

October 6, 2022

Ms. Kelly Hammerle, Chief
National OCS Oil and Gas Leasing Program Development and Coordination Branch
Leasing Division
Office of Strategic Resources
Bureau of Ocean Energy Management (VAM-LD)
45600 Woodland Road, Sterling, VA 20166-9216
Delivered electronically to Regulations.gov Docket ID BOEM-2022-0031

re: SACE Comments on 2023-2028 National OCS Oil & Gas Leasing Proposed Program

Dear Ms. Hammerle,

Thank you for the opportunity to submit comments on the 2023-2028 Proposed Program and Draft Programmatic Environmental Impact Statement (DPEIS).

The Southern Alliance for Clean Energy is a nonprofit organization that promotes responsible and equitable energy choices to ensure clean, safe, and healthy communities throughout the Southeast. We have been active in offshore energy public policy processes at the state and federal levels for more than a decade, including advocacy work in the OCSLA and NEPA processes for establishing the 2012-2017 and 2017-2022, and 2019-2024/2023-2028 Five-Year Programs, and various state level offshore oil and gas and offshore wind energy policy processes. Through this work, we have consistently sought to protect Southeast communities from the impacts of risky offshore oil and gas drilling and to realize the benefits offered by offshore wind energy. To this end, we are appreciative of BOEM's decision to eliminate the proposed Atlantic and Eastern Gulf of Mexico lease sales that were included in the Draft Proposed Program.

We are also appreciative of the awareness BOEM has given in the Proposed Program to the importance of national climate emissions goals. As the Proposed Program points out, the United States pledged to the world in its Nationally Determined Contribution (NDC) submitted to the United Nations Paris Agreement framework that we will reduce our climate emissions 50-52% from a 2005 baseline by the end of this decade.¹ Further, this progress

¹ The White House (April 2021). *The United States of America Nationally Determined Contribution Reducing Greenhouse Gases in the United States: A 2030 Emissions Target*.

would be a stepping stone to the national long-term goal² of reaching net-zero climate emissions by 2050 as has been established is necessary by the world's foremost climate scientists to limit global warming to 1.5 degrees Celsius.

Yet despite discussion in the Proposed Program about climate emission goals, the Proposed Program fails to take into account some important information and analysis in developing the proposed lease schedule, the result of which could place coastal communities at risk of the impacts of risky offshore oil and gas drilling, produce negative economic impacts, and play a role in jeopardizing our nation's ability to meet critical environmental goals.

SACE urges BOEM to adopt Alternative A, the No Sale Option, and forego oil and gas lease sales in the 2023-2028 program. Herein we discuss a few key areas where BOEM's analysis could be strengthened, and that demonstrate the importance of a No Sale program.

Most notably, the analysis that BOEM uses as justification for proposing up to eleven lease sales in the five-year program is flawed as it assumes the continuation of a policy scenario that is no longer in place. The Proposed Program forthrightly states that the net benefits analysis serving as part of the justification for the proposed lease schedule is based on current demand and energy consumption patterns, that it assumes that nearly all oil and gas production foregone by the No Sale Option would be replaced by oil imports and onshore oil and gas production, and that policies that reduce oil and gas demand could change the results of the net benefits analysis. The Proposed Program acknowledges difficulty in assigning quantitative values to net-zero emissions pathways, however recent policies enacted since the publication of the Proposed Program, represent a major shift in the national policy landscape toward the net-zero emission path and must be incorporated into the program's analysis—at least qualitatively.

Congress and the President made a large investment in achieving a clean energy future by enacting the Inflation Reduction Act in August 2022. The Inflation Reduction Act is widely considered the largest and most significant climate policy in United States history and is projected by numerous authorities to enable a reduction in climate emissions by approximately 40% from a 2005 baseline by the end of this decade.³ A portion of these emissions reductions are due to reduced consumption for petroleum products and fossil gas. For example, the REPEAT Project research team found that the Inflation Reduction Act, along

² United States Department of State and the United States Executive Office of the President (November 2021). *The Long-Term Strategy of the United States: Pathways to Net-Zero Greenhouse Gas Emissions by 2050*.

³ The 40% emissions reduction figure is considered somewhat of a consensus value, the rough accuracy of which has been confirmed in modeling by Rhodium Group ("A Turning Point for US Climate Progress: Assessing the Climate and Clean Energy Provisions in the Inflation Reduction Act," August 12, 2022), Energy Innovation ("Updated Inflation Reduction Act Modeling Using The Energy Policy Simulator," August 23, 2022), and the REPEAT Project ("Preliminary Report: The Climate and Energy Impacts of the Inflation Reduction Act of 2022," August 2022).

