September 14, 2023

Stacy Murphy
Deputy Chief Operations Officer/Security Officer
Office of Science and Technology Policy
Executive Office of the President
1650 Pennsylvania Ave, NW
Washington, DC 20504

Re: Comments of the National Ocean Industries Association on Request for Information, National Strategy for a Sustainable Ocean Economy, Federal Register Doc. 2023–13839

Dear Ms. Murphy:

The National Ocean Industries Association (NOIA) respectfully submits these comments in response to the Request for Information of the Office of Science and Technology Policy in its role of collecting input to inform the development of a National Strategy for a Sustainable Ocean Economy (National Strategy). NOIA represents the interests of all segments of the offshore energy industry, including offshore oil and gas, offshore wind, offshore minerals, offshore carbon sequestration, and other emerging technologies. Our membership includes energy project leaseholders and developers and the entire supply chain of companies that make up an innovative ecosystem contributing to the safe and responsible development and production of offshore energy.

In addition, our members have invested significantly in the research, development, demonstration, and deployment of all types of low and zero carbon technologies. This includes wind, carbon capture and storage, hydrogen, geothermal, and more. The companies in the offshore energy industry will be key participants in building and integrating these technologies at scale. Our member companies and the offshore industry as a whole have a proven track record of constructing and maintaining offshore energy projects in coexistence with a myriad of other ocean users and while ensuring a thriving marine ecosystem.

As stated in our ESG principles, NOIA member companies provide the energy that is essential for our everyday lives and raises the quality of life of our communities, reducing poverty and hunger while promoting good health and well-being. We operate in coastal and ocean environments with safety, health, environmental protection and sustainability as core values. We share a commitment to a high standard of corporate citizenship and continuous improvement in environmental, social and governance performance. We recognize the risks of climate change and, as innovators, we strive to contribute solutions and best practices to optimally balance societal and environmental needs.

The Vision and Goals for the National Strategy

Fundamentally, the National Strategy should recognize the vital importance of the ocean economy to Americans and to American competitiveness. The National Oceanic and Atmospheric Administration (NOAA) highlighted the importance of the U.S. offshore economy to our communities in a June 8, 2023 press release entitled, "Marine economy bolsters American prosperity: U.S. Marine economy contributed $432 billion to overall economy in 2021." NOAA officials emphasized the overall impact of marine activities in the everyday lives of Americans. According to NOAA Administrator Rick Spinrad, Ph.D., "Our ocean and Great Lakes are vital to the overall American economy — it is virtually impossible to go a day without consuming items that come from or through our nation's coastal and Great Lakes waters. These economic data are critical to appreciate how the blue economy is essential to American economic prosperity."

According to NOAA, the growth in the marine economy actually outpaced the growth in the U.S. economy from 2020 to 2021: "From 2020 to 2021, the marine economy bounced back strongly from declines associated with the COVID-19 pandemic, with a 7.4% growth in GDP and a 10.5% growth in sales. The growth in the marine economy outpaced U.S. economic growth, which had a 5.9% growth in GDP and 6.2% growth in sales." NOAA's Chief Economist, Monica Grasso, Ph.D., underscored this point, "These statistics show the marine economy's resilience, with higher growth than the overall U.S. economy. By investing in sustainable practices and working collaboratively with stakeholders, we can continue to build a thriving and resilient marine economy that supports our communities, protects the environment and drives our country's economy forward."

The National Strategy should also emphasize the importance of balancing economic, energy, environmental, and social factors. A balanced approach should not serve to eliminate activities or "conflict out" investment opportunities. Rather, a balanced approach must encourage multiple uses of the ocean economy while ensuring potential impacts to the marine ecosystem are considered and addressed. To that end, a precautionary approach is not justified and would only serve to harm American investment and competitiveness. In fact, the U.S. system of laws and promulgating regulations that govern commercial activities in the U.S. offshore region provide our nation with a distinct advantage over other regions of the world in that it provides an established framework for the management and oversight of the nation's ocean economy. As it relates to offshore energy development, the U.S. statutory and regulatory system is designed to consider and balance energy, economic, environmental, and social factors. Ultimately, the Administration must remain within the boundaries of the statutory system as it moves forward with the federal management of the ocean economy. As part of the National Strategy, the Administration must make clear that the National Strategy itself does not impact current law and is not intended to create new or amended requirements.

