TRUE TRANSITION

October 18, 2023

Written Testimony Of Megan Biven
True Transition
U.S. House of Representatives
Committee on Natural Resources
Subcommittee on Energy and Mineral Resources
Examining the Biden Administration's
Unprecedented Obstruction
of the BOEM Offshore Leasing Program
Legislative Hearing

Chairman Stauber, Ranking Member Ocasio-Cortez, and distinguished members of the subcommittee, thank you for inviting me to testify here today. My name is Megan Biven, the founder of True Transition, an organization dedicated to American energy produced by American energy workers for the benefit of American communities. Prior to this, I served within the Department of the Interior's Bureau of Ocean Energy Management, where I performed programmatic policy analysis, oversaw socioeconomic studies, and helped execute offshore lease sales.

I sit here today in an optimistic mood, because as divided as we Americans may seem to be, we actually *do* want the same things: Energy security, a healthy and clean environment, good and safe jobs, shared prosperity, and a future we can be proud to leave to our children. To me, these hopes and desires represent a strong foundation on which to build consensus.

We are here to consider the staggered 5-year-program leasing schedule. I would like to suggest that this slowing down of the Gulf of Mexico conveyor belt presents an opportunity to assess the efficacy and future of our nation's offshore energy program. This also provides time for this body to commit to a coherent national energy policy, which at the time of this testimony, we do not have.

To the issue of our present energy policy, I ask the Committee to consider some history. We sometimes forget that we are the beneficiaries of deliberate planning. The modern American oil and gas supply chain was made possible by the steady hand and patient capital of the American Government. In the earliest days of oil and gas production, the industry was at risk of committing "competitive suicide" and state and federal governments intervened to set production limits and oversee shared pipeline use saving the early industry from itself. Today, private oil and gas producers still enjoy the preferential tax treatment of intangible drilling costs and many other public subsidies. During World War 2, the American Government constructed a 1,340-mile pipeline to transport oil from Texas to the Midwest and over 30 new refineries. The arsenal of democracy was financed by the people.[1] The earliest Outer Continental Shelf (OCS) infrastructure was made possible by the Surplus Property Act of 1944[2] which made available to industry the military crafts and technologies as surplus war assets. This was all pursued with the explicit understanding that domestic production of energy was a public good that necessitated public leadership. And indeed today's leasing program is a vestige of that principle. American regulation has consistently cradled and nurtured the oil and gas industry and continues to do so to this today.[3]

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[1] Wilson, Mark R. Destructive Creation: American Business and the Winning of World War II: American Business and the WInning of World War II. University of Pennsylvania Press Philadelphia. 2016.
[2] Austin, Diane. History of the Offshore Oil and Gas Industry in Southern Louisiana Volume I: Papers on the Evolving Offshore Industry. OCS Study MMS 2008-042 https://espis.boem.gov/final%20reports/4530.pdf
[3] Isser, Steve. The Economics and Politics of the United States Oil Industry 1920-1990: Profits, Populism, and Petroleum. Routlege 1996.

The OCS Gulf of Mexico leasing program, with its biannual sales, is a fragment of an inherited policy of 1970's Project Independence. Project Independence focused on shoring up American resources and building American capacity, establishing the Strategic Petroleum Reserve and implementing the Crude Oil Export Ban. Our current posture, however, is one increasingly focused on export of American natural gas, and thanks to the 2015 Congressional repeal, crude oil. American exports of crude oil have increased by 878% (**Figure 1**) since the repeal.[4] Indeed, in a time period of less than two months, we export more crude oil than the entire 2022 Strategic Petroleum Reserve emergency withdrawal.[5] Exports of natural gas increased by 507% (**Figure 2**).[6] Natural gas supplies 40% of our nation's electrical needs, and yet, last year we experienced the largest annual increase in average residential electricity spending since the Energy Information Administration began calculating it in 1984.[7] If we are going to pit American offshore wind destined to power American homes versus natural gas or crude oil destined for foreign shores, I believe the American people deserve an honest answer on why fossil fuel production destined for export should be privileged over domestic wind energy destined for domestic use. Indeed, as we bring back and rebuild American manufacturing and supply chains, what is our energy security plan? Is our new role simply a provider of raw commodities we dutifully send abroad?

Then there is the question of jobs. Production on the OCS has doubled in the last decade primarily from hitting deeper fields and the rise of more efficient production technologies. But in Louisiana, the staging ground for the OCS, direct employment in "oil & gas extraction" fell by 27% and jobs for "drilling oil & gas wells" plummeted by 62% between 2008 and 2019.[8] The energy transition has not even begun, but a jobs transition has. These trends have proven consistent onshore as well (**Figures 3 & 4**). The industry has learned to produce more with less workers.