with the previously enacted Infrastructure Investment and Jobs Act, would reduce national consumption of petroleum products by 1.5 billion barrels of oil per year by 2035, and reduce fossil gas consumption by 2,446 billion cubic feet per year by 2035.⁴ That level of reduction of oil consumption represents approximately one-fifth of total 2021 consumption.⁵ Coincident with reducing oil and gas consumption, the Inflation Reduction Act also enables acceleration of the domestic buildout of renewable energy resources, energy efficiency, energy storage technology, electric vehicles, and the supply chain to produce clean energy technologies, all of which generates economic value on a pathway toward zero emissions. Altogether, the Inflation Reduction Act has been estimated to represent about two-thirds of the progress needed to go from an emissions trajectory of business-as-usual from the time the Proposed Program was published to a path to net-zero by 2050.⁶

Subnational policies to reduce oil and gas demand are also actively being implemented, perhaps best exemplified by the State of California's recent adoption of the first statewide 100% clean car standard for sales of light-duty vehicles. The standard will promote the purchase of zero-emission vehicles and plug-in hybrid vehicles, ramping up from 35% of sales in 2026 to 100% in 2035.⁷ The State of New York is now moving to adopt this same standard,⁸ together with California representing approximately 17% of the national light-duty vehicle market,⁹ and no doubt other states will as well in the future.

These policies are salient examples of how the assumption in the Proposed Program that the vast majority of oil and gas not produced under the No Sale Option, labeled Alternative A, would just be replaced by imported or other domestically produced oil and gas must be reevaluated in the Proposed Final Program. The results of such a reevaluation may show that the composition of energy substitutions under Alternative A would likely be more reduced demand, and more domestic and lower-polluting energy sources than are assumed in the

⁴ REPEAT Project. Jenkins, J.D., Mayfield, E.N., Farbes, J., Jones, R., Patankar, N., Xu, Q., Schivley, G. (August 2022). "Preliminary Report: The Climate and Energy Impacts of the Inflation Reduction Act of 2022," DOI: 10.5281/zenodo.6992940

⁵ Assuming approximately 7.3 billion barrels of petroleum products annually in 2021, per U.S. Energy Information Administration (2022). "Petroleum & Other Liquids Product Supplied." https://www.eia.gov/dnav/pet/pet_cons_psup_dc_nus_mbbbl_a.htm

⁶ Two-thirds was estimated by the REPEAT Project, p. 7. Energy Innovation, p. 4, estimates similarly that the Inflation Reduction Act represents 49 to 71 percent of the progress needed to close the gap between business-as-usual emissions and net-zero by 2050 pathways.

⁷ California Air Resources Board (August 25, 2022). "California moves to accelerate to 100% new zero-emission vehicle sales by 2035."

<https://ww2.arb.ca.gov/news/california-moves-accelerate-100-new-zero-emission-vehicle-sales-2035>

⁸ Press Office of New York Governor Kathy Hochul (September 29, 2022). "Governor Hochul Drives Forward New York's Transition to Clean Transportation."

<https://www.governor.ny.gov/news/governor-hochul-drives-forward-new-yorks-transition-clean-transportation>

⁹ California Air Resources Board (May 13, 2022). "States that have Adopted California's Vehicle Standards under Section 177 of the Federal Clean Air Act."

https://ww2.arb.ca.gov/sites/default/files/2022-05/§177_states_05132022_NADA_sales_r2_ac.pdf

Proposed Program, as well as more economic value from domestic alternative energy sources and fewer environmental and social costs (ESCs) in a No Sale program than was calculated in the Proposed Program. Given recent deeply impactful policy actions, our nation is now on a path on which the scenario of net-zero climate emissions by 2050 is more reflective of the future than the assumed policy scenario at the time of the Proposed Program publication.

With national and subnational policies setting the enabling conditions for large scale reductions in oil and gas demand, a No Sale program should be viewed as part of a net-zero emissions pathway and an incremental, phased wind down of fossil fuel production in federal waters.

Such a phase out is a critical component of achieving net-zero emissions targets. As the Proposed Program alludes to, the International Energy Agency (IEA) reported in 2021 that one of the immediate and most prominent milestones in their roadmap to reaching net-zero carbon emissions by 2050 is the cessation of any new fossil fuel supply project development after 2021. Rather future investment in fossil fuel supply goes exclusively to maintaining production at currently-developing and already-developed oil and gas fields.¹⁰

A No Sale program, labeled Alternative A in the DPEIS, is consistent with this roadmap, especially considering it could take until the late 2030s or early 2040s for production to begin at some of the lease areas contemplated in the proposed action, Alternative B—perhaps within a decade of our nation largely phasing out the use of fossil fuels.

A related subject is carbon budgeting – while the DPEIS mentions the concept of carbon budgeting, and estimates greenhouse gas emissions from the Draft Proposal and a No Leasing scenario compared to national emissions goals, it doesn't actually attempt to quantify how much of a remaining carbon budget our nation has for 1.5 or 2 degrees Celsius of climate warming nor how new leases granted through the 2023-2028 program would affect the remaining carbon budget, particularly on top of the emissions potential of already existing domestic oil and gas reserves and federal leases. Such analysis would be helpful to include in the Final Programmatic Environmental Impact Statement, and to be used to the extent legally permissible in informing the Proposed Final Program. Generally, the lifecycle greenhouse gas analysis in the appendix of the DPEIS is helpful, and it should be updated for upstream, midstream, and downstream emissions in the Final Programmatic Environmental Impact Statement, but with updated assumptions about energy substitutions to reflect recent national movement toward a net-zero emissions pathway via the Inflation Reduction Act and other recently enacted policies.

