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Ms. Kelly Hammerle, Chief National OCS Oil and Gas Leasing Program Development
and Coordination Branch Leasing Division
Office of Strategic Resources, Bureau of Ocean Energy Management (WAM-LD)
45600 Woodland Road
Sterling, VA 20166-9216

**Re: Notice of Availability of and Request for Comments on the 2023-2028
National Outer Continental Shelf Oil and Gas Leasing Proposed Program
and Draft Environmental Impact Statement
Federal Register Volume 87, Number 130 (Friday, July 8, 2022)**

Ms. Hammerle:

Chevron U.S.A. Inc. (Chevron) appreciates the opportunity to respond to the Bureau of Ocean Energy Management's (BOEM) Federal Register Notice requesting public comment on the 2023-2028 National Outer Continental Shelf Oil and Gas Leasing Program (Proposed Program) and Draft Programmatic Environmental Impact Statement (DPEIS). Chevron is keenly interested in the future of offshore leasing.

As background, Chevron and its legacy companies have been developing oil and gas resources in the Gulf of Mexico for over 85 years. Our Gulf of Mexico Business Unit (GOMBU) is one of the leading producers in the region, responsible for delivering an estimated 200 thousand barrels of oil equivalent (boe) per day. Over 1,500 dedicated employees support our GOMBU operation and place the highest priority on safety and the protection of the environment guided by our Tenets of Operation which follow two key principles: 1) Do it safely or not at all; and 2) There is always time to do it right. GOMBU's award-winning safety and environmental performance is recognized around the world. We believe that Chevron's Gulf of Mexico operations are vital to our nation's economy and energy security - creating jobs and government revenue and helping to provide reliable, affordable energy supplies.

Chevron is one of the world's premier energy companies with a diverse portfolio of operations and is committed to the vision of a lower carbon energy future. To that end, we strive to create fuels of the future—like hydrogen, renewable diesel, and sustainable aviation fuel—seeking to lower the carbon intensity of these products and support our customers' efforts to reduce their greenhouse gas emissions. In addition to lower carbon-intensity energy sources, we're supporting surface and subsurface carbon storage projects as a critical enabler of global net zero ambitions. Our strategy also includes being more efficient and lower carbon production of traditional energy sources which remain in

high demand today and will be for years to come, while growing lower-carbon businesses that will play a larger role in the future. Our company's lower carbon intensity projects - like those in the deepwater Gulf of Mexico (GOM) - will continue to play a strategic and vital role in our portfolio. The Gulf of Mexico has some of the lowest carbon intensity production within Chevron's portfolio. It averages an intensity of 6 kg carbon equivalent per barrel of oil equivalent, a fraction of the global average. Chevron believes that the continuation of a federal offshore leasing program is both vital to meeting the energy needs of the nation and aligns with a commitment to transitioning to a lower carbon economy.

According to BOEM's 2021 Assessment of Undiscovered Resources on the Nations' Outer Continental Shelf¹ (OCS Resource Assessment), approximately 69 billion barrels of oil and 229 trillion cubic feet of natural gas (or 109B boe) remain undiscovered but are technically recoverable in the U.S. Outer Continental Shelf (OCS). Of those resources, approximately 30 billion barrels of oil and 55 trillion cubic feet of natural gas (or 39B boe) are undiscovered, but technically recoverable in the U.S. Gulf of Mexico. Further, as BOEM indicates in the Proposed Program, production from the OCS currently contributes 15% of oil and 2% of natural gas to the U.S. domestic production profile. Finally, as reported by BOEM, thus far under the previous 2017-2022 federal oil and gas leasing program, from fiscal year 2018 through fiscal year 2021, BOEM's conventional energy activities in the OCS generated revenues of \$16.5 billion in royalties, \$988.6 million in bonuses, and \$394.6 million in lease rents toward the federal budget. Considering these facts, Chevron firmly believes it is critical that the oil and natural gas industry be allowed to continue exploring for and developing domestic OCS energy resources. Chevron supports the inclusion of not less than eleven OCS lease sales as set forth in Table 1 of the Proposed Program. We encourage BOEM to expeditiously finalize a 2023-2028 National OCS Program to provide for continued exploration and production of these core U.S. resources.