Because Louisiana is my home state and the beating heart of the OCS, I'd like to highlight some additional statistics: Louisiana is one of the top three natural gas-producing states[9] and first in the nation for poverty.[10] Louisiana's 15 oil refineries account for nearly one-fifth of the nation's refining capacity and Louisiana is 47th for median household income.[11] Louisiana is home to the nation's third-largest coal exporting port and Louisiana also boasts the highest incarceration rate in the world.[12] Louisiana's ports handled 35% of the nation's total natural gas exports in 2022 and Louisiana has the fifth highest infant mortality rate and second highest maternal death rate in the nation. Louisiana is home to two of the four storage sites that make up the U.S. Strategic Petroleum Reserve and Louisiana has the ninth highest cancer death rate in the nation and fourth lowest overall life expectancy nationally.[13] While there are 29 petrochemical plants and 12 LNG export facilities in various stages of planning in Louisiana, just under a dozen home insurance companies have fled the state leaving tens of thousands of Louisiana homeowners

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[4] U.S. Energy Information Administration. U.S. Exports of Crude Oil. https://www.eia.gov/dnav/pet/hist/LeafHandler.ashx?n=PET&s=MCREXUS2&f=M

[5] Crude oil exports: 3,576 thousand barrels per day; SPR FY 2022 Emergency Sale: 180 million barrels

[6] U.S. Energy Information Administration. U.S. Natural Gas Exports. https://www.eia.gov/dnav/ng/hist/n9130us2a.htm

[7] U.S. Energy Information Administration. U.S. residential electricity bills increased 5% in 2022, after adjusting for inflation https://www.eia.gov/todayinenergy/detail.php?id=56660#

[8] ICF. The Economic Impact of the Oil and Natural Gas Industry in Louisiana. October 2020. Submitted to: The Louisiana Mid-Continent Oil & Gas Association (LMOGA) & American Petroleum Institute (API). https://www.lmoga.com/assets/uploads/documents/LMOGA-ICF-Louisiana-Economic-Impact-Report-10.2020.pdf

[9] U.S. Energy Information Administration. State Energy Profile. https://www.eia.gov/state/print.php?sid=LA
https://www.eia.gov/state/print.php?sid=LA

[10] U.S. Department of Agriculture. Economic Research Service. Poverty Statistics. https://data.ers.usda.gov/reports.aspx?ID=17826#Pb61db6aa7e3c4868a2dc24abd42cede6_3_229iT3

[11] St. Louis Fed. Real Median Household Income by State, Annual 2022 https://fred.stlouisfed.org/release/tables?eid=259515&rid=249

[12] Prison Policy Initiative. States of Incarceration: The Global Context 2021. https://www.prisonpolicy.org/global/2021.html

[13] Center for Disease Control & Prevention. Life Expectancy at Birth by State. https://www.cdc.gov/nchs/pressroom/sosmap/life_expectancy/life_expectancy.htm

without insurance or premiums so high, they are sliding into poverty. It is painfully clear that *someone* is profiting from Louisiana's resources, just not most Louisianans. And these statistics do very little to tell the story of profound human suffering our fellow citizens endure everyday. What does a number tell you about an infant robbed of a mother before it is ever held?

Louisiana does receive a share from offshore production due to revenue sharing legislation like the Gulf of Mexico Energy Security Act (GOMESA), but because of severe coastal land loss caused by oil and gas fluid withdrawal and saltwater intrusion from the thousands of miles of pipelines that cut across our state, we must allocate those funds to a coastal restoration program to restore that damage. In the last 9 years, the Gulf OCS produced just under 6 billion barrels of crude oil, with an estimated $76 billion in profit siphoned from our public resources.[14] I often wonder what Louisiana would be like had we instead pursued a Norwegian-like model, with a state controlled energy company like Equinor and a more robust ownership share of its Continental Shelf resources. Established in 1990, the Government Pension Fund of Norway currently has over $1 trillion in assets, or $250,000 per Norwegian citizen.[15] Part of those profits are derived from American oil and gas resources.[16] The United States is the largest source of production for the company outside of Norway, and Equinor is one of the largest producers in the Gulf of Mexico. I suppose we can all sleep soundly knowing that there is a public benefit to our resources, just not ours.

