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Submitted via Regulations.gov

Subject: Comments for the 11th National OCS Oil and Gas Leasing Program
Docket No. BOEM-2025-0015

The American Petroleum Institute (API), National Ocean Industries Association (NOIA), Offshore Operators Committee (OOC), Independent Petroleum Association of America (IPAA), U.S. Oil and Gas Association (USOGA), American Exploration & Production Council (AXPC), International Association of Drilling Contractors (IADC), EnerGeo Alliance, Energy Workforce and Technology Council, and the Louisiana Mid-Continent Oil and Gas Association (LMOGA) (collectively, the Associations), offer the following comments on the Bureau of Ocean Energy Management's (BOEM) request for information and comments on the preparation of the 11th National Outer Continental Shelf (OCS) Oil and Gas Leasing Program (National Program) published in the Federal Register on April 30, 2025. The Associations' members are involved in exploring, developing, and producing oil and natural gas resources found on the OCS and are interested in the development of the National Program. The decisions made regarding areas to include in the program will have long-term implications for our nation's energy security, continued energy dominance, prospects for job creation, and future revenue generation for the U.S. Treasury.

I. The Associations

API is a national trade association representing nearly 600 member companies involved in all aspects of the oil and natural gas industry. API's members include producers, refiners, suppliers, pipeline operators, marine transporters, and service and supply companies that support all segments of the industry. API and its members are dedicated to meeting environmental requirements, while economically and safely developing and supplying energy resources for

consumers. API is a longstanding supporter of offshore exploration and development, and the process laid out in the OCS Lands Act as a means of balancing and rationalizing responsible oil and gas activities and the associated energy security and economic benefits with the protection of the environment.

NOIA represents the full spectrum of the offshore energy industry, including offshore oil and gas, wind, marine minerals, carbon capture and storage, and other emerging ocean-based technologies. With membership of around 140 companies, NOIA brings together energy leaseholders, project developers, and the broad supply chain that powers offshore innovation. Together, these companies form a dynamic ecosystem committed to the safe, responsible, and forward-looking development of America's offshore energy resources.

OOC member companies represent more than 90% of the oil and gas production in the Gulf of America (GOA) OCS with oil and natural gas operators, drilling contractors, and service providers. Its members recognize that offshore operations must be conducted safely and in a manner that protects the environment. The offshore industry has a long history of safe operations that has advanced the energy security of our nation and provided energy resources which are crucial to our nation's economy.

IPAA is a national upstream trade association representing thousands of independent oil and natural gas producers and service companies across the United States. Independent producers develop 91 percent of the nation's oil and natural gas wells. These companies account for 83 percent of America's oil production, 90 percent of its natural gas and natural gas liquids production, and support over 4.5 million American jobs

USOGA is a strong advocate for the petroleum industry and its contribution to our country's economic and strategic stability.

AXPC is a national trade association representing leading independent oil and natural gas exploration and production companies in the United States. AXPC companies produce some of the cleanest and safest oil and natural gas in the world, while supporting millions of Americans in high-paying jobs and investing a wealth of resources in our communities. Dedicated to safety, science, and technological advancement, our members strive to deliver affordable, reliable energy while positively impacting the economy and the communities in which we live and operate. As part of this mission, AXPC members understand and promote the importance of ensuring positive environmental and public-welfare outcomes and responsible stewardship of the nation's natural resources. It is important that regulatory policy enables us to support continued progress on both fronts through innovation and collaboration. AXPC works with regulators and policymakers to create sound, fact-based public policies that enable responsible development of America's vast oil and natural gas resources in order to meet domestic and global energy demands.

Since 1940, IADC has represented the worldwide oil and gas drilling industry. IADC's contract-drilling members own most of the world's land and offshore drilling units that drill the vast majority of the wells producing the planet's oil and gas. IADC's membership also includes oil-and-gas producers, and manufacturers and suppliers of oilfield equipment and services. Through conferences, training seminars, print and electronic publications, and a comprehensive network

of technical publications, IADC continually fosters education and communication within the upstream petroleum industry.

EnerGeo is the international trade association representing the industry that provides geophysical services (geophysical data acquisition, processing and interpretation, geophysical information ownership and licensing, and associated services and product providers) to the oil and natural gas industry. EnerGeo member companies, which operate within the GOA, play an integral role in the successful exploration and development of offshore hydrocarbon resources through the acquisition and processing of geophysical data.

