



# United States Department of the Interior

OFFICE OF THE SECRETARY  
Washington, DC 20240

DEC 20 2024

The Honorable Pete Stauber  
Chairman  
Subcommittee on Energy and Mineral Resources  
Committee on Natural Resources  
U.S. House of Representatives  
Washington, DC 20515

Dear Chairman Stauber:

Enclosed are responses to questions submitted to the Directors of the Bureau of Ocean Energy Management and the Bureau of Safety and Environmental Enforcement following the Subcommittee's May 23, 2024, oversight hearing on "*Examining the President's FY 2025 Budget Request for the Bureau of Ocean Energy Management, the Bureau of Safety and Environmental Enforcement, and the Office of Natural Resources Revenue*" These responses were prepared by the Bureau of Ocean Energy Management and Bureau of Safety and Environmental Enforcement.

Thank you for the opportunity to respond to you on these matters.

Sincerely,

Pamela L. Barkin  
Legislative Counsel  
Office of Congressional and  
Legislative Affairs

Enclosure

cc: The Honorable Alexandria Ocasio-Cortez  
Ranking Member

## Questions for the Record

U.S. House Committee on Natural Resources

Subcommittee on Energy and Mineral Resources

Oversight Hearing: *Examining the President's FY 2025 Budget Request for the Bureau of Ocean Energy Management, the Bureau of Safety and Environmental Enforcement, and the Office of Natural Resources Revenue*

May 23, 2024

***NOTE: This document responds to questions submitted to both BOEM Director Liz Klein and BSEE Director Kevin Sligh following the May 23, 2024, oversight hearing. Responses to questions posed to both Directors have been combined.***

### **Questions from Chairman Westerman**

#### **Director Klein and Director Sligh**

**The Infrastructure Investment and Jobs Act was signed into law (P.L. 117-58) on November 15, 2021. Section 340307 amends the Outer Continental Shelf Lands Act to authorize the Secretary of the Interior to grant a lease, easement, or right-of-way on the Outer Continental Shelf for activities that "provide for, support, or are directly related to the injection of a carbon dioxide stream into sub-seabed geologic formations for the purpose of long-term carbon sequestration." The Act requires the Bureau of Safety and Environmental Enforcement jointly with the Bureau of Ocean Energy Management to promulgate regulations within one year of the law's enactment. Given the evolving landscape of carbon capture and sequestration (CCS) and its importance for carbon management, enhanced oil recovery, and other evolving uses; I'd like to understand BOEM's current stance and plans regarding CCS on the Outer Continental Shelf (OCS).**

- 1. Directors: Can you provide an update on where BOEM and BSEE are in drafting and publishing the necessary regulations for CCS? Specifically, when can we expect these proposed regulations to be available for public comment?**

**Response:** The Bureau of Ocean Energy Management (BOEM) and the Bureau of Safety and Environmental Enforcement (BSEE) have been working together on development of these regulations. Creating an entirely new regulatory program is a complex undertaking. BOEM and BSEE anticipate issuing proposed regulations for public comment later this year.

We intend the regulations to provide for sound regulatory oversight by both BOEM and BSEE and to assure the American public that carbon sequestration operations on the Outer Continental Shelf (OCS) will be safe and environmentally sustainable.

- 2. Director Klein: Will companies holding existing OCS oil and gas leases be permitted to convert these leases into CCS leases, or will they need to acquire new leases specifically for CCS activities? If conversion is not allowed, what is the rationale behind this decision?**

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**Response:** Any person or company wanting to undertake carbon sequestration activities on the OCS will have to obtain a lease issued for carbon sequestration. The rule currently in development will outline the process to obtain a carbon sequestration lease.

- 3. Director Klein: Can companies currently seek new leases specifically for CCS under 43 USC 1337(p)? If so, what is the current process for obtaining such a lease? If not, is it because BOEM is awaiting the finalization of the new regulations?**

**Response:** BOEM does not have an established mechanism or process for considering requests for carbon sequestration leases or grants at this time. 43 USC 1337(p)(3) requires that BOEM implement a competitive process for leases, easements, or rights-of-way issued under 43 USC 1337(p)(1), unless the Secretary determines after a public notice process that there is no competitive interest. The Infrastructure Investment and Jobs Act (P.L. 117-58) directs the Department of the Interior to promulgate regulations to implement a carbon sequestration leasing program, in addition to other rules, that support, provide for, or are related to carbon sequestration on the OCS.

BOEM intends to establish the process for carbon sequestration leasing as part of the rule that is under development. As previously noted, developing a new carbon sequestration program for the OCS is a complex undertaking. BOEM is using specialized geological, environmental, and offshore energy expertise to develop a comprehensive regulatory framework that prioritizes safe operations and protects the environment on the OCS.

- 4. (#2 on Director Sligh's letter) Director Sligh: Is there any provision that allows companies with existing OCS oil and gas leases to perform CCS activities before the new regulations are finalized and published?**

**Response:** There are currently no provisions in BOEM's regulations for Carbon Capture and Storage (CCS) to be conducted on existing OCS oil and gas leases. There are provisions in BSEE's regulations to allow the injection of CO<sub>2</sub> for enhanced oil recovery, but those activities are not the same as CCS.

