

United States Senate

September 5, 2019

The Honorable Secretary David Bernhardt
U.S. Department of the Interior
Mail Stop 6242
1849 C Street, NW
Washington, DC 20240-0001

Dear Secretary Bernhardt:

Thank you for your continued efforts to promote America's energy resources and achieve progress on a number of important offshore priorities.

As you know, energy resources in the Gulf of Mexico are essential to meet our nation's growing energy demands.

While the production in the gulf continues to increase, much of it has shifted to deeper waters further offshore while activity in shallow waters has declined. For comparison, from November 2000 – September 2018 oil production in shallow waters declined approximately 75 percent and of the more than 7,000 platforms that have been installed in shallow gulf regions over many decades just 28 percent remain with many generating fewer than 300 barrels of oil equivalent each day.¹

These declines have impacted shallow water operators as well as contractors and oilfield service companies that support the drilling, production and construction activities and provide employment for thousands of employees across the Gulf Coast.

Without incentives such as royalty relief for stakeholders to reinvest and apply the benefits of new technologies to increase production and grow revenues for aging shallow water wells and infrastructure, I am concerned these declines will continue leading to the removal of this infrastructure, job loss, and stranded oil and gas important to the nation's energy security. In addition, extending the life of these shallow water wells could lead to additional future royalties and other revenues from sustained development. Future production in these gulf regions is also important in order to achieve the administration's ultimate goal of achieving greater energy independence.

¹ <https://www.lexco.com/owl-7/>

I urge you to please grant royalty relief for existing shallow water operations in the Gulf of Mexico in ways that will not negatively impact revenues going to Gulf Coast states and also will provide long-term certainty for operators, contractors and oilfield service companies working in the shallow waters of the Gulf of Mexico.

Thank you for your attention to this issue, and I look forward to your reply.

Sincerely,

Bill Cassidy, M.D.

Bill Cassidy, M.D.
United States Senator

CC:

Scott Angelle, Director Bureau of Safety & Environment Enforcement

Walter Cruickshank, Ph.D, Acting Director Bureau of Ocean Energy Management