It's my hope we won't make this same mistake for offshore wind. The diversification of our energy portfolio will demand nothing less than what was previously required for oil and gas, and I would recommend an even more muscular state involvement. Today, Ørsted is 50.1% owned by the Denmark government, 7% combined with Denmark pension funds and the world's largest developer of offshore wind energy. Through Ørsted, the Danish government is taking ownership of the emerging offshore energy industry, even in the United States. Companies like Ørsted bring a tremendous amount of expertise and institutional knowledge to the United States which is a net positive. But we should also invest in our own institutions and people. Instead of foreign firms selling our wind and oil back to us, why not chart a different course? There is no reason why the United States government can't own and operate its own energy companies for the benefit of the American public. State owned entities can shore up strategic supplies and capacity, invest more into research and development, build large capital assets like offshore wind installation vessels, and commit to longer time horizons than investor owned companies constrained by transnational market whims. They can also retain workforces during periods of volatility. We can either invest in ourselves or we can allow others to profit from us. Perhaps we can take advantage of this staggered leasing schedule to commit to a bipartisan energy diversification plan and marshall those resources?

To the issue of our existing OCS oil and gas program. I would like to highlight two issues that pose a great risk to the American public: the oil and gas industry's asset retirement obligations and safety and transparency on the shelf. True Transition recently conducted a national survey of American oil and gas workers. The results, which include responses from over 1,600 American oil and gas workers, revealed troubling attitudes towards safety.[17] For Gulf Coast states, 37% of respondents said they would hesitate to raise a workplace safety issue for fear of employer reprisal and 38% said they had been ordered to engage in unsafe working practices against established safety protocols. We should sit with those figures. I certainly have. The workers standing between you and another Deepwater Horizon, do not feel they can

[14] U.S. Energy Information Administration. Profit estimates were calculated on break-even prices between $70 and $45 http://www.eia.gov/dnav/pet/hist/LeafHandler.ashx?n=PET&s=MCRFP3FM2&f=M

[15] Government Pension Fund Global. Norges Bank. https://www.nbim.no/

[16] Upstream Online. Equinor still sees US Gulf of Mexico as vital to its production base, but mostly as a minority partner https://www.upstreamonline.com/exploration/equinor-still-sees-us-gulf-ofmexico-as-vital-to-its-production-base-but-mostly-as-a-minoritypartner/2-1-1287792

[17] True Transition. The Future of Energy & Work in the United States: The American Oil & Gas Worker Survey. https://www.truetransition.org/research-reports

do their job safely. Offshore operations can pose pronounced risks, especially because of shore distances from hospitals. Between 2012 and 2020, the oil and gas fields in federal waters of the Gulf of Mexico witnessed 188 reported collisions, 1,525 reported fires, and 2,080 reported injuries.[18] In a 2021 investigation, reporter Sara Sneath found that offshore oil and gas worker deaths were under-reported by the Bureau of Safety and Environmental Enforcement. Sneath found that the "agency does not count offshore fatalities that occur in state waters, or deaths that occur while workers are in transport to offshore facilities. They don't count deaths that happen on offshore platforms that aren't work related, either, even though the remoteness of offshore platforms makes it more difficult to seek medical attention and workers often stay on platforms for two weeks at a time."[19]

At the root of this declining safety culture is that many of the Bureau of Safety and Environmental Enforcement's safety regulations can be overly deferential to the operator, and outsources regulatory standards to a non-governmental entity and industry trade group, the American Petroleum Institute.[20] Regulation on the OCS is more red carpet than red tape, and it's our workers who pay the price. As an example, all OCS operators with manned vessels develop their own Emergency Evacuation Plans, where companies establish their own triggers for evacuation. After the recent maritime tragedy of the Seacor Power, and near misses (Transocean Deepwater Asgard and the Noble Globetrotter II), it is my concern that lessees are intentionally ignoring estimated evacuation time countdowns and plans to save on day rates, intentionally putting their workers in harm's way.

I see a few immediate actions that this body can take to improve its governance of this program. First, direct the United States Coast Guard and the Bureau of Safety and Environmental Enforcement in collaboration with the National Offshore Training Center to create uniform safety regulations and training curriculum that is reviewed and updated on a routine basis and required for all OCS participant companies and workers regardless of vessel flag, citizenship of workers (including temporary visa workers), incarcerated workers engaged in transitional work programs, and regardless of worker job duties. As we enter into a new era of multi uses which includes offshore wind, this provides a timely opportunity to create actual standards and clear metrics, so that whether a worker is on an OSV bound for a new offshore wind array, or for an oil and gas deepwater installation, he knows he will receive standard training and be protected by the same set of rules.

