

[____], 2023

Via E-mail/Facsimile

The Honorable Elizabeth Klein
Director
Bureau of Ocean Energy Management
U.S. Department of the Interior
1849 C Street NW
Washington, D.C. 20240

Dear Ms. Klein:

We, the undersigned companies, have appreciated your and your team's engagement with industry to date and look forward to the publication of a proposed rule for carbon sequestration on the Outer Continental Shelf (**OCS**) in the Gulf of Mexico, including an associated leasing program (**Proposed Rule**).

As a critical matter, the safe execution of offshore carbon sequestration is paramount. We believe a comprehensive regulatory framework – that includes a clear articulation of the end-to-end process for granting carbon sequestration rights, like the one being developed by the Bureau of Ocean Energy Management (**BOEM**) and the Bureau of Safety and Environmental Enforcement through the impending Proposed Rule – must be in place prior to the issuance of authorizations for carbon sequestration.

Media reports have suggested DOI and BOEM may be considering the “conversion” of existing oil and gas leases (and related agreements) into carbon sequestration leases. In addition, material published by BOEM further suggests that the agency has pre-designated certain blocks, some or all of which may or may not be covered by existing oil and gas leases, as “carbon capture lease blocks” (see *attached Wind Energy Siting Analysis at Figures 3.8 and 3.29*). These public sources cause us concern, as they create an impression that BOEM may have formed a view inconsistent with: 1) the Outer Continental Shelf Lands Act (**OCSLA**), as further explained below; 2) the forthcoming notice and comment rulemaking process; and 3) DOI and BOEM's official messaging to industry.

We trust that any usage of OCS lands for carbon sequestration will comply with applicable statutory requirements. For example, Section 1337(p)(1)(E) of the OCSLA addresses the granting of a lease, easement, or right-of-way on the Outer Continental Shelf for the injection of a carbon dioxide stream into sub-seabed geologic formations for the purpose of long-term carbon sequestration. In particular, we note that Section 1337(p)(3) states “. . . the Secretary shall issue a lease, easement, or right-of-way under paragraph (1) on a competitive basis unless the Secretary determines after public notice of a proposed lease, easement, or right-of-way that there is no competitive interest.” (emphasis added). We do not believe that notice for a lease sale for only oil and gas purposes is proper public notice of the same acreage being made available for carbon sequestration purposes. Further, we do not believe that any valid determination regarding competitive interest (or lack thereof) in carbon sequestration can be made on the basis of a notice of a lease sale that is not specifically indicated for carbon sequestration purposes.

We look forward to BOEM following a public notice and competitive process as prescribed by OCSLA for the granting of carbon sequestration rights, in furtherance of OCSLA's mandate in Section 1337(p)(4), to provide a fair return to the United States for any such lease, easement, or

right-of-way. We welcome the opportunity to meet and discuss this matter with you further and share our experiences. We also look forward to the publication of the Proposed Rule in due course for public consultation on the safe execution of carbon sequestration.

Thank you for your consideration of this matter.

Sincerely,

cc: Kevin M. Sligh Sr., Director, Bureau of Safety and Environmental Enforcement, U.S.
Department of Interior
Stacey Noem, Chief, Office of Offshore Regulatory Programs, Bureau of Safety and
Environmental Enforcement, U.S. Department of Interior
Dr. Megan Carr, Chief, Office of Strategic Resources, Bureau of Ocean Energy Management