 million would remain in place.

By 2040, government revenues from South-Central GOA Planning Area oil and natural gas activities are expected to reach nearly $1.5 billion. Over the 2031 to 2040 ten-year period, these revenues are projected to average just under $890 million annually, excluding personal and corporate income taxes and property taxes. The largest revenue source is royalties on produced oil and natural gas, reaching over $780 million in 2024. Bid revenues are expected to reach around $90 million in 2040, and rental revenues are projected to reach $11 million in 2040. (Figure 9)

Figure 9: Projected South-Central GOA Planning Area Oil and Natural Gas Government Revenues by Type



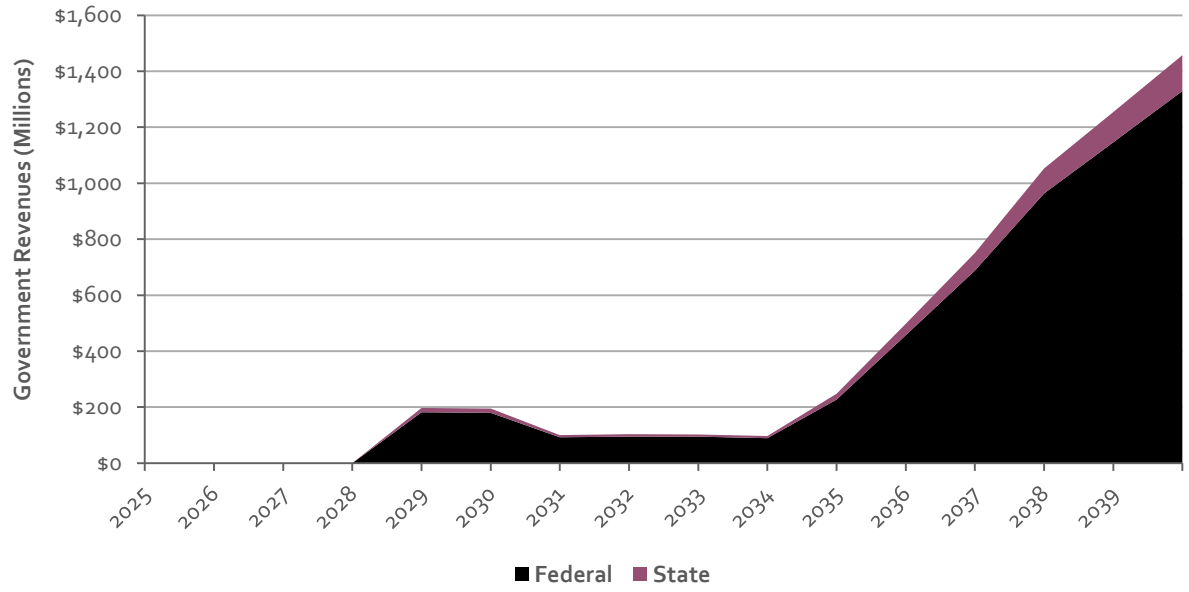
Source: Energy and Industrial Advisory Partners

In 2006, Congress passed the OCS Energy Security Act (GOMESA), establishing revenue-sharing provisions for the four Gulf of America oil and natural gas producing states—Texas, Louisiana, Alabama, and Mississippi—and their coastal political subdivisions. Revenue sharing was implemented in two phases, starting in 2007 and 2017. The current cap on revenue sharing as of FY 2025 is $650 million. The state of Florida is not currently eligible for revenue sharing, but this study assumes that if the South-Central GOA Planning Area is opened to oil and natural gas leasing, exploration, and production, the

state would be included. The study also assumes the current $650 million cap for all Gulf of America states would remain in place.

