

October 4, 2023

The Subcommittee on Rural Development, Energy, and Supply Chains
The Committee on Small Business
U.S. House of Representatives
Washington, D.C. 20515

Re: Subcommittee on Rural Development, Energy, and Supply Chains Hearing: “Energy Independence: How Burdensome Regulations are Crushing Small Offshore Energy Producers” (September 28, 2023)

Dear Members of the Subcommittee:

Oceana is the largest international conservation organization solely focused on protecting the world’s oceans, with more than 1.7 million members and supporters in the United States. For twenty years, Oceana has campaigned to win strategic, directed campaigns that achieve measurable outcomes to help make our oceans more biodiverse and abundant.

For over 15 years, Oceana has been campaigning to oppose expanded offshore oil and gas exploration and development. Offshore drilling causes dangerous oil spills and perpetuates energy development based on fossil fuels. The United States must shift from fossil fuel-based energy sources to clean energy. Addressing climate change is important for oceans, wildlife, and our future. By shifting from fossil fuel energy to clean, renewable energy sources, the United States can help address this crisis.

Oceana thanks you for the opportunity to submit a letter for the record following the Subcommittee on Rural Development, Energy, and Supply Chains Hearing: “Energy Independence: How Burdensome Regulations are Crushing Small Offshore Energy Producers”.

Offshore drilling is dirty and dangerous.

No offshore oil and gas company can guarantee that oil spills will not happen. Despite repeated promises that toxic oil spill disasters are rare, the oil and gas industry proves again and again that offshore drilling is dirty and dangerous. Oil spill disasters are not isolated incidents. In the U.S. alone, there were over 6,800 oil spills between 2010 and 2021 — an average of almost two spills every day.¹ Toxic oil disasters poison marine wildlife, cause beach closures, and shut down lucrative fishing areas. Permanently protecting our coasts from offshore drilling will safeguard our coastal economies from the next oil disaster.

¹ BSEE. (2022). *Aggregated Data of OCS Oil and Gas Industry Activities (e.g. Production and drilling levels), Work Hours, Incidents, Inspections and Compliance: 2010-2021*. <https://www.bsee.gov/sites/default/files/2023-02/performance-data-table-2010-2021-10-26-2022.pdf>

There are over 8,000 miles of active pipelines in the Gulf of Mexico and the government does not require subsea inspection of them.² There could be oil spewing below the surface that would not be visible from an aerial survey, especially given how deep oil companies are drilling in the Gulf of Mexico.

Offshore drilling fuels the climate crisis.

The climate crisis has raged through our country this summer. Extreme weather has been front page news for months, with wildfire smoke billowing across the country, California hit by the first tropical storm in 80 years, and the hottest month ever on record.

Oceana's analysis found that permanently protecting all federal waters from new offshore drilling could prevent more than 19 billion tons of greenhouse gas emissions— nearly three times the total annual emissions of the U.S.³ This would be equivalent to taking every car in the nation off the road for 15 years.

BOEM's proposed changes to financial assurances regulation are an important step in the right direction but can and should be stronger.

The Bureau of Ocean Energy Management's (BOEM) proposed changes to financial assurances do not aim to impede fossil fuel development as claimed during this hearing, but are a step towards protecting taxpayers and coastal communities from the pollution of abandoned infrastructure.

BOEM has the obligation to be a responsible steward, both to the environment and to the U.S. taxpayer. While BOEM's proposed rule makes some positive changes, it requires further improvements to meet the agency's responsible stewardship obligation.

The only way to fully ensure that decommissioning costs are not borne by the federal government and the taxpayer is to require bonds from all lessees in the full amount of estimated decommissioning liabilities at the highest probabilistic estimate. In the absence of full bonding, however, BOEM should only exempt lessees from supplemental bonding for companies that show significant financial strength and have met all prior decommissioning obligations.

According to a recent study by Mark Agerton et al., industry is sitting on nearly 10,800 unplugged wells in federal waters alone, with an estimated decommissioning cost of \$42 billion.⁴ Of those wells, over 7,000 are inactive, with an estimated decommissioning cost of \$28.65 billion.⁵ And that only accounts for unplugged wells in federal waters. In state waters, the study estimated another 7,000 wells were inactive and unplugged, but the decommissioning cost

² GAO. (2021). *OFFSHORE OIL AND GAS: Updated Regulations Needed to Improve Pipeline Oversight and Decommissioning*. <https://www.gao.gov/assets/gao-21-293.pdf>

³ Oceana. (2021, January 15). *Offshore Drilling Fuels the Climate Crisis and Threatens the Economy*. Oceana USA. <https://usa.oceana.org/publications/reports/offshore-drilling-fuels-climate-crisis-and-threatens-economy>

⁴ Mark Agerton et al., *Financial liabilities and environmental implications of unplugged wells for the Gulf of Mexico and coastal waters*, NATURE ENERGY (May 8, 2023), <https://doi.org/10.1038/s41560-023-01248-1>.