I also recommend that BSEE and Coast Guard create and issue a universal "trigger" to cease activity and commit to evacuation procedures. These recent disasters demonstrate a tension between the boardroom and the ship bridge, and there should be no room for craven calls from a Houston highrise while American workers face danger on a stormy Gulf. Finally, Louisiana recently passed "Jacob's Law" which mandates GPS beacons for offshore aircraft travel to and from Louisiana heliports. I recommend that BSEE build upon this success and require that all operators provide Personal Life Beacon (PLB) to all OCS workers, regardless of their work function. Following a marine disaster, the Coast Guard relies upon computer models to calculate where a person can drift over a period of time to focus rescue efforts. The price of current marine tested PLBs are nominal and would save time and resources locating lost mariners. They would also save priceless lives. It is time to make these pieces of equipment mandatory on the OCS.

Now onto the oil and gas industry's asset retirement obligations, in other words, the junk they left behind. The Lease Agreement signed between companies and the American government states that lessees must, "permanently plug such wells, remove such platforms and other facilities, decommission such pipelines,

[18] BSEE Offshore Incidents Statistics. https://www.bsee.gov/statsfacts/offshore-incident-statistics
[19] Sneath, Sara. Offshore oil and gas worker fatalities are underreported by federal safety agency. Southerly. August 2021. https://southerlymag.org/2021/08/18/offshore-oil-and-gas-workerfatalities-are-underreported-by-federal-safety-agency/
[20] U.S. Coast Guard 33 CFR § 146.140 - Emergency Evacuation Plan. COMDTINST 16000.76 September 2021

and clear the seafloor of all associated obstructions created by the lease operations." I am sad to report that this has not been the case. Since the 1960's, the Department of the Interior has allowed the offshore oil and gas industry to discard 97% of pipelines (18,000 miles) on the seafloor when no longer in use.[21] (**Figure 5**) A majority of these were approved in the last 13 years, just as companies stampeded out of the Gulf of Mexico and into the Texas and New Mexico Permian Basin. Assuming 40-feet segments at a weight of 15-tons each, this amounts to 35.6 million tons (78 billion pounds) of pipe serving no commercial or public purpose. They do however leak and shift, and obstruct sand dredging for coastal restoration, and preclude other future commercial uses like offshore wind.[22]

There is good news, however. Interior can simply enforce the legal contract companies agreed to: no more decommissioning in place. They can also make companies who had previously been allowed to decommission pipelines in place to follow the Lease Agreement and clear the seafloor of all associated obstructions created by the lease operations. Department of Interior Secretary Deb Haaland may determine that a pipeline is no longer useful and require its immediate decommissioning. The Bureau of Safety & Environmental Enforcement Gulf of Mexico Regional Supervisor also has clear legal authority to order the removal of a pipeline decommissioned in place.[23] To make this administratively feasible, I recommend the establishment of an "Idle Iron Pipeline" program that prioritizes removal based on alternative uses or potential for hazards.

And there is even better news. The economic activity spurred by stepping up enforcement of these obligations could be significant. As already mentioned, production on the OCS has doubled in the last decade primarily from more efficient production technologies. A consequence of these efficiency gains is that the complex web of shipyards and fabrication yards and offshore supply vessels and service companies in the Gulf sit idle and lay off employees. Many of these service companies see offshore wind and coastal restoration as a natural pivot for their services and workforces, and they are ready to get to work.

Enforcing decommissioning obligations could begin immediately, utilizing workforces and equipment today. A 2022 study estimates that decommissioning Gulf of Mexico infrastructure "would create 5,265 jobs per year to complete this work, including direct workers, contractors, and suppliers.[24] After taking into account household spending in the economy, this P&A expenditure would be associated with more than 10,500 jobs per year, economy-wide." This is not counting the scrap value of materials rotting and rusting in the Gulf, particularly steel. The Department of Energy found that steel scrap can eliminate up to 90% of the total energy consumed by integrated steelmaking by reducing the quantity of virgin iron required.[25] Just one offshore platform can boast tens of thousands of tons of high quality steel that can be reused for land building dredge boats, offshore wind turbines, and other industrial structures. There's a second industrial act just waiting on the seafloor.