This report's revenue sharing forecasts were developed using total projected Federal Government revenues, actual fiscal year distribution data from the ONRR, an analysis of revenue sharing growth and caps, and projections of other Gulf of America states revenue sharing projections. By 2040, South-Central GOA Planning Area oil and natural gas activities are projected to lead to revenue sharing for Florida of over $127 million. Across the 2031 to 2040 10-year period, revenue sharing for Florida is projected to average just over $48 million per year. (Figure 10)

Figure 10: Projected State vs. Federal Government Revenues due to South-Central GOA Planning Area Oil and Natural Gas Activities



Source: Energy and Industrial Advisory Partners

Conclusions

The Gulf of America's oil and natural gas industry significantly contributes to domestic oil and natural gas production as well as employment, GDP, and federal and state government revenues. Opening the South-Central GOA Planning Area to oil and natural gas exploration, development, and production would likely lead to increased Gulf of America oil and natural gas production, as well as employment, GDP, and government revenues. (Table 2)

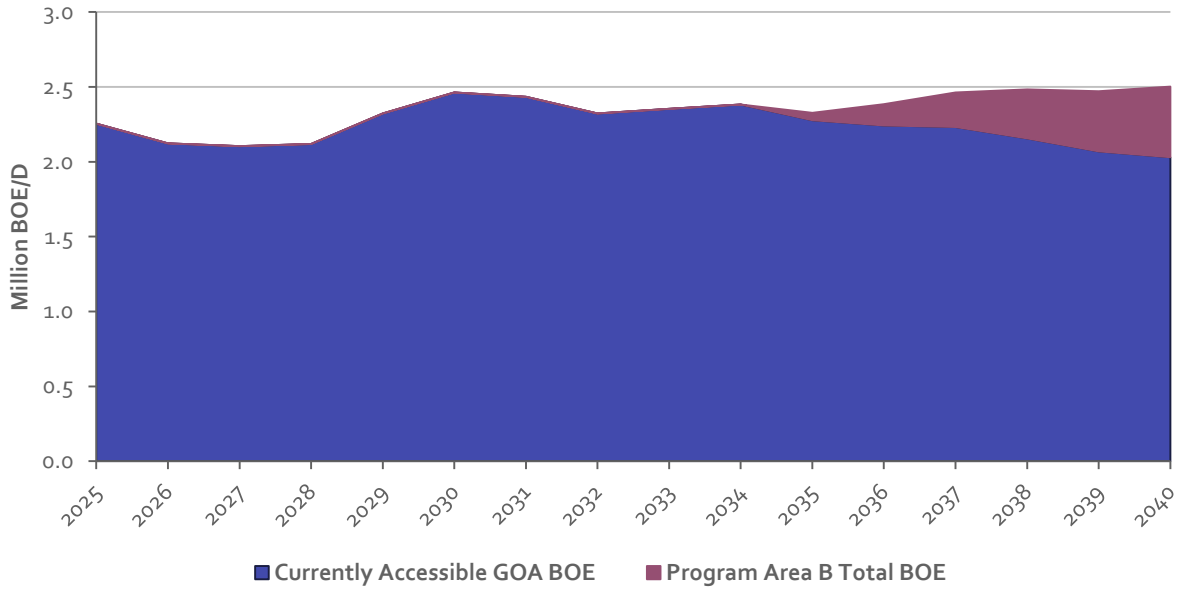
Table 2: South-Central GOA Planning Area Oil and Natural Gas Development Key Findings

Economic Impact	10 Year Average (2031 to 2040)	2040
Capital Investment and Spending ($ Billions)	$6.7	$13.1
Employment	69,050	133,202
Contributions to GDP ($ Billions)	$5.8	$11.3
Government Revenues ($ Billions)	$0.6	$1.5
Oil and Natural Gas Production (BOED)	147,509	472,717

Source: Energy and Industrial Advisory Partners

Opening the South-Central GOA Planning Area to offshore oil and natural gas activities is projected to help maintain and increase the Gulf of America's contributions to domestic energy production and help the United States maintain energy independence. (Figure 11)

Figure 11: Projected Currently Accessible Gulf of America[3] and South-Central GOA Planning Area Oil and Natural Gas Production



Source: Energy and Industrial Advisory Partners, Energy Information Administration

[3] GOA forecast production is based on the Energy Information Administration's 2025 Long Term Energy Outlook

Appendices

Methodology

Resources

Methodology used in the calculation of resources was derived from previous reports of the Bureau of Ocean Energy Management (BOEM) and its predecessor agencies on estimated resources in place. In total, 10 plays which overlapped with the South-Central GOA Planning Area were considered in the development of this report. (Table 3)