Energy Workforce & Technology Council represents approximately 200 companies that provide the services, technology, equipment and expertise necessary to safely and efficiently explore and produce oil and natural gas. Our member companies are committed to building a stronger oilfield service sector, advancing safety and environmental stewardship, and ensuring that society has access to the energy needed for continued economic progress.

Founded in 1923, LMOGA is Louisiana's longest standing trade association, exclusively representing all aspects of the oil and gas industry onshore and offshore, including exploration, production, mid-stream activities, pipeline, refining, and marketing.

The Associations believe that all OCS areas with the potential to generate jobs, new revenue, and additional production to advance America's energy dominance should be considered for inclusion in the Draft Proposed Program. Anything less undermines the comprehensive process set forth in the OCS Lands Act and could have significant impacts on U.S. energy policy options well into the future. We fully support keeping existing exploration and production areas in the GOA and offshore Alaska available for leasing in the National Program and also urge BOEM to include **new** areas in its Draft Proposed Program, including those in the Atlantic, Pacific, Eastern GOA, Beaufort and Chukchi Seas of Alaska so they can be available for future leasing consideration.

II. Comments

BOEM is seeking a wide array of information, including but not limited to information associated with the economic, social, and environmental values of all OCS resources, as well as the potential impact of oil and gas exploration and development on OCS resources and the marine, coastal, and human environments.

A. Oil and Natural Gas Production Will be Needed to Meet Future Energy Needs

The recently issued Executive Order 14154, Unleashing American Energy[1], and Secretarial Order 3418[2] which implements this strategy, fully recognize the importance of offshore oil and natural gas development. With this request for information and development of a new National Program it is clear that the administration is addressing the responsibility granted by the OCS Lands Act[3] that "the outer Continental Shelf is a vital national resource reserve held by the

[1] https://www.federalregister.gov/documents/2025/01/29/2025-01956/unleashing-american-energy
[2] https://www.doi.gov/document-library/secretary-order/so-3418-unleashing-american-energy
[3] Outer Continental Shelf Lands Act of 1953, as amended, 43 U.S.C. § 1331, *et seq.*

Federal Government for the public, which should be made available for expeditious and orderly development, subject to environmental safeguards, in a manner which is consistent with the maintenance of competition and other national needs."[4]

The U.S. Energy Information Administration forecasts U.S. energy to remain relatively steady through 2050, with demand decreasing modestly. In 2050, as is the case today, more than half of U.S. demand is expected to be met by oil and natural gas.[5] Continuous exploration and drilling will be needed to meet these expectations.

The U.S. is the world's largest producer of oil and natural gas and this energy renaissance has put millions of Americans to work, generated billions of dollars in revenue for Federal and State governments and put downward pressure on prices for consumers. Growing U.S. production has dramatically increased our resistance to energy market shocks, but our long-term energy security can only be strengthened with a lasting commitment to expanding offshore oil and natural gas development. In 2024, offshore oil and natural gas production accounted for approximately 14% and 2% of U.S. oil and gas production respectively.[6] This offshore production remains the backbone of U.S production and is a crucial component in helping to ensure a U.S. energy dominance in the future.

B. All OCS Areas Should be Fully Evaluated and Considered

At this point in the evolution of the National Program, it is important for BOEM's evaluation of the OCS areas to include all 27 Planning Areas and not prematurely eliminate areas that have resource development potential. The multi-step program development process is designed to collect information from all stakeholders, provide the opportunity for careful analysis and consideration of available information, and allow the Secretary of the Interior to decide on what areas are best suited for future offshore exploration and development activities. Since the existing process does not allow an area removed from consideration at an early stage to be added back in at a later stage, it is important that areas are not prematurely eliminated from consideration.

This is especially true since decisions made now will have long-lasting impacts on U.S. energy policy. To continue our march towards energy dominance, bold, forward-looking decisions need to be made. Robust production continues in the GOA, not because of leasing decisions made five years ago but because of decisions made decades prior. According to the Energy Information Administration, U.S. offshore production is expected to increase modestly over the next five years and remain nearly equal to current levels as far out as 2050.[7] To ensure a robust domestic energy program out to 2050 and beyond as predicted, BOEM needs to take a more expansive view of the areas to be included in a future National Program. Therefore, BOEM should fully consider all areas for inclusion in the program and keep as many areas as feasible in the Draft Proposed Program.