¹⁰ International Energy Agency (2021). *Net-Zero by 2050: A Roadmap for the Global Energy Sector*. <http://iea.li/nzeroroadmap>.

The nation's moves toward a net-zero path make lease sales in the 2023-2028 five-year program appear not only unnecessary and inconsistent with national policy priorities, but also risky for people and the environment. In addition to the risks of exceeding our carbon budget, new leases pose significant risks to coastal communities throughout the development lifecycle of oil and gas infrastructure.

Early in the oil development timeline, exploratory activity poses risks well before commercial production ever occurs in a lease area: it was pre-production exploratory activity that caused the Deepwater Horizon disaster, often considered the largest environmental disaster in United States history.

During the production phase, communities and the environment are threatened by both catastrophic events, exemplified by the oil spills from Hurricanes Katrina and Rita,¹¹ and ongoing regular pollution intrinsic to the offshore oil and gas industry, exemplified by the thousands of smaller spills and discharges, amounting to millions of gallons every year in the Gulf of Mexico where offshore drilling is long-established.¹² Given the challenging environment offshore, spills can be difficult to fix and may last a long time, such as the long-lasting spill from the Taylor Energy Mississippi Canyon 20-A platform.

At the end-of-life phase for infrastructure, for example when it is no longer economic to operate, decommissioning and subsequent monitoring is expensive and risky. Abandoned wells can leak oil or gas, causing pollution and safety issues, and are at growing risk in the face of strengthening hurricanes in a warming climate. Abandoned infrastructure is often not properly decommissioned or subsequently monitored adequately, and the number and volume of abandoned assets is only increasing, including more than 27,000 abandoned wells in the Gulf of Mexico.

The economic and environmental risk posed by abandoned assets could surge as oil and gas demand decline in the global transition to clean energy. Macroeconomic trends such as what might be reasonably expected in economy-wide decarbonization, could leave many oil and gas assets unprofitable and in need of abandonment. This predicament is illustrated by Fieldwood Energy's bankruptcy proceeding, through which Fieldwood is proposing to abandon what could amount to 1,715 wells, 281 pipelines, and 276 platforms in the Gulf of Mexico, representing about 6% of the active wells in the Gulf at a cost of billions of dollars that could be pushed onto other oil companies and the taxpayers.¹³

¹¹ Sue Sturgis, *Facing South* (August 28, 2015). "The Katrina oil spill disaster: A harbinger for the Atlantic Coast?" <https://www.facingsouth.org/2015/08/the-katrina-oil-spill-disaster-a-harbinger-for-the.html>

¹² Emma Grey Ellis, *Wired* (Dec. 9, 2016). "Thousands of Invisible Oil Spills Are Destroying the Gulf." <https://www.wired.com/2016/12/thousands-invisible-oil-spills-destroying-gulf/>

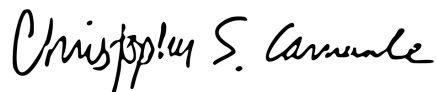
¹³ Tristan Baurick, *Times-Picayune | New Orleans Advocate* (July 2, 2021). "Oil firm's plan to abandon 1,700 Gulf of Mexico wells could mean 'environmental disaster,' say rivals." https://www.nola.com/news/environment/article_6bdba0f0-db59-11eb-bf95-7fa1a01c1287.html

The lifecycle-wide risks and potential harms from expanding offshore oil and gas operations, combined with the lack of need for the oil and gas production as our nation transitions to clean energy and electric transportation, make the case that BOEM should adopt Alternative A, the No Action Alternative, and forego oil and gas lease sales in the 2023-2028 program.

While it doesn't appear that oil and gas lease sales would serve public interest and therefore we are calling for a No Sale program, SACE recognizes the critical role of offshore energy development in meeting our nation's needs. We strongly support the development of offshore wind energy as an integral piece of developing clean energy portfolios. To this end, we also support BOEM offering new leases for offshore wind energy. We are opposed to the Inflation Reduction Act's arbitrary entanglement of offshore wind leasing with offshore oil and gas leasing, and our opposition to new oil and gas leases in the 2023-2028 program is absolutely not an endorsement of putting offshore wind energy leasing on hold. Rather, BOEM should prioritize leasing for renewable energy while phasing out oil and gas leasing, and Congress and the President should work to disentangle the two processes.

Thank you for the opportunity to comment.

Sincerely,

A handwritten signature in black ink that reads "Christopher S. Carnevale". The signature is written in a cursive, slightly slanted style.

Chris Carnevale
Climate Advocacy Director
Southern Alliance for Clean Energy