When considering the U.S. offshore energy economy, our country has spent several decades building an efficient energy system that includes billions of dollars in infrastructure assets, thousands of companies with hundreds of thousands of employees, and unparalleled engineering expertise that is now being deployed for development of next generation energy technologies. In considering the National Strategy, it is especially important to acknowledge the significance and value of such an energy system. It is also important to recognize that failing to sustain this energy system would likely shift investment and energy production to

foreign regions with much less efficiency and far greater emissions profiles. This could also be accompanied by a loss in companies with the talent, expertise, and resources required for decarbonization efforts. In other words, the benefits that flow from the U.S. blue economy are vast and the National Strategy should specifically include consideration of the economic benefits that flow to Americans offshore commercial activities.

Priorities, Challenges, and Opportunities for Improving Management

The opportunities for investment in offshore energy projects are simply massive. For example, offshore wind projects will be a powerful driver of economic growth for the country and efforts to meet climate goals for the 21st century and beyond. According to analysis by the American Clean Power Association, we have an over $120 billion market off America's coasts for wind, including in the Gulf of Mexico. According to a study by Wood Mackenzie, based upon offshore wind lease sales off the coasts of New York, North and South Caroline, California, and Maine, significant capital investment will be put into the U.S. economy to support offshore wind activities. According to Wood Mackenzie, based upon leasing in these areas, total investment in the U.S. offshore wind industry will be $17 billion by 2025, $108 billion by 2030 and $166 billion by 2035. From 2022 to 2035, capital investment of $42 billion will go to turbine manufacturers and the supply chain, $107 billion will go to the construction industry, and $8 billion will go to the transportation industry and ports. Annual capital investment for operations and maintenance activities will increase to $2.4 billion in 2035. Total full time equivalent (FTE) job creation from the resulting offshore wind activities, including development, construction and operation is expected to be approximately 80,000 jobs annually from 2025 to 2035.

The story is the same for future investment in offshore oil and gas. Offshore oil and gas development is capital intensive. A 2021 study by Energy & Industry Advisory Partners (EIAP) entitled *The Gulf of Mexico Oil & Gas Project Lifecyle: Building an American Energy & Economic Anchor* places the total lifetime spend to develop and produce a deepwater Gulf of Mexico at approximately $8.8 billion. The average annual spend is nearly $295 million, with the highest spending levels taking place during project development, when subsea tieback development is taking place, and during decommissioning. The average shallow-water project results in an estimated $1.3 billion total lifetime spending, including $27.5 million in annual operational expenditures. In another EIAP study, *The Economic Impacts of a 5-Year Leasing Program Delay for the Gulf of Mexico Oil and Natural Gas Industry*, released in 2022, analysts projected Gulf of Mexico offshore oil and gas spending across the forecast period from 2022-2040 will be $30.6 billion per year. The study also estimates offshore oil and natural gas employment numbers under the base case with no interruption in lease sales at an average of 372,012 jobs per year throughout the forecast period of 2022-2040

According to Rystad Energy, global oil exploration activities must ramp up to meet global demand through 2050. More than $3 trillion in capital expenditure will be needed to add the undeveloped and undiscovered resources necessary for the global market. Rystad analysts expect deepwater areas to play a prominent role in building essential energy supplies. According to Rystad Senior Upstream Analyst Palzor Shenga, "Upstream players may have to more than double their conventional exploration efforts in order to meet global oil demand

through 2050." Clearly, with the U.S. Gulf of Mexico established as a premier producing region that provides among the lowest carbon intensity barrels relative to global alternatives, the National Strategy should seek to elevate U.S. offshore production as a priority.

The key challenges associated with investing in the ocean economy include obstacles inherent in the federal bureaucracy related to leasing, permitting, and regulation. Whether it is tourism, commercial fishing, ocean transportation, energy development, or any other ocean use, projects and activities are often delayed or even canceled due to the lack of certainty in the federal regulatory system. The relevant laws and regulations, such as the Outer Continental Shelf Lands Act, the Endangered Species Act, the Marine Mammal Protection Act, and the National Environmental Policy Act – to name a few – create a system that is designed to both enable ocean activities and provide for protection of the marine ecosystem.

