

Kenneth Beer – CFO – Cantium, LLC March 20, 2024

Cantium, LLC – based in Covington, LA

- Formed in 2017 – purchased properties from Chevron
- Able to increase production from 10,000 boe/d to 20,000 boe/d
 - Adding royalties to U.S. Treasury ~ \$400 million since inception
 - Adding economic activity – estimated \$2+ billion in direct economic impact to south Louisiana in our 7-year history
 - These properties would be abandoned by now if not sold to Cantium
- 280 employees – important employer in the area
- Excellent safety and regulatory record, strong financials.

Key Issues for the OMB

- Economic Effectiveness of the Regulation
 - Spend \$\$\$BILLIONS to address a ~\$50 million issue....really?!?
 - Utilize a Surety Bond market that is not able to address the requirement – there is NO CAPACITY – the current surety marketing is shrinking, not growing!!!
 - Force companies to spend money on financial instruments instead of addressing abandonment liabilities.
 - **Solving for a problem that does not exists!!!**
- Impact only small producers, not the original Major Oil companies – why is BOEM protecting the Major Oil companies??? Makes no sense.
- Hypocritical environmental position. The GOM is the MOST environmentally conscious region in the world with minimal emissions. A true environmentalist should want GOM production in favor of Venezuelan, Russian, Mideast production.
- Proposed Rule is vague and arbitrary. Since there is no possibility of immediate compliance due to lack of surety bond availability, producers would be under the arbitrary umbrella of BOEM – unclear and uncertain on how this Rule gets implemented. You cannot run a business this way – therefore, there may be more premature entity shutdown or bankruptcies.

It is critically important for OMB to weigh in on the economic and financial considerations on this Proposed Rule – these are the type of regulations which frustrate citizen and undermine the confidence in the government. Hopefully the OMB can challenge BOEM on the economic merits of this proposed rule, and alter or remove the rule altogether.

Role of the OMB - In its management role, the OMB is responsible for oversight of agency performance, procurement, financial management, and information technology.