Table 3: Plays Considered in Analysis

Play	Relevant Play	50% UTRR Oil (Billion Barrels)	50% UTRR Gas (TCF)
B	Expanded Jurassic	0.37	0.27
C	Norphlet Slope	3.35	2.41
D	Smackover	0.82	5.76
E	Lower Tertiary Basin Floor	0.99	0.26
F	Lower Miocene Slope	4.39	1.92
G	Middle Miocene Slope	3.92	6.62
H	Upper Miocene Slope	3.72	10.68
I	Pliocene Slope	0.39	1.02
J	Pleistocene Slope	0.05	0.34

Source: Energy and Industrial Advisory Partners

Given that most plays considered overlap with areas of the Central Gulf of America, as well as areas of the Eastern Gulf outside of the South-Central GOA Planning Area, only a portion of the plays' potential resources were considered in the development of the report. All plays are also not expected to contribute to oil and natural gas production during the forecast period. Given the predictive nature of these reports, EIAP deemed it reasonable to extrapolate from BOEM estimates to better reflect undiscovered technically recoverable reserves (UTRR) growth patterns within developed regions. This important step was principally modeled through analysis of historical reserve assessment growth within the developed areas of the Gulf of America, Alaska, and the North Sea. A resulting multiplier of 2.07 and UTRR alternative case of 10.38 MMboe were calculated using this methodology.

After recalculating UTRR play resources, further subdivision was assigned based on USGS field size distributions within similar geological plays. The combination of field sizing and number of fields allows for the distribution estimation of possible discoveries within each play, while the potential reserves

within each discovery were then further discounted based on a recovery factor of similar geological plays. EIAP's assessments of potential field developments led to the creation of multiple project development scenarios dependent on the field sizing, with the assumption that large fields are more likely to be discovered first. Through the allocation of field discoveries into project categories based on individual play reserve expectations, EIAP forecasted the number of projects expected within each play.

Projects were developed under two major criteria that allowed for six development scenarios. These criteria were separated between deepwater and shallow water projects, and furthermore between small, medium, and large projects. This allowed for further delineation between projections, as each scenario has defined characteristics behind timing, spending, and production that drive later modeling. These delineations allowed for smaller projects to be developed under a shorter timeframe, require less hardware and engineering, and to produce lower volumes for fewer years, while the opposite holds true for larger projects.

Project timing was developed based on offshore sector data, as each project was given an individual timeline representing the required time for a generic project of that size and scope. Timelines and infrastructure requirements were adjusted as infrastructure grew within certain areas, allowing for increased subsea tiebacks for deepwater projects and increased project numbers given decreasing infrastructure requirements and increasing project economics. Once in place, projects are expected to produce based on a set production curve based on historical ramp-up and peak production data for existing fields, while declines are expected to follow an Arps equation.

Scenario Development

The study's data development involved creating a comprehensive model that covers all major aspects of the offshore oil and natural gas exploration and production lifecycle. The key components of this model include:

- **Activity Model**: Evaluates near-term project activity, OCS reserves, and production, as well as the necessary project development and drilling activities to meet production targets.
- **Spending Model**: Based on the activities required to develop and operate offshore oil and natural gas projects, incorporating reasonable assumptions about typical spending levels.
- **Government Revenue Model**: Utilizes forecast production levels, leasing, block rentals, forecast commodity pricing, historical government revenue data, and policies to project potential government revenues.
- **Economic Model**: Uses projected spending and government revenue levels, along with assumptions about spending nature and geographic distribution, to forecast associated economic activity, including employment and gross domestic product.

Spending Methodology

The spending analysis developed for this report attempts to account for the totality of capital and operational spending associated with offshore oil and natural gas development throughout a project's lifecycle.

Spending for each oil and natural gas project is divided into nineteen categories. Each category accounts for one general activity type required to find, develop, operate, or abandon an offshore energy project. Costs for each category were developed based on general project sizes (and the associated activity levels and equipment requirements), water depths, and other factors. The distribution of spending over time for each category for different project sizes and water depths was then developed.

After the overall spending forecast for Gulf of America oil and natural gas activity was developed, spending was allocated to individual states and international suppliers. Domestic spending is allocated based on a category-by-category analysis of supply chains and Bureau of Economic Analysis data to provide state-specific spending allocations. Spending with international suppliers is not analyzed further and accounts for no economic impacts in the report. Oil and natural gas spending distributions are constant throughout the scenarios presented in this report.