Finally, I request that this body craft legislation to push the costs of these liabilities back onto the industry that profited from our shared public resources. To deal with already orphaned wells, discarded infrastructure, and decommissioned-in-place pipelines without a solvent owner to pursue, I strongly suggest that Congress pass legislation that establishes and implements an industry-wide levy that is

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[21] U.S. Government Accountability Office. GAO-21-293 Offshore Oil and Gas: Updated Regulations Needed to Improve Pipeline Oversight and Decommissioning. Published: Mar 19, 2021. Publicly Released: Apr 19, 2021. https://www.gao.gov/products/gao-21-293

[22]

[23] 30 CFR § 250.1754

[24] Agerton, Mark. Considering a Federal Program to Permanently Plug and Abandon Offshore Oil and Gas Wells.https://www.energypolicy.columbia.edu/wp-content/uploads/2022/04/OffshoreWells-CGEP_Report_111022.pdf

[25] Lowder, Travis. National Renewable Energy Laboratory. Scrap Supply Chains and Residual Impacts: Benchmarking Price Implications Today and Into the Future. May 2022.

deposited into a dedicated trust fund, similar to the federal Abandoned Mine Land Fund. In 2022, OCS crude oil production exploded to 636 million barrels of crude oil with an estimated gross $60.1 billion in revenue. This is almost the exact estimated high end decommissioning cost for the entire Gulf of Mexico. Either the industry that has profited from these resources pay, or it forces the tab upon the American public.

The public can and should expect more public benefits from its public resources. American energy workers should expect the highest quality and safest workplaces on the planet. The United States should lead on training, compensation, and standards. America should be the vanguard of energy diversification and climate mitigation. In no way does holding offshore wind hostage benefit the American people. The diversification of our domestic energy supply will necessitate nothing less than united, steady governance and the might of our Government. We need a plan. We need to diversify our domestic energy supply and secure our future. We are leaving gigawatts of energy and local, good jobs on the table. All I ask is that we get to work.

Megan M. Biven
Megan Biven

Additional Safety Recommendations

- ***OCS Safety Standardization.*** BSEE's safety regulations can be overly deferential to the operator and outsources regulatory standards to the American Petroleum Institute's RP 75 as BSEE's mandated safety practice. The document itself is only available for purchase and some smaller contractors on the OCS have reported that they do not have enough employees to qualify to purchase API documents or the prices are too high. We recommend that USCG and BSEE in conjunction with the National Offshore Training Center (NOTC) create a uniform safety training curriculum that is reviewed and updated routinely and required for all OCS workers regardless of vessel flag, citizenship of workers (including temporary visa workers), incarcerated workers engaged in transitional work programs, and regardless of worker job duties. Offshore workers should be required to know how to swim and be able to pass a swim test prior to offshore work certification. We recommend that BSEE and USGS create a certification for training centers so that operators know which training centers provide the approved training. We also recommend that the Interior require that operators shoulder the cost of these training requirements and not individual workers. Seacor Power survivor, Brandon Aucoin, told federal investigators about his harrowing experience waking up to the vessel capsizing.[26] He explained that his safety training prepared him for his ordeal in the Gulf and saved his life. He also revealed that one of the men, one of the vessel cooks, did not have a life jacket as a group of five were making their way out of the sinking vessel. It is imperative that all people working in the OCS are prepared for potentially life threatening conditions. As we enter into a new era of multi uses which includes offshore wind, this provides a timely opportunity to review these requirements and standardize these safety requirements. Potential offshore wind Project Labor Agreements and workforce development bidding credits provide an opportunity for the Interior to craft uniform accreditations and requirements for working offshore. BOEM and BSEE must determine what will constitute a successful workforce training program and what constitutes "fully trained personnel." This implies strict criteria and clear metrics. Because the notice of sale explicitly says that training of employed personnel would not qualify, this implies funding third-party educational programs - again these programs must conform to a government developed set of criteria.
- ***Uniform Evacuation Trigger.*** There is evidence that the frequency of tropical systems is increasing, as is

[26] USCG. Exhibit 224 - NTSB Interview Transcript - Aucoin - Survivor - Cardinal
https://www.news.uscg.mil/Portals/11/Headquarters/Investigations/Seacor-Power/Exhibit%20224%20-%20NTSB%20Interview%20Transcript%20-%20Aucoin%20-%20Survivor%20-%20Cardinal.pdf?ver=2Kbp6OiH90msOTdP_Y4JhQ%3d%3d

