



August 14, 2023

Bureau of Ocean Energy Management (BOEM)
Information Collection Clearance Officer, Office of Regulations
Attn: Ms. Kelley Spence
456000 Woodland Road
Mailstop VAM-BOEM DIR
Sterling, VA 20166

Subject: OMB Control Number 1010-0006 (RIN 1010-AE14)

Dear Ms. Spence:

Opportune LLP (“Opportune”) submits this letter in response to BOEM’s proposed rulemaking, ***Risk Management and Financial Assurance for OCS Lease and Grant Obligations, RIN 1010-AE14*** (the “Proposed Rule”).

Opportune LLP is a leading global business advisory firm, with a preeminence in energy. Opportune provides consulting, investment banking and outsourcing services to the management, shareholders, creditors, auditors and advisors of over 300 public and privately-held energy companies each year. Annually, Opportune independently values the plugging and abandonment (“P&A”) liabilities of over 9,400 U.S. offshore and over 539,500 U.S. onshore oil and gas wells for our clients’ audited financial statements.

Attached to this letter is study conducted by Opportune (the “Opportune 2023 Study”), which independently calculates the Outer Continental Shelf (“OCS”) P&A liability, assesses the risk such liability poses to the U.S. taxpayer, and illustrates a cost-benefit analysis of how the Proposed Rule would economically affect the offshore oil and gas industry (the “Industry”), Gulf Coast and United States. The results published in the Opportune 2023 Study were determined by applying independent valuation inputs and publicly available economic models (U.S. Bureau of Economic Analysis) to the historical P&A data aggregated by The Bureau of Safety and Environmental Enforcement (“BSEE”).

The Opportune 2023 Study addresses many of the BOEM’s invitations to comment within the Proposed Rule, including, but not limited to:

- Potential unknown risks, costs and benefits of setting the supplemental financial assurance requirements based on each of the P50, P70, and P90 decommissioning liability levels;
- Using a 3:1 ratio of proved oil and gas reserves (SEC valuation methodology) to decommissioning costs (BSEE P70 estimated value) to replace the “projected financial strength” criterion found currently at § 556.901(d)(1)(ii);
- Alternative options for determining the need for financial assurance other than credit ratings;

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- Whether financial assurance should be required of all companies, regardless of credit rating, and the impacts such a requirement might have on OCS investment and on potential taxpayer liabilities; and
- Inclusion of offshore joint and several decommissioning liabilities in the determination of a proxy credit rating.

In summary, the Opportune 2023 Study concludes that the perceived benefits of the Proposed Rule are wholly disproportionate to any potential risk; current regulations have adequately protected U.S. taxpayers for decades. Opportune believes that certain of the Proposed Rule's valuation techniques are materially incorrect (e.g., comparing present value reserve amounts to an undiscounted P&A liability); alternative measures and financial structures are better suited to achieve additional financial assurance; and the Proposed Rule unfairly discriminates against the small businesses who own, operate and service OCS development and production.

Thank you for your consideration of the Opportune 2023 Study. Opportune will supplementally submit an additional comment letter to further address specific requests for comment within the Proposed Rule. Opportune stands ready to constructively work with BOEM and the Industry on this important matter in an environmentally and ***economically responsible*** way.

Respectfully,



Josh Sherman
Partner
Opportune LLP

Attachment: Opportune 2023 Study