



Erik G. Milito  
President

December 13, 2021

**NATIONAL  
OCEAN  
INDUSTRIES  
ASSOCIATION**

*Sent Via Federal eRulemaking Portal*

Bureau of Ocean Energy Management  
Alaska Regional Office  
3801 Centerpoint Drive, Suite 500  
Anchorage, Alaska 99503-5823

1120 G Street, NW  
Suite 900  
Washington, DC 20005  
Tel 202-347-6900  
Fax 202-347-8650  
www.noia.org

Docket No. BOEM-2020-0018

Subject: Comments on Draft Environmental Impact Statement on Cook Inlet Lease Sale 258

Through this letter, the National Ocean Industries Association (NOIA) submits to the Bureau of Ocean Energy Management (BOEM) comments related to the agency's analysis of the greenhouse gas (GHG) emission impacts related to Cook Inlet Lease Sale 258. BOEM's analysis has significant flaws and thus leads to incorrect conclusions. The focus of NOIA's comments is on the flawed approach used by BOEM in assessing the impacts of oil and natural gas leasing in the U.S. outer continental shelf on GHG emissions.

For nearly 50 years, NOIA has been committed to ensuring a strong, viable U.S. offshore energy industry capable of meeting the energy needs of our nation in a safe, efficient, and environmentally responsible manner. NOIA member companies are engaged in traditional oil and natural gas exploration and production, as well as offshore wind energy development and carbon capture, use, and storage investment. Our industry is proud of its positive contributions to America's economy and energy security, and we are committed to providing that service in a way that protects our workers, our environment, and the interests of communities across the country.

As it relates to climate change, NOIA and its member companies commit to a collaborative approach with all stakeholders in providing solutions that balance environmental, social, economic, and energy needs for society. We contribute to the advancement of principles of innovation, conservation, efficiency, resiliency, mitigation, and adaptation that must be part of a systematic approach to addressing the climate challenge. We recognize the risks of climate change and the need for continued action. As innovators, we are committed to contributing solutions and best practices to optimally balance societal and environmental needs. Among other things, climate policy should support the development and availability of all forms of abundant, reliable, and affordable domestic energy supplies for Americans, while continuously driving down GHG emissions. Climate policy should also result in meaningful GHG emissions reductions across all sectors of the U.S. economy.

Under the requirements of the Outer Continental Shelf Lands Act (OCSLA), there are many factors for BOEM to balance and consider in the process of planning for, scheduling, and holding offshore lease sales. An analysis of the GHG emission impacts related to lease sales is one of the various issues considered in the decision-making process. The OCSLA directs

Interior to develop and maintain a leasing program that will best meet our country's national energy needs, consistent with various enumerated principles and considerations.

When considering the national energy needs of the country, the current global market situation and projected trends for petroleum markets underscore the ongoing need for major investment in oil and gas leasing, exploration, and production. As announced by the U.S. Department of Labor on December 10, 2021, inflation accelerated in November at its highest pace since 1982. The global economy has yet to recover from the impacts of the pandemic, yet global oil prices remain high and characterized by volatility due to market imbalance from supply constraints. There has been a recognized underinvestment in global oil exploration for the past several years. According to Simon Flowers, Chairman and Chief Analyst, Wood Mackenzie, "Underinvestment in oil supply will lead to a tight oil market later this decade. It's a narrative that's gained increasing traction as capital expenditure on upstream oil and gas has shrunk. Spend in 2021 is half the peak of 2014 after slumping to new depths in last year's crisis." *Is the world sleepwalking into an oil supply crunch?*, *The Edge*, July 16, 2021. Furthermore, according to the Energy Information Administration, U.S. imports of crude and product from Russia reached levels of more than 800,000 barrels per day this year, which are some of the highest levels of Russian imports in history. This single example, of multitudes more, lends itself to the rational conclusion that foreign volumes have always continued to substitute themselves for domestic volumes given US energy demands, and there is zero evidence that such substitutions would go in the opposite direction now or in the foreseeable future.