Economic Methodology

The Bureau of Economic Analysis RIMS II input-output multipliers were used to develop this report's employment and gross domestic product analysis. These multipliers provide state-level employment and gross domestic product estimates based on industry-specific spending levels. For this report, economic activity was also divided into direct (directly related to industries involved in the offshore energy supply chain) and indirect and induced (industries not directly involved in the offshore energy supply chain and economic activity due to increased wages), employment, and gross domestic product.

The following RIMS industry categories were used in the development of the report to account for spending by the Gulf of America oil and natural gas industry (all RIMS categories were used in the output of data):

- Architectural, engineering, and related services
- Steel product manufacturing from purchased steel
- Mining and oil and gas field machinery manufacturing
- Fabricated metal product manufacturing
- Construction
- Support activities for oil and gas operations

- Drilling Oil and Gas Wells
- Natural gas distribution

Government Revenue Methodology

Government revenues due to offshore oil and natural gas activity are primarily derived from three main revenue streams: royalties paid on produced oil and natural gas, bonus bids paid to acquire blocks in lease sales, and rents for blocks leased by operators. Several policies impact royalty and lease payments received by the Federal Government, including royalty relief for certain blocks depending on production levels and differing rent and royalty regimes for fields in different water depths and blocks leased at different times. Additionally, the value of oil and natural gas produced in the OCS may differ from significant indicators such as West Texas Intermediate (WTI) crude due to transportation costs, long-term sales contracts, and differentials due to product quality and location. Data from the Office of Natural Resource Revenue[4] (ONRR) and oil and natural gas price projections from the Energy Information Administration's Annual Energy Outlook 2025[5] were utilized to calculate government revenues due to offshore oil and natural gas activities. In some cases (especially regarding disbursements to states), calendar year data was unavailable. In these cases, fiscal year data was utilized as a stand-in for calendar year data. Lease sale bid and rental revenues were calculated through the simulation of yearly lease sales based on the currently in place five-year leasing plan. The number of leases acquired and retained was modeled on the oil price forecasts used to develop the report, and historical bid numbers and levels correlated with activity levels.

In 2006, Congress passed the OCS Energy Security Act (GOMESA), establishing revenue-sharing provisions for the four Gulf of America oil and natural gas producing states—Texas, Louisiana, Alabama, and Mississippi—and their coastal political subdivisions. Revenue sharing was implemented in two phases, starting in 2007 and 2017. The current cap on revenue sharing as of FY 2025 is $650 million. The state of Florida is not currently eligible for revenue sharing, but this study assumes that if the South-Central GOA Planning Area is opened to oil and natural gas leasing, exploration, and production, the state would be included. The study also assumes the current $650 million cap for all Gulf of America states would remain in place.

This report's revenue sharing forecasts were developed using total projected Federal Government revenues, actual fiscal year distribution data from the ONRR, an analysis of revenue sharing growth and caps, and projections of other Gulf of America states revenue sharing projections. In addition to provisions for revenue sharing with the GOM OCS producing States, GOMESA also included a provision for distributions to the Land and Water Conservation Fund (LWCF). The LWCF "supports the protection of federal public lands and waters – including national parks, forests, wildlife refuges, and recreation areas – and voluntary conservation on private land. LWCF investments secure public access, improve

[4] US Department of the Interior, Natural Resources Revenue Data, https://revenuedata.doi.gov/
[5] Annual Energy Outlook 2023, Energy Information Administration

recreational opportunities, and preserve ecosystem benefits for local communities."[6] LWCF distribution forecasts are based on total projected Federal Government revenues, actual distribution data from the ONRR, and analysis of revenue-sharing growth based on eligible leases and revenue-sharing caps.