the rapid intensification of these storms.[27] All OCS operators with manned vessels are required to develop and implement an "Emergency Evacuation Plan."[28] Operators of drillships and mobile drilling units (MODUs) are required to submit a Stacking Plan which includes the means to evacuate personnel in case of emergency and emergency response procedures to the US Coast Guard Officer in Charge.[29] These regulations are largely deferential to operators, allowing companies to establish their own triggers for evacuation: "Describe the recognized circumstances, such as fires or blowouts, and environmental conditions, such as approaching hurricanes or ice floes, in which the facility or its personnel would be placed in jeopardy and a mass evacuation of the facility's personnel would be recommended."[30][31] We recommend that BSEE and USCG create and issue a "trigger" to cease activity and commit to evacuation procedures. We recommend that BSEE and USCG create a process for captains to check in with district offices and secure official endorsement for decisions that protect the lives of their crew. We recommend the creation of a documentation template for these approvals to protect vessel captains and/or crew from retaliation or wrongful termination based on those decisions.

- ***Mandatory OCS Life Beacons.*** We recommend that BSEE require that all operators provide PLBs-Personal Locator Beacons to all OCS workers, regardless of their industry or work function. Following a marine disaster, the US Coast Guard relies upon computer models to calculate where a person can drift over a period of time to focus research and rescue efforts. As the organization, Jason's Beacon (created in honor of Seacor victim, Jason Willis Krel) describes, "There are so many stories from survivors where in broad daylight boats passed right by them and planes or helicopters flew right over them before they were finally rescued, sometimes days later, and these boats and planes were searching specifically for them."[32] The price of current marine tested PLBs are nominal and would save time and resources locating lost mariners. They would also save priceless lives. It is time to make these pieces of equipment mandatory on the OCS.
- ***OCS Census.*** We recommend that BSEE and BOEM prioritize a joint study through the Environmental Studies Program characterizing workforce demographics and employee-employer relationships. The OCS GOM census and survey should assess all OCS workers, from drilling to production crews, to OSV dining and sanitation workers to underwater welders. How many workers are temporary visa workers (OCS-B), and how many are employed via state prison transitional work programs, how many are 1099 and how many are full time employees? What are safety conditions like - were workers provided adequate training and do they feel comfortable raising safety issues? We would be glad to coordinate in the development of this survey.

<u>Additional Orphaned Liabilities Recommendations</u>

- ***Fit to bid*****:** Using existing authority, increase Legal, Technical, and Financial Qualifications to Bid on OCS Oil & Gas Leases. The Outer Continental Shelf Lands Act grants the Secretary discretion to determine "qualification for participation." There must be a more stringent minimum threshold to hold an oil and gas lease on the OCS. In a very real way, the American government via the Bureau of Ocean Energy Management functions like a bank. It extends credit on the resources of the United States to private entities. Just as a bank must evaluate a loan applicant's risk before granting a loan, so too must BOEM evaluate a potential lessee's risk before allowing that company to participate in the program.

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[27] Tom Knutson, Senior Scientist, NOAA/GFDL. Global Warming and Hurricanes An Overview of Current Research Results. https://www.gfdl.noaa.gov/global-warming-and-hurricanes/

[28] U.S. Coast Guard 33 CFR § 146.140 - Emergency Evacuation Plan. COMDTINST 16000.76 September 2021

[29] U.S. Coast Guard Marine Safety: Outer Continental Shelf Activities. https://www.dco.uscg.mil/Portals/9/OCSNCOE/References/COMDTINSTs/CIM-16000.76-OCS-Activities.PDF?ver=KXStelJ-e-XS5VzhMBweeA%3d%3d

[30] U.S. Coast Guard 33 CFR § 146.140 - Emergency Evacuation Plan. COMDTINST 16000.76 September 2021

[31] Sneath, Sara. Oil Workers On Foreign-Flagged Ships Are At The Mercy of Corporations. May 2022. https://ca.movies.yahoo.com/oil-workers-foreign-flagged-ships-130004587.html