Accordingly, Chevron submits the above and following comments on the Proposed Program and DPEIS. Chevron is also a member company of the American Petroleum Institute (API). As such, we participated in the development of API's comment letter to BOEM, and Chevron incorporates those comments by reference herein.

Gulf of Mexico Lease Sales

The Gulf of Mexico has been the United States' most important offshore area for energy development and, as highlighted above, has tremendous potential to provide a significant volume of resources. As noted above, the Gulf of Mexico has some of the lowest carbon intensity production within Chevron's portfolio. Simply put, as the U.S. and Chevron work to achieve a lower carbon future, the Gulf of Mexico can continue to provide some of the lowest carbon intensity production on the planet.

¹ <https://www.boem.gov/oil-gas-energy/resource-evaluation/2021-fact-sheet>

As mentioned in section 1.2.1.1.1 of the Proposed Program, the U.S. Energy Information Administration (EIA) currently predicts that of the 108.7 quadrillion BTUs of energy expected to be consumed by the U.S. in the year 2050 under baseline policies, 70% will be supported by petroleum resources. The EIA 2022 Annual Energy Outlook² also reflects increased crude and natural gas demand. Almost all energy outlooks acknowledge that there will be a need for oil and gas for many decades to come. The EIA further predicts oil prices will rise (2021 dollars per unit) from \$72/barrel in 2021 to \$90/barrel in 2050.

Without new lease sales – if U.S. policy unnecessarily constrains future supply – the country could struggle to meet energy demand, potentially resulting in higher prices to consumers. In fact, developing adequate oil and gas supply is essential to meet the substantial consumer demand as shown in the above-referenced forecasts. Fortunately, the U.S. has a tremendous opportunity to continue development of domestic supply from the GOM, one of the lowest carbon intensity basins in the world. However, the long lead time required to develop deepwater resources necessitates the need for lease sales now to meet the country's future energy demands and avoid supply-demand imbalances such as are at the center of the current energy crisis in Europe.

As shared in the OCS Resource Assessment, 94% of federal offshore acreage is currently off limits to oil and natural gas development, and less than 1% of OCS offshore federal acreage is under lease. In fact, in 2021, 99% of offshore oil and natural gas production from the U.S. OCS came from only two of 26 OCS planning areas. These two areas - Central and Western GOM - make up a majority of the submerged acreage identified in GOM Program Area 1. BOEM is considering offering a maximum of two competitive lease sales per year from 2023-2028 in GOM Program Area 1, for a total of ten GOM lease sales. BOEM has also indicated in the Proposed Program that the size, timing, and location of any potential lease sales may be further narrowed during the proposed final program stage. However, the Proposed Program does not explain how decisions will be made about potential narrowing at later stages, which limits Chevron's ability to offer detailed comments about those proposals.

Chevron believes that reliable access to domestic oil and natural gas resources on federal land enables the investments needed to develop and maintain future U.S. production, helping the country responsibly meet energy demand while growing jobs and strengthening the economy. Continued disruptions to federal leasing and permitting will have an adverse impact on the U.S. economy, with a concentrated negative impact on Gulf Coast States³. Accordingly, Chevron does not believe a National OCS Program with narrowed or targeted leasing opportunities is in the national interest.

The Proposed Program's vague references to potential future narrowing of lease sales also raises questions about whether those aspects of the Proposed Program are

² [U.S. Energy Information Administration - EIA - Independent Statistics and Analysis](#)

³ [EIAP-5-year-Program-Leasing-Delay-Report-03-24-22 \(api.org\)](#)

consistent with the requirements of the Outer Continental Shelf Lands Act (OCSLA). Specifically, OCSLA requires that the Secretary of the Interior prepare and maintain an OCS leasing program.⁴ The Act further makes clear that the Outer Continental Shelf “should be made available for expeditious and orderly development, subject to environmental safeguards, in a manner which is consistent with the maintenance of competition and other national needs.”⁵ In satisfying these requirements, OCSLA directs BOEM to adopt “a schedule of proposed lease sales indicating, as precisely as possible the size, timing, and location of leasing activity” that will “best meet national energy needs.”⁶

