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December 14, 2020

The Independent Petroleum Association of America (IPAA) appreciates the opportunity to submit comments on the Bureau of Ocean Energy Management's (BOEM) proposed rule on Risk Management, Financial Assurance and Loss Prevention.

IPAA is a national trade association representing the thousands of U.S. independent oil and natural gas explorers and producers, as well as the service and supply industries that support their efforts. Independent producers develop 91 percent of American wells, produce more than 83 percent of American oil, and more than 90 percent of American natural gas and natural gas liquids (NGL). IPAA and our members are dedicated to ensuring a strong, viable American oil and natural gas industry, recognizing that a secure supply of energy developed in and environmentally responsible manner is essential to the United States economy.

The federal Outer Continental Shelf (OCS) has been a foundation of American energy policy for decades and provides outstanding oil and natural gas exploration and production opportunities for independent producers. Revenue receipts from the OCS contribute greatly to the federal treasury and preserving safe, responsible, and fair development in the OCS is a top priority for IPAA and our member companies. We wish to commend the BOEM for developing a rule that seeks to address the concerns of all operators working in American offshore waters.

Furthermore, IPAA is pleased to see that BOEM advanced this rule through the proper channels and engaged with stakeholders at every point. IPAA supports efforts to streamline the evaluation criteria used to provide bonds or other securities to ensure compliance with their OCS obligations. The current one size fits all approach to these issues guarantees confusion and punishes responsible players. The removal of restrictive third-party provisions is an important improvement to the bonding rules.

IPAA understands the agency grappled with the tough challenges of finding the proper balance between the diverse mix of operators in American coastal waters. However, we thank the BOEM for undertaking this difficult task. It is evident that the agency thoughtfully approached this solution and made adjustments for operators both large and small.

The American economy will rely on oil and natural gas to power our daily lives for decades to come. A robust offshore oil and natural gas program is critical to power America's growing energy demands. Long-term energy security can only be achieved with an offshore leasing and production program that provides equity to all offshore producers. IPAA believes that equity and fairness were top priorities for the BOEM in writing the proposed rule.

America's offshore energy resources belong to all Americans. The financial assurance regulation from the previous Administration was issued without ever going through the proper regulatory protocols. The previous Administration failed to understand the complicated nuances that our companies face every day

with bonding and insurance. We thank the agency for addressing these important issues that will allow American oil and natural gas producers to continue their important work in American offshore waters.

IPAA appreciates the opportunity to provide BOEM with these comments.

Sincerely,

A handwritten signature in black ink, appearing to read "Dan Naatz". The signature is fluid and cursive, with the first name "Dan" being more prominent than the last name "Naatz".

Dan Naatz  
Senior Vice President of Government Relations and Political Affairs  
Independent Producers Association of America