

**Opening Statement**  
**Ranking Member Alan S. Lowenthal**  
**Energy and Mineral Resources Subcommittee Oversight Hearing on**

*"Reviewing Recent State Successes with the Rigs to Reefs Program"*

**May 17, 2017**

Thank you, Mr. Chairman. This issue of using obsolete oil rigs as artificial reefs is a fairly contentious one in my own state, and I share the concerns of many of my constituents.

California has a rigs-to-reefs program and a lot of aging platforms off the Southern California coast, so there will likely be increasing pressure to allow those rigs to stay out there when it's time for them to be removed.

Now, the idea of allowing oil and gas infrastructure to serve as an artificial reef is not necessarily bad, if the process is carried out properly. And that's the key: this practice can't simply be a way for companies to leave their trash behind because they don't want to have to pay to properly clean it up.

The Rigs-to-Reefs program can work if the reefing sites are carefully chosen, the equipment is cleared of all potential contaminants, any lingering pollution at the site is cleaned up, and the public is involved, among other factors.

Rigs should only be turned into reefs when and where it makes sense, and we need to guard against companies looking at the ocean floor and seeing a cheap dumping ground.

The ocean is not a dump.

And it should not be a way for companies to get out of their obligations to plug their wells and leave the seabed the same way they found it.

Companies enter into these leases with their eyes open. The regulations and the leases are clear: companies must permanently plug wells and remove all equipment from the seafloor shortly after their lease is over, or when the equipment is no longer being used.

This will not be cheap. Recent studies indicate that the worldwide cost of decommissioning offshore oil and gas equipment could range from 150 to 210 billion dollars. And those figures may be conservative.

The Gulf of Mexico is one of the most active regions in the world for offshore drilling, so the costs there are also expected to be extremely high. And if companies don't meet their obligations, that falls to the American taxpayer.

That is why I, along with Ranking Member Grijalva and others, asked the Government Accountability Office to look into this issue, and see if companies were setting aside enough money to make sure American taxpayers aren't left holding the bag.

The numbers are a little bit worrisome. There may be billions of dollars of decommissioning costs that aren't covered.

The risk is heightened by the number of offshore companies that are going bankrupt due to low oil prices.

In the past five years, at least 10 offshore companies have declared bankruptcy, most of them in the past couple of years. And a number of other companies are in dire financial straits.

The Obama Administration recognized the problem, and since 2010 they instituted a number of policies designed to hold companies more accountable.

The Idle Iron policy has helped to clean up some of the Gulf. In 2010, there were nine hundred and nine (909) structures and nearly four thousand five hundred (4,500) wells that were out there not being used.

That has come down quite a bit, but there are still four hundred and sixty five (465) structures that need to be removed, and over three thousand (3,000) wells that need to be permanently closed. And that doesn't even count all the platforms and wells that are currently being used, which will one day have to be removed.

Last year, the Bureau of Ocean Energy Management began telling companies how much they needed to have set-aside for decommissioning. This year, that was all put on hold.

The Administration has said that new guidance will be out within the next two months. It is critical that this Administration does not let offshore companies off the hook.

Decades of lax oversight does not erase the obligations that these companies have.

The oil and gas industry must step up to the plate on decommissioning, and not simply look for an easy or cheap way out, such as easing the rules on the Rigs-to-Reefs program.

I would like to thank the witnesses for appearing here today, and I yield back the balance of my time.