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[4] 43 U.S.C. § 1332(3).
[5] https://www.eia.gov/outlooks/aeo/
[6] Oil - https://www.eia.gov/dnav/pet/pet_crd_crpdn_adc_mbblpd_a.htm; Natural Gas - https://www.eia.gov/dnav/ng/ng_prod_sum_a_EPG0_VGM_mmcf_a.htm
[7] https://www.eia.gov/outlooks/aeo/

Political tension remains high throughout the world, including in Russia, Asia, and the Middle East, which highlights the importance of maintaining a robust U.S. oil and natural gas industry to increase energy security and strengthen national security. No longer are we as a nation crippled by world events that threaten supply or heighten the risk of conflict. Our domestic production serves as a buffer to cushion the shocks to our economy that were once commonplace. However, with the timeline to develop deepwater offshore oil and gas stretching 10 to 15 years from the time of a lease sale, and potentially longer in frontier areas, we need to maintain our activity in existing areas of operation and thoroughly consider expanding access to unexplored and undeveloped OCS areas that have been off limits for decades. Resources from these areas will be needed to replace the onshore and offshore oil and natural gas reserves that we currently produce.

Keeping all 27 planning areas under consideration in this phase of the National Program does not imply commitment to development in any specific region. Rather, it is a recognition that sound policy requires flexibility, informed by evolving technology, shifting market demands, and advances in environmental stewardship. If these areas are excluded from analysis now, future policymakers will be denied the ability to consider them, even if conditions change dramatically. This would be a short-sighted outcome for a process intended to support long-term national interest.

Previous policy decisions have already placed the vast majority of the U.S. OCS off limits to exploration and potential development. As energy demand grows, and new global supply risks emerge, it is essential that we preserve every opportunity to strengthen domestic energy production, support high-quality jobs, and drive broader economic benefits across coastal and inland communities. The National Program must reflect a full and fact-based evaluation of all U.S. offshore regions—not foreclose them before the data is even collected.

C. Existing and Historical OCS Exploration and Development Areas are Important

The OCS contains critically important hydrocarbon producing areas, including the GOA where expertise and technology have increased our nation's energy security and prospective areas like the Atlantic and the Chukchi and Beaufort Seas off Alaska that are thought to contain world-class hydrocarbon resources. In addition, there are known reserves in the Pacific awaiting production. Regular and predictable lease sales, regulatory certainty, and timely permitting are needed to help ensure robust participation in future lease sales, new federal revenues from lease bonuses and royalties, and sustained offshore exploration and production of vital oil and gas resources.

The importance of predictability and certainty in the National Program cannot be overemphasized and are crucial tenets of offshore energy policy. Companies need regular access to leases to make the long-term commitments required for offshore development, particularly for investments at the magnitude required for frontier OCS areas like the Atlantic or the Arctic. As technology improves and economic conditions change, leases once deemed noncommercial evolve into viable drilling candidates with commercial potential. Because of this evolution, it is important to provide companies the opportunity to pursue new leases to test innovative geologic concepts and to employ advancements in drilling and production technology. A continuous stream of new discoveries is needed to replace depleting reserves and help maintain or increase

domestic production levels. Without the opportunity to obtain new leases, companies will be forced to turn their attention and investment dollars to prospects in other parts of the country or the world.

Development of new oil and gas resources in Alaska is critical to the state of Alaska and the nation. Current North Slope production has declined to less than 500,000 barrels of oil per day, well below its peak of more than 2 million barrels of oil a day. Drilling of new offshore prospects and development of new discoveries is essential to slowing and reversing the current, declining trend in Alaskan oil production. Should this decline continue unabated, the viability of the Trans-Alaska Pipeline will be threatened, and with it the flow of existing production to the Lower 48 States. The Chukchi Sea and Beaufort Sea were last estimated by BOEM in 2021 to contain 15.72 billion barrels of oil (BBO), 79.58 trillion cubic feet of gas (TCFG), and 5.74 BBO, 16.10 TCFG, respectively.[8] The Chukchi Sea offers more resource potential than any other undeveloped U.S. energy basin, and the Beaufort Sea, while smaller, nevertheless provides among the largest undiscovered resource accumulations in the U.S. The development of the Chukchi Sea and the Beaufort Sea would greatly enhance U.S. energy security by sustaining the Trans-Alaska Pipeline System and generating significant economic benefits for Alaska and the nation. The new High Artic Planning Area will need to undergo a full resource evaluation before industry can determine the potential for its future development. Given its remoteness and harsh climate, any development would take place well in the future.

