

## **GEA Comments on the Proposed Financial Assurance Rule.**

June 28, 2023

### **FOR IMMEDIATE RELEASE CONTACT**

Kevin Bruce  
kbruce@gulfenergyalliance.com  
281-210-0536

**(Houston, Texas)** – On June 27, 2023, the Bureau of Ocean Energy Management (BOEM) announced proposed changes to reform financial assurance requirements for the offshore oil and gas industry. A 60-day public comment period will end on August 28, 2023.

The proposed rule by BOEM aims to prevent taxpayers from bearing the financial burden of over \$40 billion in decommissioning expenses related to aging offshore oil and gas infrastructure – despite the lack of any evidence that taxpayers’ need that protection. Under the proposed measure, companies would need to set aside an additional \$9.2 billion in financial assurance for decommissioning expenses, compared to the current requirement of \$3.3 billion. The specific amount would be determined based on the companies' credit ratings and the value of their reserves. Non-integrated developers, or smaller companies, who collectively contribute more than one-third of GOM oil and gas production, would bear the majority of this increased burden.

“Financial assurance requirements are not a headline issue like canceling lease sales, but this proposed rule would effectively accomplish the same results in that they could create a de facto moratorium on continued development in the Gulf of Mexico by all but the major oil and gas companies,” said Kevin Bruce, executive director of the Gulf Energy Alliance that represents independent producers. If finalized, “it’s going to discourage new investment, decrease production of the least-carbon-intensive barrels on the planet, destroy American jobs and ultimately hurt the environment by increasing our reliance on dirtier foreign barrels. This administration is attempting to use the darken halls of the federal bureaucracy to use an arcane rule to shut down domestic oil and gas production from the Gulf of Mexico.”

Independent producers have raised concerns that the proposed changes to financial assurance requirements for decommissioning expenses may predominantly benefit large integrated oil companies rather than taxpayers. They have argued that the federal government already has the ability to pursue decommissioning costs from previous owners, even if the current owner faces financial difficulties.

*GEA is a coalition of leading independent offshore oil and natural gas producers and allied organizations supporting policies and regulations that encourage sustainable investment, innovation, and job creation in the GOM. Independent offshore oil and natural gas producers contribute significantly, nearly half of the production and revenues, to U.S. offshore oil and natural gas production and the U.S. economy.*