[6] Land and Water Conservation Fund, US Department of the Interior

Data Tables

Table 4: Projected South-Central GOA Planning Area Oil and Natural Gas Production (BOE/D)

	2025	2026	2027	2028	2029	2030	2031	2032
Oil	0	0	0	0	0	0	0	0
Natural Gas	0	0	0	0	0	0	0	0
Total BOE	0	0	0	0	0	0	0	0

	2033	2034	2035	2036	2037	2038	2039	2040
Oil	0	0	42,313	122,423	197,649	282,335	343,068	400,133
Natural Gas	0	0	7,361	21,296	32,508	44,122	56,808	72,584
Total BOE	0	0	49,674	143,719	230,157	326,457	399,876	472,717

Source: Energy and Industrial Advisory Partners

Table 5: Projected South-Central GOA Planning Area Annual Offshore Oil and Natural Gas Spending ($Millions)

	2025	2026	2027	2028	2029	2030	2031	2032
G&G	$0	$0	$0	$2	$10	$27	$53	$91
Drilling Tangibles	$0	$0	$0	$0	$0	$7	$33	$72
Trees	$0	$0	$0	$0	$0	$0	$0	$27
Manifolds	$0	$0	$0	$0	$0	$0	$0	$14
Other Subsea Hardware	$0	$0	$0	$0	$0	$0	$1	$3
Control Umbilical, Flying Leads	$0	$0	$0	$0	$0	$0	$0	$18
Infield FL	$0	$0	$0	$0	$0	$0	$0	$0
Export PL	$0	$0	$0	$0	$0	$0	$0	$0
Infield Risers	$0	$0	$0	$0	$0	$0	$0	$0
Export Risers	$0	$0	$0	$0	$0	$0	$0	$0
Fixed Platforms & Facilities	$0	$0	$0	$0	$0	$0	$0	$0
Floating Production Units & Facilities	$0	$0	$0	$0	$0	$0	$55	$202
Installation	$0	$0	$0	$0	$0	$0	$0	$46
OPEX	$0	$0	$0	$0	$0	$0	$0	$0
Decommissioning CAPEX	$0	$0	$0	$0	$0	$0	$0	$0
Drilling	$0	$0	$0	$0	$0	$59	$296	$651
Engineering CAPEX	$0	$0	$0	$0	$0	$1	$10	$43
Engineering OPEX	$0	$0	$0	$0	$0	$0	$0	$0
Natural Gas Processing and Transportation	$0	$0	$0	$0	$0	$0	$0	$0
Total	$0	$0	$0	$2	$10	$94	$448	$1,167

Source: Energy and Industrial Advisory Partners

Table 5: Projected South-Central GOA Planning Area Annual Offshore Oil and Natural Gas Spending ($Millions) Continued

	2033	2034	2035	2036	2037	2038	2039	2040
G&G	$99	$108	$110	$143	$172	$197	$213	$217
Drilling Tangibles	$117	$189	$280	$410	$527	$644	$735	$800
Trees	$107	$205	$257	$255	$245	$263	$288	$295
Manifolds	$57	$109	$136	$134	$129	$138	$151	$154
Other Subsea Hardware	$15	$37	$56	$65	$66	$72	$82	$87
Control Umbilical, Flying Leads	$71	$137	$172	$172	$166	$178	$196	$202
Infield FL	$11	$33	$51	$57	$54	$54	$62	$68
Export PL	$77	$230	$355	$374	$345	$345	$393	$412
Infield Risers	$6	$17	$26	$28	$26	$26	$29	$31
Export Risers	$3	$9	$15	$16	$15	$15	$17	$18
Fixed Platforms & Facilities	$0	$0	$0	$0	$0	$0	$0	$0
Floating Production Units & Facilities	$532	$843	$1,063	$1,100	$1,155	$1,247	$1,430	$1,412
Installation	$199	$498	$730	$835	$807	$844	$923	$1,037
OPEX	$0	$0	$42	$126	$238	$336	$434	$532
Decommissioning CAPEX	$0	$0	$0	$0	$0	$0	$0	$0
Drilling	$1,066	$1,717	$2,546	$3,729	$4,795	$5,861	$6,689	$7,281
Engineering CAPEX	$130	$244	$330	$363	$376	$409	$460	$482
Engineering OPEX	$0	$0	$3	$8	$15	$21	$27	$33
Natural Gas Processing and Transportation	$0	$0	$0	$0	$0	$0	$0	$0
Total	$2,489	$4,374	$6,170	$7,814	$9,130	$10,647	$12,128	$13,061

Source: Energy and Industrial Advisory Partners

Table 6: Projected South-Central GOA Planning Area Oil and Natural Gas Supported Employment

