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Bureau of Ocean Energy Management
Gulf of Mexico OCS Region
Leasing and Financial Responsibility Section
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SUBMITTED ELECTRONICALLY VIA REGULATIONS.GOV

Subject: Oil and Natural Gas Associations' Comments on the Call for Information and Nominations for 2024-2029 Gulf of Mexico Lease Sales, 88 Fed. Reg. 67,801 (Oct. 2, 2023)
Docket ID: BOEM-2023-0053

The American Petroleum Institute (API), Energeo Alliance (Energeo), Independent Petroleum Association of America (IPAA), and Louisiana Mid-Continent Oil & Gas Association (LMOGA) (collectively, the Associations) offer the following comments on the Bureau of Ocean Energy Management's (BOEM) call for information and nominations (Call) for lease sales in the Gulf of Mexico (GOM) Eastern, Central and Western Planning Areas scheduled as part of the 2024-2029 Five-Year Outer Continental Shelf (OCS) Leasing Program. Many of our members operate on the OCS and on federal lands onshore. For many years, the Associations and our members have worked collaboratively with the Department of the Interior (DOI) and its agencies (including BOEM) in support of the continued safety of industry workers and protection of the environment. At the same time, our members rely heavily on Congress' statutory mandates (repeatedly recognized by the courts) that DOI make the OCS available for leasing and expeditious development. Our members are involved in exploring for and developing oil and natural gas resources in the GOM and we support holding all lease sales as scheduled in the 2024-2029 Proposed Final Program and offering all unleased acreage not subject to moratorium in those lease sales.

Below are further descriptions of the Associations:

- API is a national trade association representing nearly 600 member companies that operate throughout the U.S. and on the OCS, and include large integrated companies, as well as exploration and production, refining, marketing, pipeline, and marine businesses, and service and supply firms. API members provide most of the nation's energy and are committed to continued compliance with federal mineral leasing statutes, implementing regulations, and lease terms.
- EnerGeo is the international trade association representing the industry that provides geophysical services (geophysical data acquisition, processing and interpretation, geophysical information ownership and licensing, and associated services and product providers) to the oil and natural gas industry. EnerGeo member companies, which operate within the GOM, play an

- integral role in the successful exploration and development of offshore hydrocarbon resources through the acquisition and processing of geophysical data.
- IPAA is a national upstream trade association representing thousands of independent oil and natural gas producers and service companies across the United States. Independent producers develop 91 percent of the nation's oil and natural gas wells. These companies account for 83 percent of America's oil production, 90 percent of its natural gas and natural gas liquids production, and support over 4.5 million American jobs.
- Founded in 1923, LMOGA is Louisiana's longest standing trade association, exclusively representing all aspects of the oil and gas industry onshore and offshore, including exploration, production, mid-stream activities, pipeline, refining and marketing.

The GOM remains a critically important hydrocarbon energy producing area where existing infrastructure and expertise can be used efficiently to increase our nation's oil and natural gas resources, help meet national energy demands, bolster domestic energy, and optimize environmental protections. The GOM has been the backbone of U.S. energy production for years, providing more than one million barrels of oil equivalent per day for the last 20 years. Moreover, as BOEM has recognized and recently reaffirmed, the GOM entails the lowest GHG footprint for oil and gas production.[1] GOM oil and gas production also involves relatively few and highly regulated air and water emissions and is located far from communities and sensitive ecological receptors. Companies need regular access to OCS leases through competitive lease sales to make the long-term investments required for offshore exploration and development, particularly given the magnitude of the investments required for deepwater projects. Robust GOM leasing and production at home also furthers national security, as again highlighted by the current geopolitical unrest in the Middle East and Ukraine.