⁵ *Id.*

estimate was much lower, at \$2 billion.⁶ Oil and gas can leak from these wells and cause damage to ecosystems, particularly closer to the coast.⁷

To make matters worse, wells that were previously plugged and abandoned are still leaking oil and harmful gases, including methane, benzene, nitrogen oxides, and carbon dioxide,⁸ due to vague and inadequate regulations when those wells were plugged.⁹ And BOEM and the Bureau of Safety and Environmental Enforcement (BSEE) do not regularly monitor the state of the wells.

Methane pollution and carbon intensity of Gulf of Mexico offshore drilling.

During the hearing we heard untrue statements regarding fossil fuel production in the United States. Offshore drilling is dirty and dangerous in all locations. Claims were made about the carbon intensity of oil in the Gulf of Mexico, but the reality is that emissions are highly underreported and by some estimates are worse than average global emissions.

Ayasse et al. 2022¹⁰ used an airplane to measure methane emissions in the Gulf of Mexico. They surveyed over 150 offshore platforms and surrounding infrastructure in shallow water. Tanks, pipelines, wells, and vents all released methane. Some vents were persistently releasing methane for days or months. The loss rates compared to production offshore varied from 10% to 66%, vastly higher than onshore estimates for the Permian Basin around 3.3%–3.7%.

Gorchov Negron et al. 2020¹¹ used methane measurements from aircrafts to show the Environmental Protection Agency Greenhouse Gas Inventory (GHGI) and the US Bureau of Ocean Energy Management Gulfwide Offshore Activities Data System (GOAD) underestimate emissions. Methane emissions from the largest shallow water facilities were underestimated by at least an order of magnitude compared to GOAD. The true emission factor for shallow oil platforms could be 80% higher than what is used by the GHGI. Under-sampling of facilities with disproportionately high emissions can lead to underestimates of basinwide emissions.

Gorchov Negron et al. 2023¹² collected airborne observations and combined them with previous surveys to evaluate the climate impact of offshore drilling in the Gulf of Mexico. The study included methane from losses and venting as well as CO₂ from combustion. Based on their

⁶ *Id.*

⁷ *Id.*

⁸ Hannah Seo, *Unplugged: Abandoned oil and gas wells leave the ocean floor spewing methane*, ENV'T HEALTH NEWS (Dec. 8, 2020), <https://www.ehn.org/oil-and-gas-wells-methane-oceans-2649126354.html>.

⁹ Torbjørn Vrålstad et al., *Plug & abandonment of offshore wells: Ensuring long-term integrity and cost-efficiency*, 173 J. PET. SCI. & ENG'G 478 (Feb. 2019), [sciencedirect.com/science/article/pii/S0920410518309173](https://www.sciencedirect.com/science/article/pii/S0920410518309173).

¹⁰ Alana K. Ayasse et al., *Methane remote sensing and emission quantification of offshore shallow water oil and gas platforms in the Gulf of Mexico*, ENVTL. RES. LETTERS 17(8) (Aug. 11, 2022), <https://doi.org/10.1088/1748-9326/ac8566>.

¹¹ Alan M. Gorchov Negron et al., *Airborne Assessment of Methane Emissions from Offshore Platforms in the U.S. Gulf of Mexico*, ENVTL. SCI. & TECH. 54(8) 5112–5120 (April 13, 2020), <https://doi.org/10.1021/acs.est.0c00179>.

¹² Alan M. Gorchov Negron AM et al., *Excess methane emissions from shallow water platforms elevate the carbon intensity of US Gulf of Mexico oil and gas production*, PROCEEDINGS OF THE NAT'L ACADEMY OF SCI. 120, [10.1073/pnas.2215275120](https://doi.org/10.1073/pnas.2215275120)

research, the climate impacts of drilling in the Gulf of Mexico are over twice what is reported in government inventories, and on average, shallow water platforms in the Gulf of Mexico are worse for the climate than typical oil production around the world.

Conclusion

Neither the federal government nor taxpayers should be held responsible for the decommissioning costs of offshore drilling infrastructure. Offshore drilling is a threat to coastal communities during construction and operation, and infrastructure can continue to pollute the ocean for decades. Oceana urges the Committee to prioritize protecting coastal communities and to recognize the need for improved financial assurances for the offshore drilling industry.

We appreciate the opportunity to provide input and thank you for your attention.

Sincerely,

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