Failure to finalize a National OCS Program that offers submerged federal acreage for leasing, or, alternatively, adopting a National OCS Program which schedules no lease sales or only nominal lease sales is contrary to the statutory text in OCSLA. Moreover, Congress recently reaffirmed the importance of offshore leasing in the Inflation Reduction Act which required leases for Lease Sale 257 be issued and requires BOEM to hold Lease Sales 258, 259 and 261 consistent with parameters identified by Congress. Chevron agrees with BOEM’s current analysis that there are potential net benefits of a National OCS Program with a GOM lease sale in 2023, two region-wide sales per year in the GOM Program Area 1 offering all available unleased acreage, and one sale in the northern portion of the Cook Inlet Program Area for 2023–2028.

Given these considerations, our company respectfully offers the following recommendations and comments:

- **Expediently Approve a National OCS Program.** Approval of a final National OCS Program should not be delayed. The nation is currently experiencing an unprecedented gap between expiration of the last national program and finalization of the next program. Notwithstanding the offshore lease sales that are required to be offered under the Inflation Reduction Act, further delays in approving the next National OCS Program will negatively impact government and state revenues, future funding for the Land and Water Conservation Fund (LWCF), U.S. jobs, and much-needed domestic production.

Add to that, developing offshore oil and natural gas resources is a complex endeavor. The process from leasing to production is labor- and time-intensive and requires companies to invest millions of dollars in upfront costs for an uncertain return. Accordingly, the industry makes investment decisions years ahead of executing

⁴ **Title 43 § 1344. Outer Continental Shelf leasing program (a) Schedule of proposed oil and gas lease sales.** The Secretary, pursuant to procedures set forth in subsections (c) and (d) of this section, shall prepare and periodically revise, and maintain an oil and gas leasing program to implement the policies of this subchapter. The leasing program shall consist of a schedule of proposed lease sales indicating, as precisely as possible, the size, timing, and location of leasing activity which he determines will best meet national energy needs for the five-year period following its approval or reapproval.

⁵ 43 U.S.C. § 1332(3).

⁶ 43 U.S.C. § 1344(a) (emphasis added).

business plans. Implementation of a predictable federal regulatory regime and national leasing program is critical to providing energy companies with the certainty and confidence needed to consider the OCS in its long-term business and investment planning.

- **Schedule All Ten GOM Sales.** All ten proposed GOM sales should be scheduled and held as soon as possible. OCSLA requires the Secretary to prepare, periodically revise, and maintain an oil and gas leasing program. The Act states that the leasing program shall include a schedule of proposed lease sales which the Secretary determines will best meet national energy needs for the five-year period following its approval. The five-year National OCS Program is the administrative mechanism that enables the Secretary to offer offshore federal lease sales under OCSLA. If no lease sales are scheduled under the OCS Program, then absent a separate and intentional act by Congress, no federal offshore oil and natural gas lease sales can be held. This dynamic is compounded by the fact that several offshore sales scheduled under previously approved national programs were delayed or cancelled outright. It is important for BOEM to maintain an OCS Oil and Gas Leasing Program that can be implemented effectively in alignment with meeting the nation's energy needs, *i.e.*, encouraging and enabling more energy production especially when needed, during times of energy crises or to minimize the impacts of a future energy crisis. Scheduling less than all ten GOM sales discussed in the Proposed Program would strip the Administration of the ability to ensure U.S. energy demand can be reliably met and could also jeopardize investment in resource development for the future, including issuance of offshore wind leases per the Inflation Reduction Act's requirements. As discussed previously, oil from the GOM basin is produced from operations with some of the lowest carbon intensities in the world, helping to meet the nation's current energy demands and helping advance the Government's goal of a lower carbon future. Moreover, it is in line with BOEM's statutory obligation to achieve "expeditious and orderly development" of the Outer Continental Shelf.⁷ Accordingly, Chevron strongly recommends the Secretary move forward with approving the Proposed Program Alternative which calls for at least ten lease sales in the Central and Western GOM.
- **Offer Region-wide GOM Sales.** GOM sales scheduled as part of the final National OCS Program should offer all available unleased acreage under federal jurisdiction in the GOM Program Area 1, which only covers a fractional 5.55% of the total OCS federal lands encompassed by the 26 OCS Planning Areas. BOEM has suggested in the Proposed Program that it may consider a targeted leasing approach which would entail further refinement and narrowing of acreage during later stages of review. According to BOEM, adjustments would be based on public comments or affected areas that (1) have not experienced extensive bidding activity, (2) are not part of actively pursued geological plays, recent seismic acquisition and processing, or exploration and development activity, (3) are biologically sensitive areas, and (4)