Another benefit of the sustained and expansive energy policy the U.S. has followed in some parts of the GOA is that the U.S. oil and natural gas industry has become the world leader in offshore technology development. This is particularly true in terms of deepwater exploration, drilling and development operations. To maintain our position as a technology leader we will need to pursue an energy policy that continues to allow leasing in existing and historical areas of operation.

Moreover, maintaining a regular and predictable schedule of offshore lease sales is critical to sustaining U.S. energy production, particularly in the GOA. Offshore production is subject to natural decline rates of 10-15% annually[9], meaning that even to hold production flat, new lease blocks must be consistently brought online. Without regular leasing, this decline will result in significant reductions in future domestic supply—directly impacting U.S. energy security, jobs, and economic competitiveness.

Offshore oil and gas development is inherently a prospective endeavor. Acquiring a lease does not guarantee production. Companies must first evaluate lease blocks using seismic data, followed by appraisal and, potentially, exploratory drilling. Many leases ultimately prove non-commercial. In this sense, leasing is an investment in potential—one that supports long-term planning and technological innovation.

As an aside, companies are financially committed from the outset – the notion of idle leases is a myth. Winning bids are accompanied by significant upfront payments. Leaseholders must then pay annual rental fees for non-producing leases and royalties on any production that eventually

[8] https://www.boem.gov/sites/default/files/documents/oil-gas-energy/resource-evaluation/2021%20Fact%20Sheet_0.pdf

[9] https://www.spglobal.com/research/articles/231107-global-offshore-energy-sector-is-on-the-road-to-recovery-12892503

occurs. These fiscal terms ensure that taxpayers and the federal treasury receive value whether a lease results in production, and they reflect the industry's strong financial stake in the responsible development of offshore resources. According to the Department of the Interior's Office of Natural Resources Revenue (ONRR), Gulf of America oil and gas activities generated more than $6.4 billion in revenue in 2024. This included approximately $5.9 billion from royalties, $372 million from bonus bids, and $119 million from rental payments.[10]

The current leasing program must account for these dynamics and prioritize a steady cadence of lease opportunities. Without it, companies cannot make informed investment decisions, and the long lead times required for offshore development—often 10 to 15 years from lease sale to production—cannot be managed effectively.

D. New Areas of Exploration are Needed

The U.S. needs a National Program that fosters exploration and development activities in new OCS areas so that companies can maintain their technological edge, existing reserves can be replaced, and the U.S. can continue to reap the benefits of offshore exploration and development. Based on BOEM's latest assessment, almost half of risked, undiscovered, technically recoverable oil resources under a low-price environment are in the Pacific, Atlantic and Eastern Gulf of America Regions.[11]

The Pacific has a long history of successful, federal OCS and state exploration and development, with the OCS producing over 1 billion barrels of oil over time, remaining proved reserves estimated at over 200 million barrels, and contingent reserves of over 1 billion barrels.[12] These reserves as well as undiscovered resources could be readily produced given the array of existing infrastructure in the area, particularly in southern California. Unfortunately, political resistance to further production has had a chilling effect on industry interest in the area. Should the political climate reverse, the opportunity for further development exists.

The Atlantic OCS has not been explored for decades, and it is currently under moratorium until 2032, despite strong support for leasing and development by industry. Before the moratorium was extended, permitting decisions to allow seismic surveys and data collection in the Mid- and South Atlantic OCS Planning Areas were delayed without scientific justification and no data was collected. Atlantic seismic survey data is needed to update resource estimates that are currently based on decades-old data. With new seismic data in hand, decisions informed by science can be made as to the true resource potential in these areas. Unfortunately, the need for seismic data, the timing of the National Program, and the moratorium are out of synch. With no opportunity for leasing in the Atlantic until 2032, barring further actions, companies will not have incentive to collect data, and BOEM will not have the information to decide on which areas should be offered for leasing.