Unfortunately, moving from the conceptual design stage to the construction and operation stage normally takes many years for an offshore project. The federal system, with a vast network of departments and agencies that provide oversight over a myriad of different laws, creates a tangled web for project developers to navigate. The recent passage of debt ceiling agreement included key permitting reform provisions that are intended to streamline the federal permitting process and address some of these deficiencies. However, the new law must still be implemented and even more work from the Executive Branch is required. Thus, the National Strategy should address the need for agency leadership and enhanced coordination for purposes of advancing the objectives of promoting investment in the ocean economy and supporting the health and resilience of the ocean ecosystem. This necessarily includes adequate staffing and resources for the agencies with oversight of marine economic activities.

The offshore energy industry will play an important role in providing foundational energy sources such as oil and gas, nascent energy sources such as offshore wind, strategic resources such as critical minerals, and decarbonization projects such as carbon capture and storage (CCS). The offshore industry is a demonstrated leader and partner in global efforts to address the climate challenge. The American offshore sector is transforming how hydrocarbons are produced, making new streams of energy and innovative energy solutions a reality today. These efforts include the transfer of offshore oil and gas expertise and revenues into areas such as offshore wind, hydrogen, and CCS.

Given the projected continued demand for oil and gas resources for the U.S. and global economies, government policy should promote and encourage energy production from the lowest carbon-intensive sources of oil and gas on a per barrel basis. The U.S. offshore region is recognized as providing among the lowest carbon-intensive barrels of the various oil producing sources. The U.S. Gulf of Mexico has a carbon-intensity one-half of other producing sources. The deepwater—which represents 92% of oil production in the U.S. Gulf of Mexico—provides among the lowest carbon intensity of any oil producing source offshore or onshore. U.S. government efforts should serve to promote U.S. offshore production over substitution of barrels from higher carbon intensity foreign sources.

Innovation and technological progress continue on a daily basis in the U.S. offshore energy industry. The multitude of companies needed to produce energy offshore work collaboratively

to shrink an already small carbon footprint. From electrifying operations to deploying innovative solutions that reduce the size, weight, and part-count of offshore infrastructure—thus increasing safety and lowering the carbon footprint—the U.S. Gulf of Mexico is home to an ongoing high-tech revolution. Offshore operators have collaborated to standardize subsea tiebacks and share facilities, decreasing the need for more facilities and lowering the carbon intensity of offshore operations. Drones and subsea remotely operated vehicles (ROVs) are patrolling and connecting onshore and offshore operations with detailed real-time data. AI and machine learning are enabling greater efficiencies while also spotting potential issues before they have a chance to become real problems. Offshore energy projects, such as offshore oil and gas and offshore wind, have been demonstrated to successfully coexist in the marine environment with other uses of the Outer Continental Shelf. The National Strategy should acknowledge the ability of various ocean users to successfully coexist while supporting a thriving marine ecosystem, as this has been the experience of the offshore energy industry throughout the world.

Furthermore, CCS is a fundamental tool in combating climate change. The International Energy Agency deems CCS "an important opportunity to achieve deep carbon dioxide emissions reductions." The U.S. Gulf of Mexico soon could very well be the leader in CCS, with proposed regulations expected from the Bureau of Ocean Energy Management (BOEM). Early views on the potential opportunity point out that up to fifty million tons of CO2 annually could be stored beneath the Gulf of Mexico by 2030, more than all the CCS currently operating globally, and could potentially double from there by 2040. Subsea deep formations, including those that have long held oil and gas reserves, are ideal repositories for sequestered carbon.

As reflected in our Climate Change Position & Principles, NOIA supports the efforts of our members in understanding and improving their emissions footprint and setting sustainability goals and targets, assists our members by facilitating collaboration and enhancing organizational capability to support emissions reduction efforts, and seeks to be a constructive partner in the development of thoughtful and balanced national policy to address climate change. Building the infrastructure of the future and deploying technologies in support of decarbonization requires a far more streamlined permitting process. However, with NEPA at the heart of federal agency permitting, CEQ and implementing agencies must tighten the process with far greater certainty and predictability through sensible guidance and timely reviews. The National Strategy should make clear the need for a more effective NEPA process so that investment can be made with certainty in the key sectors that will be relied upon for decarbonization efforts, including offshore wind and CCS.

Conclusion

In closing, NOIA and the full diversity of its membership are committed to a balanced approach that promotes continued investment in the blue economy and the health and resiliency of the ocean ecosystem. We look forward to continued engagement with all agencies in the federal family as the Administration develops the National Strategy and executes the laws and regulations applicable to the offshore region. We appreciate your consideration of the comments herein. NOIA and its members remain available to discuss these comments.

Very respectfully,

Erik Milito
President
National Ocean Industries Association