*West Coast Decommissioning/Chumash Sanctuary*

**Director Klein and Director Sligh**

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**On behalf of a broad community consortium, the Northern Chumash Tribal Council submitted their sanctuary nomination in July 2015. NOAA's Office of National Marine Sanctuaries issued a Notice of Intent to begin the designation process for the proposed sanctuary in November 2021.**

**Now that NOAA has formally proposed the Chumash National Marine Sanctuary, it doesn't allow for an exception for decommissioning. BOEM and BSEE are currently in the process of working towards the decommissioning of the platforms within the proposed sanctuary. If the proposed sanctuary is finalized without a decommissioning exception, how will that impact BOEM and BSEE's mission to have these platforms decommissioned?**

**Response:** All lessees and owners of operating rights are legally required to meet decommissioning obligations for facilities on their leases, rights of way, and rights-of-use and easement, including production platforms and pipelines (see 30 CFR §250.1701). Decommissioning obligations include permanently plugging oil and gas wells and properly decommissioning facilities and associated infrastructure (i.e. pipelines) when no longer useful or when the lease is terminated. This requirement continues to be applicable to any lease within the area designated for the Chumash National Marine Sanctuary (CHNMS).

BSEE and BOEM participated in the development of NOAA's Final Management Plan for the CHNMS, which was published in October 2024. The management plan lists decommissioning as a regulated activity (page 79):

- *"Exploring for, developing, or producing oil, gas, or minerals (e.g., clay, stone, sand, metalliferous ores, gravel, non-metalliferous ores, or any other solid material or other physical matter of commercial value) within the Sanctuary;*
- *Drilling into, dredging, or otherwise altering the submerged lands of the Sanctuary; or constructing, placing, or abandoning any structure, material, or other matter on or in the submerged lands of the Sanctuary;"*

NOAA's approach to decommissioning facilities in the sanctuary is addressed in the Offshore Energy Action Plan in the Final Management Plan. On page 35 of the Final Management Plan, NOAA states:

*"While the diversity of threats from coastal and offshore energy development was a principal driver for community leaders to propose a national marine sanctuary, decommissioning and removal of industrial facilities and energy production of offshore wind can also have ecosystem benefits. As is true for other issue areas, NOAA may not be able to address all issues and opportunities related to offshore energy at the time of designation. However, this*

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*action plan will establish a mechanism and process to consider and study potential threats, communicate them to the public and affected stakeholders, and participate in interagency processes to support best outcomes.”*

Under NOAA’s management plan, sanctuary permits will be required for decommissioning affected oil and gas development and production facilities. NOAA will develop permitting guidelines that consider BSEE and U.S. Army Corps of Engineers existing permit application requirements (page 36). BOEM and BSEE anticipate continued collaboration with NOAA on the process moving forward.

### ***Financial Assurance/For BOEM***

**Director Klein,**

**The BOEM Financial Assurance Rule is now finalized. BOEM has discretion under that rule on when and whether to call on any bonds granted in its favor.**

- **Does BOEM intend to call on those bonds in all instances when a current lessee/owner fails to perform (e.g., even where there are predecessors)? If not, why not?**

**Response:** BOEM has always maintained that the current lessee should be held financially responsible for decommissioning facilities that it owns. When a company purchases an OCS lease from the U.S., through BOEM, or from another company, through an assignment, that purchase is always contingent on the purchaser assuming the obligations for decommissioning the lease.

The final rule streamlines the evaluation criteria for determining supplemental financial assurance requirements by establishing two metrics by which we will assess the risk that a company poses for the American taxpayer: (1) the financial health of company (lessee/grant holder) and (2) the value of the assets that the lessee holds.

As a result of this final rule, BOEM will request supplemental financial assurance from all entities that do not meet the credit rating or reserves threshold. BOEM authority to call bonds did not change with the final rule, and BOEM will continue to call bonds if a lessee fails to meet its performance obligations.

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- **Will BOEM make the proceeds of those bonds available to predecessors who are called upon to perform? If not, why not?**

**Response:** Yes, BOEM will reimburse predecessors who perform the decommissioning activities if there are funds available.

**During his administration, President Obama designated the Bears Ears National Monument in December 2016, recklessly restricting 1.35 million acres, and expanded the Hawaiian Marine National Monument, a 600,000 square acre designation, in the waning months of his term in August 2016, making it the largest protected area on Earth at the time.**

1. **As we thankfully approach the end of President Biden's term, what funding in the BOEM budget is allocated for preparing reviews; analyses, or required documents to withdraw lands and waters under OCSLA, the Antiquities Act, or other statutes?**

**Response:** There is no line item within BOEM's budget specific to activities associated with Presidential withdrawals under Section 12 of the Outer Continental Shelf Lands Act (OCSLA) or any other statute.

2. **Have you participated in, or are you aware of any plans within the Department of the Interior to carry out such withdrawals in the near future? If so, under which program would these actions be carried out, and which line item from FY24 or FY25 funding would be utilized to prepare for such actions?**

**Response:** Withdrawals under Section 12 of the OCSLA are made by the President, not DOI or BOEM.