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[10] https://revenuedata.doi.gov/explore/?dataType=Revenue&location=NF%2CNA%2CGMR&mapLevel=State&offshoreRegions=true&period=Calendar%20Year&year=2024

[11] Assessment of Undiscovered Oil and Gas Resources of the Nation's Outer Continental Shelf, 2021

[12] https://www.boem.gov/sites/default/files/documents/oil-gas-energy/resource-evaluation/2023%20Field%20Reserve%20Estimate%20Summary%20Report.pdf

Although the Eastern GOA has the same moratorium issues as the Atlantic, this area offers the greatest potential to increase production in a relatively quick timeframe and has the highest level of industry interest. If industry were able to access this area, existing knowledge of geological trends and supporting resources and infrastructure in the Central GOA could be employed to initiate new production relatively quickly. Areas of industry interest in the Eastern Gulf are located far from areas used by the Department of Defense and can be evaluated in a way that respects national security considerations. Including the Eastern Gulf in the National Program would allow for thoughtful planning and environmental review now, ensuring the region remains an option for the future should policy conditions evolve.

Nonetheless, we respectfully request that, at a minimum, the Mid-and South Atlantic and the Eastern GOA OCS Planning Areas be included in the National Program in hopes that the moratorium will be lifted.

E. OCSLA Section 18 - Planned Environmental Analysis vs. Traditional NEPA Approach

The Associations do not view the creation of the National Program as a major federal action significantly affecting the human environment that would require a NEPA analysis. Therefore, we fully support BOEM's planned environmental analysis to satisfy portions of OCSLA Section 18 rather than a Programmatic Environmental Impact Statement (PEIS) so long as NEPA analyses performed at subsequent stages of OCSLA (that traditionally "tiered-off" of the National Program PEIS) are robust enough to meet the NEPA requirements applicable for the decision before each agency at each stage.

F. Industry Activities are Compatible with Other Ocean Uses

Through decades of activity on the OCS, industry has proven that its operations can coexist with other uses and users of the U.S. oceans. For example, the military has established Military Warning Areas and Water Test Areas in the GOA and leases in these areas contain stipulations that require special accommodations to military operations, including the right of the military to suspend oil and gas operations, require evacuation of personnel, and require a formal Operating Agreement between the lessee and the military. Another example is the thriving Flower Garden Banks National Marine Sanctuary. A series of coral reefs that have been surrounded by industry operations and platforms since its creation in 1991, the banks provide home to a large array of marine life and offer recreational divers a spectacular experience. Add to these examples the robust commercial and recreational fishing industries in the GOA and Alaska and the coastal tourism industry in Gulf Coast states and there is ample evidence that oil and natural gas development and other ocean industries and uses can co-exist and all can thrive.[13] We strongly urge BOEM to not inadvertently restrict areas with great resource potential from being explored and developed in the near-term and to fully evaluate multiple concurrent uses rather than evaluate multiple uses and select only one use.

G. Continued Safety and Environmental Performance Improvements

The oil and natural gas industry continues to work both independently and with its regulators to enhance the safety of offshore operations. Industry standards are regularly revised, enhanced

[13] https://energyindepth.org/national/the-petroleum-and-tourism-industries-thrive-in-americas-gulf-coast/

and developed to cover areas including well design, cementing, and operator/contractor interaction; blowout prevention equipment and practices; subsea equipment and interfaces; and safety and environmental management systems. The Center for Offshore Safety continues its work to improve the safety performance of America's offshore oil and natural gas industry by working with companies and the regulators to engrain safety culture into day-to-day operations.

The Marine Well Containment Company and HWCG continue to provide containment technology and response capabilities for the unique challenges of stopping the flow of oil thousands of feet below the water's surface. In the unlikely event that these services will be needed, these companies maintain quickly deployable systems that are designed to stem uncontrolled flow of hydrocarbons from wellbores located on the seafloor either by sealing the well or directing the fluids into storage vessels located on the surface of the water.

The offshore industry systematically assesses operating practices and management systems with the goal of continuous improvement in safety and environmental performance. The safety and environmental performance record over recent years demonstrates that these efforts have been effective. The Associations believe that these continuous improvements keep offshore oil and gas exploration and development safe and provide protection to communities and the environment.