The decisions made regarding future leasing will have short- and long-term implications for our nation's energy and national security, prospects for job creation, and government revenue generation. In the short-term, regular and predictable lease sales provide critical opportunities for companies to expand their lease position and unitize acreage as they evaluate geologic data gathered during exploration activities. New exploration data and technological advances can justify investment on prospects that, even a few years previously, appeared to be uneconomic. Regular lease sales also allow companies to efficiently allocate resources to pursue these opportunities as they are identified. Most important, a continuous stream of new discoveries is needed to replace depleted reserves and help maintain or increase production levels.

Predictable lease sales in the GOM are also needed to help ensure continued offshore exploration and production since leases sold today may take years to fully evaluate and develop. Regular and predictable sales provide the industry the necessary confidence to make long-term investments of many millions of dollars required for successful exploration and development of OCS oil and gas resources. The availability of OCS acreage for leasing has facilitated many industry advances over the years that have greatly improved worker safety and environmental protection. As technology improves

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[1] *E.g.,* 2024-2029 Five-Year Leasing Program Final PEIS, at 28-33, https://www.boem.gov/sites/default/files/documents/oil-gas-energy/leasing/2024-2029NatOCSOilGasLeasing_FinalPEISVol1_0.pdf.

through continued industry investment and as additional infrastructure is developed, that evolution will continue. It is critical to allow innovative companies the opportunity to pursue new leases to test groundbreaking geologic concepts and to employ advancements in drilling and production technology. Beyond the loss of federal revenue from lease sales, unduly restricting areas for new leasing would impede the opportunity to fully utilize newer technologies that are safer, more reliable, more environmentally friendly, and more energy efficient, and would instead focus efforts on older reservoirs that require more energy to extract and process production as they near depletion.

To these ends, the Associations are deeply disappointed in DOI's recent unjustified efforts to curtail GOM oil and gas leasing. As Congress and multiple courts have held, DOI's moratorium on oil and gas leasing in furtherance of Executive Order 14008 was unlawful and unsupported. DOI then attempted to cancel lease sales 257, 258, 259, and 261, forcing Congress to step in and compel those sales via the Inflation Reduction Act of 2022 (IRA), Pub. L. 117-169 § 50264 (Aug. 16, 2022). Then, for the first time in history, DOI allowed the OCS Five-Year Leasing Program to expire without having a replacement Program ready for adoption. It required a federal lawsuit by API and other industry organizations to force DOI to commit to completing the next OCS Five-Year Leasing Program by a date certain, and more than 18 months after expiry of the prior Program. *API*, *et al. v. DOI*, No. 22-1222 (D.C. Cir.). Next, though BOEM's Proposed Program released in July 2022 contemplated a schedule of 11 lease sales (including 10 in the GOM), BOEM's Proposed Final Program issued on September 29, 2023 inexplicably reduced that schedule to a mere three lease sales over the next five-year period. In doing so, BOEM unreasonably eschewed official projections and its own acknowledgement of the continued need for oil and gas over the immediate five-year period most relevant to the next Program per 43 U.S.C. § 1344(a). BOEM instead impermissibly relied on sheer speculation about unenacted possible "net-zero" energy policies decades from now.[2] The Associations maintain substantial disagreement with BOEM's net-zero assumption, analysis, and methodology, which appear calculated to reach a preordained policy preference limiting OCS oil and gas leasing, notwithstanding that the best available information reveals that the market share of oil and natural gas in both the global and U.S. energy mix will remain significant for decades to come, and favors continued robust OCS oil and gas leasing.[3] Additionally, industry is increasingly concerned with the cumulative impacts of legally suspect agency actions burdening OCS leasing and development. As a recent example, BOEM's unjustified attempt to restrict Lease Sale 261 acreage through novel and sweeping restrictions premised on Rice's whale concerns were rejected in federal court.