The U.S. OCS, and the Gulf of Mexico in particular, will continue to play a key role as a strategic national energy asset, helping to ensure U.S. energy needs are met in the decades to come. It is the consensus of the recognized energy advisory organizations – including the Energy Information Administration and International Energy Agency – that the U.S. and the global economy will rely upon supplies of petroleum through 2050 and beyond, no matter the scenario. A commitment to long-term U.S. OCS oil production will serve to mitigate against dependence on foreign energy; enhance the national security of the U.S. and our allies; generate important revenues for the federal treasury, the Land & Water Conservation Fund, national parks, and urban outdoor partnership programs; help ensure that we maintain high levels of domestic production to feed U.S. refineries and alleviate inflationary risks to consumers; and support hundreds of thousands of high-paying jobs throughout the country. Multiple organizations have also studied the emissions profiles of oil and natural gas producing regions. Across the board, the research demonstrates that offshore production provides among the lowest carbon barrels of the oil producing regions of the world. This is a result of the scale and level of investment, sophistication, and technology inherent in offshore operations, as well as the tight controls in place for managing CO<sub>2</sub> and methane. In short, for a multitude of important reasons, the U.S. OCS stands out as a preferred region for oil and gas exploration, development, and production. Production from outside the U.S. leads to a degradation of the important benefits described above.

As it relates to the lifecycle GHG analysis, NOIA has discussed the approach utilized by BOEM with various energy economists and there is strong agreement that the approach is flawed, thereby leading to incorrect conclusions. In addition, the DEIS itself fails to provide

adequate information on the assumptions and models used by BOEM to justify its approach and arrive at its conclusions. The short comment period and the lack of transparency create certain challenges to fully evaluate all aspects of the BOEM approach. However, the flawed nature of the analysis is prevalent, and we provide the following points:

- Fundamentally, when analyzing the market impacts of energy projects and production activities (especially oil projects), it is essential to treat the world as one market.
- Rather than focus on one global marketplace, BOEM incorrectly conflates and assesses the impacts within domestic markets with the impacts within the international market.
- The world market is comprised of thousands of projects that collectively add up to meet the energy services that are demanded by society. Given the massive amount of energy services required globally, the impacts of one individual U.S. lease sale would have little impact on global oil market demand and correspondingly less impact on global GHG emissions. Importantly for our country, each individual U.S. offshore lease sale plays a key part in maintaining and building upon domestic supplies that are vital to the energy, economic, and national security of the U.S. economy.
- Whether or not BOEM holds a lease sale, the world is still going to demand energy services at such a massive scale that the world market will continue to provide that energy.
- BOEM fails to recognize and adequately consider the various risks and associated GHG emissions impacts inherent in sourcing oil from other parts of the world, jumping instead, evidently, to reaching a conclusion that US consumers will, to a significant degree, simply do without those volumes of energy.
- The court decision in *CBD v. Bernhardt* in no way requires BOEM to conduct its analysis in a specific way. In fact, the DEIS states that the agency can explain why a quantitative assessment of shifts in foreign consumption cannot be done. BOEM should focus on doing a correct analysis by treating the world as one market and by determining the impacts of a single lease sale on that one market.
- A correct analysis will determine that GHG emissions impacts are negligible or possibly even decreased under a decision to have a lease sale in the U.S. OCS.

As stated above, NOIA and its members are working toward the development and deployment of solutions to address the climate challenge. NOIA's ESG program, the NOIA ESG Network, is a proven learning and collaboration center for exchanging information on best practices for reducing emissions. NOIA has also supported various legislative proposals related to advancing low and zero carbon energy solutions. Ultimately, solving the climate challenge will depend upon addressing consumption-related emissions, which are responsible for the vast majority of GHGs. Constraining supply, particularly from lower-carbon U.S. producing regions, could further exacerbate inflationary impacts and diminish employment and investment opportunities, without meaningfully addressing emissions. BOEM's OCS leasing process should include an accurate and realistic analysis of GHG emissions impacts, and leasing decisions should balance the diverse factors considered in determining our national energy needs. We therefore recommend that BOEM revisit and correct the GHG emissions analysis in the Cook Inlet DEIS.

NOIA and its members are available for follow-up questions or discussion. Thank you.

Best regards,

A handwritten signature in black ink, appearing to read "Erik G. Milito". The signature is fluid and cursive, with a prominent initial "E" and "M".

Erik G. Milito