H. Requested Fair Market Value Information

BOEM has posed a series of questions on fair market value topics. The Associations' answers, provided below, were developed using information found in a study by BOEM's predecessor, the Bureau of Ocean Energy Management Regulation and Enforcement (BOEMRE), OCS Study BOEMRE 2011-014[14], *Policies to Affect the Pace of Leasing And Revenues in the Gulf of Mexico Summary Report (2011 Report)*, and a 2018 BOEM study, *Comparative Analysis Of The Federal Oil And Gas Fiscal Systems: Gulf Of Mexico International Comparison.*[15] It is important to note that the main conclusion of the 2011 Report is:

> "[f]irst and foremost, the results show that there are important tradeoffs across policy alternatives, so no single policy is best at achieving all Goals. Nor does any individual policy dominate the Status Quo policy. Rather, some policy alternatives perform better than the Status Quo in terms of some Goals, but not as well in terms of others. So the choice among policies depends upon value judgments regarding the relative importance of the various goals."

The Associations agree with the main conclusion of the 2011 Report. If BOEM makes changes to the existing fiscal policy framework in the GOA, industry will react accordingly based on expected market forces, but there may be unintended consequences that cannot be anticipated. For frontier areas, should they be made available for leasing, there are factors unique to each area, highlighted in Question #2 below, that BOEM must consider and understand the consequences of those choices. If the goal is to maximize U.S. offshore production and the

[14] https://www.boem.gov/sites/default/files/boem-newsroom/Library/Publications/2011/2011-014-Part1.pdf
[15] https://www.boem.gov/oil-gas-energy/energy-economics/2018-comparative-analysis-federal-oil-and-gas-fiscal-systems-gulf

revenues, jobs, and energy security that it brings, BOEM needs to make fiscal term decisions that encourage continued industry investments in the GOA and new investments in frontier areas. This is especially true in lower price scenarios that make large-scale capital investment more challenging.

i. *Are there changes to the lease terms that BOEM has offered in previous GOA sales that would better meet the objectives of the OCS Lands Act and are permissible under 43 U.S.C. 1337? Lease terms that could be subject to change include:*

   a. *Minimum bids*
   The BOEMRE 2011 Report found that "[h]igher minimum bids are shown to increase cash bonus bids on some tracts but also result in a reduction in the number of tracts sold. The net effect on total discounted cash bonus bids and royalty payments is insignificant." Additionally, "[t]he tracts that go unsold will disproportionately be marginal tracts that would typically receive only a single bid, so that the average bid per tract sold is expected to increase." Finally, the report concluded that, "[i]ncreasing the minimum bid reduces OCS activities."

   The major take away from the 2011 Report is that an increase in the average minimum bid does not mean more money for the government; it just means that fewer marginal tracks will be sold and that fewer companies will participate in lease sales because of the higher cost. Over time this will result in less OCS activity.

   b. *Rental rates*

   The key findings in the BOEMRE 2011 Report are that "[i]ncreasing the area rental rate slightly reduces the number of tracts sold, and may lead firms to relinquish tracts prematurely, thereby reducing expeditious development of OCS resources", and "[h]igher rental rates induce firms to purchase fewer tracts and perhaps to spend less time exploring tracts."

   c. *Royalty rates, royalty structures (e.g., flat or price-based). (Noting that the IRA sets the minimum royalty rate at 16 2/3 percent and the maximum royalty rate at 18 3/4 percent)*

   In general, the BOEMRE 2011 Report found that higher royalty rates would undermine the goals of the OCS Lands Act and "adversely affect expeditious development of OCS resources, reduce competition for tracts, and reduce the overall social value of OCS resources." BOEM might see higher royalty payments if rates were raised but the gains would be offset by lower bonus bids and other revenue flows. Additionally, coastal states would see lower employment and less economic development attributed to OCS development because of the decreased level of activity.

   If current laws change, BOEM should consider extending lower royalty rates to leases in all water depths to help ensure that capital investments in the GOA

remain competitive with opportunities available in other areas around the world. The agency should also consider revising the existing royalty relief regulations to encourage operations on marginally economic operations that have undeveloped or bypassed reserves.

d. *Primary term and extended primary term (e.g., 5 years plus 3 years more if certain drilling conditions are met.)*

The BOEMRE 2011 Report noted that "shorter lease terms are found to adversely affect most measures of expediting development of OCS resources, and to reduce the overall social value of OCS resources." The Associations do not support policies that result in an outcome such as this. Shorter lease terms, make the exploration process much more difficult for companies because of the compressed timeframes. According to BOEMRE's 2011 Report, the result of shorter lease terms would be less competition for leases, lower bonus bids, and a reduction in royalty payments to the U.S. government.