	2025	2026	2027	2028	2029	2030	2031	2032
Texas	0	0	0	13	63	455	1,905	5,182
Louisiana	0	0	0	7	37	184	709	1,678
Mississippi	0	0	0	1	4	54	244	606
Alabama	0	0	0	2	11	97	439	1,080
Other US States	0	0	0	2	11	67	317	954
Total	0	0	0	28	141	1,016	4,415	11,683

	2033	2034	2035	2036	2037	2038	2039	2040
Texas	11,780	21,016	28,975	34,342	36,820	41,150	45,765	48,211
Louisiana	3,289	5,735	8,107	10,410	12,762	15,006	17,025	18,338
Mississippi	1,212	2,095	2,985	4,265	5,036	5,924	6,708	7,233
Alabama	2,200	4,082	5,821	7,571	9,452	11,111	12,584	13,638
Other US States	2,360	4,283	5,895	6,958	7,710	8,739	9,928	10,589
Total	25,499	45,647	64,394	80,822	93,285	108,306	123,245	133,202

Source: Energy and Industrial Advisory Partners

Table 7: Projected South-Central GOA Planning Area Oil and Natural Gas Supported Employment (Direct and Indirect and Induced)

	2025	2026	2027	2028	2029	2030	2031	2032
Direct	0	0	0	12	61	364	1,554	4,341
Indirect and Induced	0	0	0	16	79	652	2,860	7,342
Total	0	0	0	28	141	1,016	4,415	11,683

	2033	2034	2035	2036	2037	2038	2039	2040
Direct	10,096	18,516	26,023	31,938	36,147	41,593	47,391	51,278
Indirect and Induced	15,403	27,131	38,372	48,884	57,138	66,713	75,854	81,924
Total	25,499	45,647	64,394	80,822	93,285	108,306	123,245	0

Source: Energy and Industrial Advisory Partners

Table 8: Projected South-Central GOA Planning Area Oil and Natural Gas Contributions to GDP ($Millions)

	2025	2026	2027	2028	2029	2030	2031	2032
Texas	$0	$0	$0	$0	$1	$13	$63	$168
Louisiana	$0	$0	$0	$1	$6	$44	$185	$480
Mississippi	$0	$0	$0	$1	$3	$17	$66	$152
Alabama	$0	$0	$0	$0	$0	$5	$22	$53
Other US States	$0	$0	$0	$0	$1	$9	$43	$101
Total	$0	$0	$0	$0	$1	$6	$29	$83

	2033	2034	2035	2036	2037	2038	2039	2040
Texas	$349	$624	$934	$1,294	$1,624	$2,003	$2,373	$2,674
Louisiana	$1,028	$1,775	$2,445	$2,945	$3,209	$3,620	$4,030	$4,237
Mississippi	$283	$484	$685	$897	$1,123	$1,332	$1,512	$1,629
Alabama	$101	$170	$243	$360	$432	$512	$581	$626
Other US States	$192	$347	$498	$666	$857	$1,019	$1,156	$1,253
Total	$194	$343	$473	$569	$644	$738	$840	$897

Source: Energy and Industrial Advisory Partners

Table 9: Projected South-Central GOA Planning Area Oil and Natural Gas Government Revenues by Type ($Millions)

	2025	2026	2027	2028	2029	2030	2031	2032
Bids	$0	$0	$0	$0	$198	$195	$100	$103
Rentals	$0	$0	$0	$0	$0	$0	$0	$0
Royalties	$0	$0	$0	$0	$0	$0	$0	$0
Other Revenues	$0	$0	$0	$0	$0	$0	$0	$0
Total	$0	$0	$0	$0	$198	$195	$100	$103

	2033	2034	2035	2036	2037	2038	2039	2040
Bids	$103	$97	$107	$92	$88	$106	$95	$91
Rentals	$0	$0	$2	$6	$9	$13	$16	$19
Royalties	$0	$0	$138	$401	$653	$934	$1,143	$1,347
Other Revenues	$0	$0	$0	$0	$0	$0	$0	$0
Total	$103	$97	$247	$499	$751	$1,052	$1,254	$1,457

Source: Energy and Industrial Advisory Partners

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