

United States Senate

WASHINGTON, DC 20510

August 17, 2023

The Honorable Debra Haaland
Secretary
Department of the Interior
1849 C Street, N.W.
Washington, D.C. 20240

Dear Secretary Haaland:

As Members of Congress concerned about our domestic energy supply and production, in addition to the well-being of small businesses, we respectfully request you extend the comment period deadline for the Notice of Proposed Rulemaking titled *Risk Management and Financial Assurance for OCS Lease and Grant Obligations* (the proposed rule) from 60 to 120 days.

The proposed rule would make changes to the financial assurance regime to secure decommissioning obligations for the offshore oil and gas industry and would impose additional bonding requirements on small businesses.¹ These small businesses, which are disproportionately impacted by the proposed rule², produce 35% of the oil and gas from the Gulf of Mexico, contribute billions of dollars to the Treasury and U.S. economy, and employ thousands of men and women from across the nation. Given this and that the Department acknowledges “any action taken by BOEM to ensure financial responsibility of lessees would necessarily significantly impact smaller companies” and “creates a disincentive to additional exploration, development and production”, we believe they need more than 60 days to evaluate the effects of the proposed rule.

Additionally, the proposed rule requires the offshore energy industry to determine whether the international surety market can support the significant amount of new bonding that would be required to be issued to the Bureau of Ocean Energy Management (BOEM) under the proposed rule. This effort requires analysis and discussion with the surety market that currently issues bonds to secure decommissioning obligations offshore. Simply put, a 60-day extension of the comment period for the proposed rule is reasonable. Doing so can help ensure proper due diligence is taken to supply BOEM with meaningful comments.

There is no imminent need for BOEM to finalize the proposed rule. Recent bankruptcies in the offshore industry have not resulted in U.S. taxpayers paying for decommissioning of offshore wells and infrastructure. In fact, the proposed rule actually acknowledges taxpayer liability for decommissioning offshore infrastructure is “rare.” BOEM should extend the public

¹ “...approximately 407 (76 percent) of the businesses operating on the OCS subject to this proposed rule are considered small...BOEM expects that the proposed rule would affect a substantial number of small entities.” (Federal Register / Vol. 88, No. 124 / Thursday, June 29, 2023)

² “BOEM’s analysis concludes that the proposed regulatory changes could cause small companies to incur \$252.6 million (at a 7 percent discount rate) in annualized compliance costs. BOEM recognizes that there will be incremental cost burdens to most affected small entities.” (Federal Register / Vol. 88, No. 124 / Thursday, June 29, 2023)

comment period to 120 days in order to allow for a detailed and robust public record on the workability and effects of the proposed rule.

We thank you for your attention to this important matter.

Sincerely,



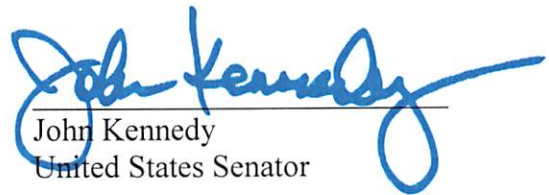
Bill Cassidy M.D.
United States Senator



Joe Manchin
United States Senator



Ted Cruz
United States Senator



John Kennedy
United States Senator

CC: Elizabeth Klein, Director Bureau of Ocean Energy Management
Laura-Daniel Davis, Principal Deputy Assistant Secretary – Land and Minerals
Management