The Associations prefer at least a10-year lease term for all offshore leases under federal jurisdiction. Based on anecdotal information, the Associations believe that such an evaluation may show that companies are reluctant to obtain the shorter term leases compared to leases with longer initial lease terms, resulting in less development of resources in these water depths.

ii. *If DOI offers acreage for lease in planning areas outside the GOA, what lease terms for each planning area would best meet the objectives and limitations of the OCS Lands Act?*

a. *Is there an alternative design, e.g., auction-type design that may be better suited to achieve fair market value, either by changing the bidding variable or some other aspect of the competitive lease sale?*

The Associations do not see a need to move away from the current lease sale design with the incorporation of our recommendations above given its success in promoting OCS activity over decades.

b. *Should the upcoming program consider use of alternative and/or nontraditional fiscal terms, primary lease terms, auction formats, or tract offering sizes?*

The Associations fully support continued use of the current area-wide leasing program in all OCS areas. We believe that the term "area-wide leasing" does not accurately convey the meaning of the concept, or its utility to the government and the industry. It does not mean, for example, that all OCS acreage offered would be leased for oil and gas exploration. Rather, it means simply that all the area would be available for consideration for oil and gas leases. Any one of a variety of factors, ranging from limited resource analysis data to lack of economic oil and gas potential could prevent a particular tract from being leased. All that area-wide leasing implies is that no tract would be automatically excluded from the bidding

process merely because BOEM concludes that no one would wish to submit a bid on it. Frontier areas may benefit from offering both lease sizes larger than the 3-mile x 3-mile leases offered in the GOA and longer primary lease terms but would depend on geological factors and prevailing market conditions.

There are many important advantages to the area-wide leasing approach. It allows the bidders to consider the entire geological basin rather than a small portion of it. Most oil and gas companies have highly structured criteria for making exploration decisions. Allowing a company to evaluate the entire basin gives the U.S. the full benefits of a diversity of approaches and exploration philosophies for previously unleased areas. Area-wide leasing ensures that areas with potential become available for exploration. In addition, according to the BOEMRE 2011 Report, a nomination approach would slow the pace of leasing and increase the amount of bonus bids received, but these revenue gains would likely be offset by lower revenues in the future and would affect the ability of the government to achieve one of the OCS Lands Act goals of expeditious development of OCS resources.

In addition, the associations believe that the Restricted Joint Bidder limitations have achieved the goal of fair OCS competition and should be eliminated. As natural partnerships between companies have emerged over time around legacy acreage positions and assets, joint bidder limitations have create unnecessary misalignment and barriers amongst long-term partners who would otherwise be in the best position to jointly explore and develop nearby prospects. The time has come to reconsider these inefficient regulations.

I. Specific Information Requested from Industry

i. Indicate the OCS Planning Area(s) where the industry respondent would be interested in acquiring oil and gas leases, regardless of whether the area currently is unavailable. If more than one Planning Area is of interest, rank all areas of interest (including those now being offered, if appropriate) in order of preference.

Given our role as Trade Associations and our compliance with state and federal antitrust laws, it is difficult for us to provide specific information to BOEM on industry's preference for one area over another. As stated previously, at this point in the National Program development process all OCS areas with the potential to generate jobs and new revenue for the U.S. Treasury by advancing America's energy dominance should be considered for inclusion in the Draft Proposed Plan.

ii. Indicate the number and timing of lease sales that would be appropriate for each planning area. If only one lease sale in a planning area is appropriate, indicate whether that area should be considered for leasing early or late in the five-year schedule. If more than one lease sale in a planning area is suggested, indicate the preferred interval between lease sales.

In frontier areas that have been closed to exploration for decades and have no industry presence, there is an immediate need to conduct new seismic surveys, and process and interpret the data before industry can be expected to consider the

investment of obtaining and eventually developing leases in these areas. A single lease sale in these areas might be sufficient to spur potential data collection efforts.

Eastern GOA lease sales should be scheduled throughout the National Program with sales scheduled prior to 2032 being contingent on the Congressional moratorium being lifted.

In the GOA, two lease sales per year are adequate, and they should be held every six months.

iii. Indicate the expected lead time to production in areas that currently do not have infrastructure or production, relative to lead-times to new production in previously leased areas like the Central and Western GOA planning areas.