Notwithstanding these shortcomings and challenges, BOEM at a minimum must promptly finalize its Five-Year Leasing Program, must timely hold each of the lease sales scheduled thereunder, and must do so on a GOM Region-wide basis. Otherwise, the Program would amount to a mere paper exercise rather than a bona fide OCS Program for actual lease sales, thereby flouting Congressional mandates under the Outer Continental Shelf Lands Act of 1953 (OCSLA, 43 U.S.C. § 1331 et seq.)), the

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[2] *E.g.*, 2024-2029 Proposed Final Program, at 6, https://www.boem.gov/oil-gas-energy/leasing/2024-2029-national-ocs-program-pfp.

[3] *E.g.*, Energy Information Administration International Energy Outlook 2023 (October 2023), Table A2, https://www.eia.gov/outlooks/ieo/data/pdf/A_A2_r_230822.081459.pdf;

amendments to OCSLA in 1978 (Public Law 95-372, 92 Stat. 629), and most recently the IRA in August 2022.

Unlike prior BOEM Calls, the present Call requests comments on “targeted leasing.” 88 Fed. Reg. 67,802-03. Having already constrained OCS leasing to unpredecented low levels, no reasoned basis exists for BOEM to further reduce available leasing areas through targeted leasing. A Region-wide leasing approach would comport with BOEM’s precedent (e.g., Call for 2017-2022 Program, 80 Fed. Reg. 53,565 (Sept. 4, 2015), omitting “targeted leasing”) and Congress’ direction (in IRA §§ 50264 and 50265) of that approach and its mandate of a 60 million acre minimum offering to enable offshore wind leasing in the subsequent year. It is important to not mischaracterize the meaning of “Region-wide leasing,” which is simply a single lease sale that combines more than one Gulf of Mexico Planning Area; it does not in fact result in leasing 100% of the acreage within those respective areas and should not be construed to somehow expand available acreage. Existing exclusions (such as the Flower Garden Banks National Marine Sanctuary); the most stringent safety and environmental regulations in the world; comprehensive and dedicated industry safeguards to avoid, minimize, and mitigate any environmental impacts from OCS oil and gas activities; and longstanding compatible coexistence of OCS uses render existing unleased GOM acreage suitable for oil and gas leasing, and BOEM has not provided a contrary, evidence-based demonstration. Also, as BOEM recognizes in the Proposed Final Plan, development of areas available for oil and gas leasing in the Eastern GOM Planning Area would likely be supported from existing infrastructure in the Central Planning Area.

Our member companies remain highly interested and committed to continued exploration and development in the GOM. The importance of regularly scheduled lease sales cannot be overstated, and the Associations consider all the acreage within the Eastern, Central and Western Gulf of Mexico Planning Areas to have a “high priority.” Since we are trade associations, we are not in a position to provide the specific geologic information that was requested or to rank the individual planning areas. Individual companies are better suited to provide that information, and the Associations refer BOEM to those separately submitted comments.

The Call also “seeks comments from all interested parties about particular geological, environmental, biological, archaeological, and socioeconomic conditions, potential use conflicts, or other information about conditions that could affect the potential leasing and development of particular areas.” 88 Fed. Reg. at 67,803. This information is very similar to the information sought by BOEM for its voluntary Programmatic Environmental Impact Statement accompanying its 2024-2029 Proposed Final Program, as well as for its scoping process for its 2024-2029 multi-sale Programmatic Environmental Impact Statement, for which BOEM issued a Notice of Intent (NOI) on the same day as the Call. The Associations are separately submitting comments on the NOI, and incorporate them by reference herein. The National Environmental Protection Act (NEPA) process should be the primary means of collecting information needed to determine the conditions that might impact future lease sale decisions. The BOEM should ensure that any data collected from the Call is science-based and held to the same high data quality standards as other data collected as part of the NEPA process.

In closing, the Associations reiterate their request that BOEM duly finalize its Five-Year Leasing Program, hold all GOM lease sales as scheduled during the 2024-2029 timeframe, and in those lease sales offer on a Region-wide basis all unleased acreage not subject to moratorium. If you have any questions on these comments, please do not hesitate to contact us.

Sincerely,

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