[32] https://www.jasonsbeacon.org/

- ***Cash on Hand:*** Require individual, sinking trust funds (bankruptcy remote) with BSEE as beneficiary for each permitted well, pipeline and supporting infrastructure. A requirement like this would force companies to actually set aside enough money to safely retire their wells once they're done producing. Trust funds should be pegged to BSEE's P90 forecasts. When a lessee has ceased operations, the money will be there. If a lessee becomes insolvent, the money will be there.
    - Lessees would be able to choose either a lump-sum payment upon establishment of the trust that reflects the estimated full costs of decommissioning, or pay an annual payment into a sinking trust fund until it reaches the estimated full cost. Everyone should set aside a little bit each month for retirement. It's time the oil and gas industry is forced to prepare for the end as well.
    - Lessees opting for an annual trust fund payment must also purchase a full cost surety bond for each individual well. The surety bond required amount is gradually reduced as the amount in the trust fund with annual payment increases. The surety bond amount should also be pegged to BSEE's P90 forecasts. The two accounts will be inversely proportional to minimize the federal government's exposure to the leases's risks. The less funds in the trust fund, the more surety that is required. As the holdings in the trust fund increase, the required annual bonding amount also decreases.
- ***Orphaned Liability Trust Fund:*** To deal with the millions of already abandoned and inactive wells, Congress should pass legislation that establishes and implements an industry-wide levy that is deposited into a dedicated trust fund, similar to the federal Abandoned Mine Land Fund. While estimates vary, it could cost anywhere between $60 to $435 billion to P&A the nation's abandoned and orphaned wells.[33] Either the industry that has profited from these resources pay, or it forces the tab upon the general public.
- ***Idle Iron Pipeline*****:** 30 CFR § 250.1754 establishes clear authority to the BSEE Regional Supervisor to order the removal of a pipeline decommissioned in place if that pipeline constitutes an obstruction. These pipelines provide no physical or material benefit to the American public, but they do impose an artificial limit on alternative commercial and national security uses. To make this administratively feasible, we recommend the establishment of an "Idle Iron Pipeline" program that prioritizes removal based on alternative uses or potential for hazards.
- ***Parental Liability:*** BOEM issues a Notice to Lessees that requires Lessees to provide a parent company guarantee for subsidiaries. The NTL should make it clear that parent companies are directly, jointly and severally liable for asset retirement obligations. Parent companies derive traceable financial benefit from OCS leases, and their direct liability should be unambiguous. It is against common sense and the spirit of the OCS program to allow a regime where multinationals or any company can only derive benefits and then stick the liability onto the American public. This provision should be added as a Lease Stipulation in the Notice of Lease Sale documents and OCS Lease Agreements.
- ***Office of Well Thrift Supervision*****:** Congress creates this entity to function as a pass-through receivership in which all assets, and certain nondeposit liabilities of original oil and gas institutions are instantly "passed through the receiver" to a newly chartered federal mutual association, the **American Well Corporation**. The American Well Corporation, housed in the Department of the Interior, can take over orphaned leases and operate in the American public's interest. Appointed DOI representatives will act as Conservators of leases, running them in the public's interest, winding down insolvent wells, and cleaning up inactive and depleted wells and supporting infrastructure with the proceeds from remaining production. Interior can directly employ production and support staff or contract out to approved operators. Instead of settling for just a percentage of profits, Interior can secure 100% of those profits to address orphaned OCS infrastructure and for the United States Treasury. And/ or Interior can allocate a percentage or all production to the Strategic Petroleum Reserve. This will likely require legislation to

[33] American Carbon Registry, "Methodology for Quantification, Monitoring, Reporting and Verification of Greenhouse Gas Emissions Reductions from Plugging Abandoned and Orphaned Oil and Gas Wells," April 2022, p.40. Retrieved from https://americancarbonregistry.org/carbon-accounting/standards-methodologies/plugging-abandoned-orphaned-oil-and-gas-wells/1-0-acr_aoog_peer_review_04272022.pdf

enact, but we recommend that just as BSEE has requested additional funds to address orphaned liabilities in its recent Budgetary Justifications, that so too, we recommend that BOEM and BSEE will make the case through its Congressional Affairs Office that an American Well Corporation will be in the interest of the American public. True Transition will gladly assist in any of those efforts.