Based on historical experience, in frontier areas, extensive exploration activity, drilling time, market dynamics, infrastructure availability, etc. from the time a lease is obtained until first production could extend well beyond 10 years, making a 10-year lease term a challenge.

J. Tariff Impacts

The U.S. oil and gas industry is highly intertwined with global markets. In 2024, the U.S. exported 4.1 million barrels per day (Mb/d) of crude oil and 6.7 Mb/d of petroleum products; while importing 6.6 Mb/d of crude oil and 1.8 Mb/d of petroleum products.[16,17] Though the U.S. is a net exporter of crude oil and petroleum products, U.S. refiners rely on imports of heavier grade crude oil from countries like Canada. Additionally, the U.S. exported 7.7 trillion cubic feet of natural gas in 2024[18] which helped provide energy security for our allies and can enable countries to lower their emissions by switching from coal to natural gas-based electricity production. In total, in 2024, the U.S. exported $298 billion worth of oil and gas products, helping to reduce the trade deficit and bolster U.S. energy dominance.

Beyond trade in oil and gas products, themselves, the U.S. imported $10 billion worth of fossil energy equipment including billions of dollars of piping that facilitate oil and gas production.[19] Tariffs and trade restrictions could not only hamper the U.S.'s ability to export its oil and gas products but also its ability to acquire the goods it needs to increase its production. For example, the USITC found that sourcing domestic steel, due to the 232 section steel tariffs, cost the oil and gas extraction industry $102 million in 2021 and that the section 232 steel/aluminum tariffs reduced the industry's production value by $586 million between 2018 and 2021.[20] U.S. offshore producers rely on imported steel, specifically specialty steel well casing tubulars, as opposed to recycled steel[21] that U.S. steel manufacturers typically produce, and tariffs on these goods

[16] Energy Information Administration. 2025. Petroleum & Other Liquids Exports.
[17] Energy Information Administration. 2025. Petroleum & Other Liquids; U.S. Imports by Country of Origin.
[18] Energy Information Administration. 2025. U.S. Natural Gas Exports.
[19] International Trade Administration. 2025. U.S. Energy Trade Dashboard.
[20] United States International Trade Commission. 2023. Economic Impact of Section 232 and 301Tariffs on U.S. Industries.
[21] Alex Muresianu. 2025. Even with Exemptions, Tariffs Will Hurt American Energy Production. Tax Foundation.

increase the oil and gas industries input costs[22] but provide little benefit to domestic steel producers as there are few if any domestic substitutes.

According to a June 2025 Rystad Energy whitepaper, *New Tariffs and Their Impact on Equipment Trade*[23], offshore oil and gas project costs are projected to increase by 8% year-over-year due to tariffs on steel, aluminum, and other critical energy infrastructure components. These additional costs compound already significant price pressures: from 2020 to 2024, offshore project costs rose by 20–40% as global supply chains tightened. Notably, Rystad's analysis was based on a 25% steel tariff - a figure that was later increased to 50%, suggesting the impact could be even more pronounced than originally projected.

As a result, project delays are becoming more widespread. Rystad estimates that over $50 billion in offshore greenfield projects have now been deferred to 2026 or later, as developers navigate a mix of policy uncertainty and rising capital costs that continue to delay final investment decisions.

Ultimately, higher input costs can put downward pressure on production. The industry hopes to work with the administration to protect energy affordability for consumers, expand the nation's energy advantage and support American jobs.

III. Conclusion

Thank you for the opportunity to comment on this important aspect of U.S. energy policy development. The Associations appreciate BOEM's consideration of our comments and look forward to our continued involvement in developing the 11th National Program.

Sincerely,

Holly Hopkins
American Petroleum Institute

Erik Milito
National Ocean Industries Association

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[22] Bruce Beaubouef. 2025. Trump tariffs may already be impacting the offshore oil and gas industry. Offshore Magazine.
[23] https://www.rystadenergy.com/insights/new-tariffs-and-their-impact-on-equipment-trade-whitepaper

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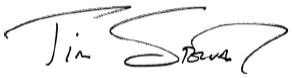

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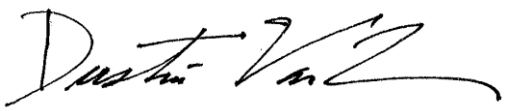

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