Figure 1

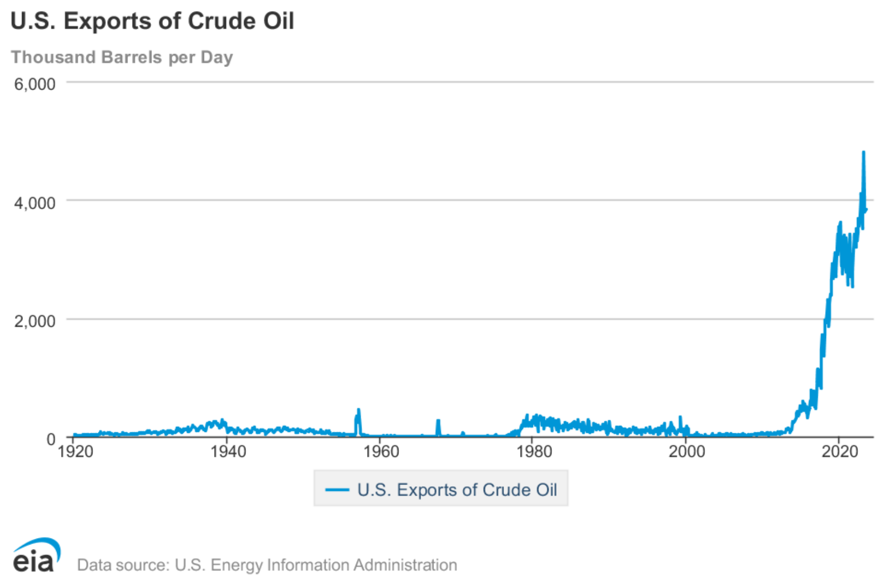

Figure 2

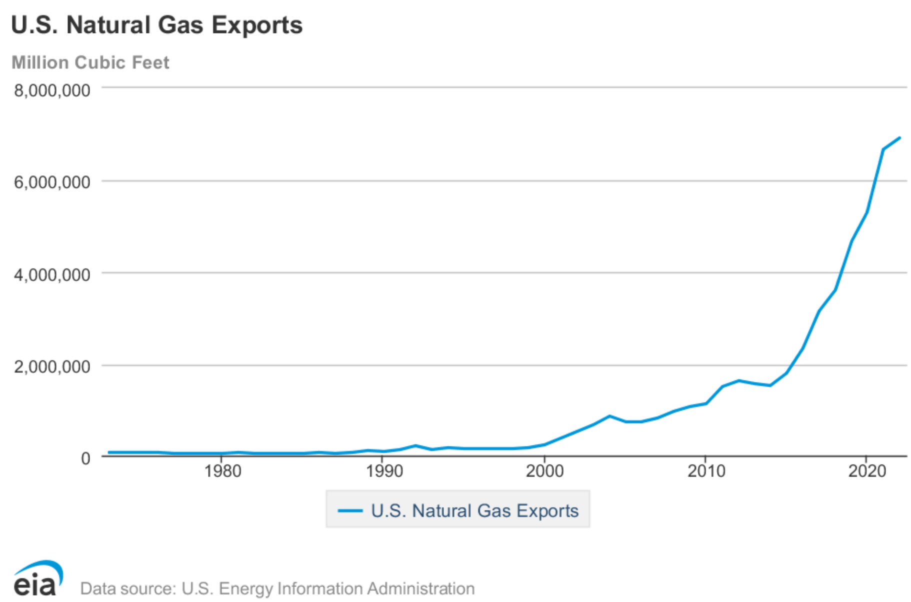

Figure 3

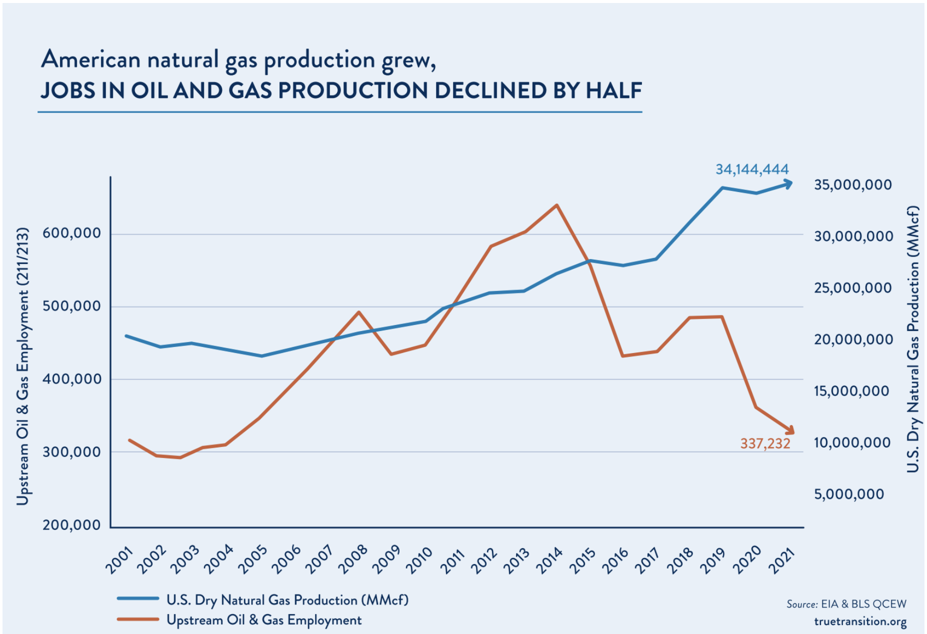

Figure 4