⁷ 43 U.S.C. § 1332(3).

involve areas of potential human health or environmental effects, which could be further exacerbated by climate change.

BOEM should not rely on historical data to speculate on which areas of the proposed GOM Program Area 1 are suitable for development. Our industry continues to obtain new information about the Gulf of Mexico basin, and we are continuously growing technical capacity to explore for and develop areas previously beyond our reach, as well as improving ultimate recovery of reserves in place through advancements in technology. Additionally, assumptions about seismic acquisition and processing patterns are speculative and could be misleading, particularly in light of recent logjams in operators' and others' ability to efficiently obtain certain authorizations to conduct seismic surveys. We appreciate there may be areas in the GOM Program Area 1 that require careful scientific consideration due to the potential concerns listed in (3) and (4) directly above, such as the Flower Garden Banks National Marine Sanctuary. However, Chevron believes no new areas of restriction should be added to the federal offshore leasing program without sufficient supporting scientific data that has been thoroughly considered by all public stakeholders. Further, Chevron encourages BOEM and the Administration to offer lease sales in the next National OCS Program on a region-wide basis as it has done in the past. We would like to ensure the Administration does not inadvertently restrict areas with great resource potential from being explored and developed in the near-term. Region-wide GOM sales will also provide industry with encouragement to continue to actively explore for and develop domestic resources that we may not be ready to pursue today based on the information and technologies currently available. Our industry has continually evolved since we first ventured into offshore exploration, and we will continue to advance the technologies to develop resources in a safe and environmentally responsible manner.

BOEM has also indicated that it is considering a targeted approach to offer lease sales in areas with high resource potential while appropriately weighing environmental protection, alternative uses of the ocean and seabed, as well as other considerations. Chevron recognizes that the OCS is actively being accessed for a multitude of ocean uses, including commercial fishing, state oil and gas operations, military activities, tourism, commercial shipping and transport, coastal recreation (including recreational fishing and diving), subsistence use, renewable energy leasing and non-energy marine minerals activities. This is nothing new, and Industry has a long history demonstrating that oil and gas activities can coexist along with other users. In consideration of special environmentally sensitive marine protected areas and historical archeological sites that must be preserved, Industry has a proven track record of collaborating effectively with other ocean users and the appropriate regulatory agencies overseeing those marine activities to address potential concerns. Chevron therefore does not believe it is necessary to limit access or remove portions of acreage from the Program Area 1 due to any perception that continuing with the federal oil and gas leasing program would present a conflict from a shared ocean use standpoint.

- **Provide Competitive Leasing Fiscal Terms.** After finalizing the next national OCS Program and performing the necessary pre-leasing activities, GOM leases should be offered with competitive fiscal terms. This will encourage global industry to explore for and produce U.S. resources in the lower carbon intensity GOM basin. In Chevron's view, BOEM should continue to utilize the bonus bidding system with variable bonus consideration (and all other fiscal terms fixed) that has been employed by BOEM historically. This is the most robust and structured leasing system to generate optimal government revenues. The competitive bonus bidding system is well-established, predictable and works to incentivize companies to focus bidding on areas they deem may hold commercial resources. Significant rents are due on each lease annually if no royalty payments are being made on production; thus, companies are financially incentivized to develop leases diligently or relinquish leases if they cannot be developed as initially anticipated.

Chevron is committed to enabling human progress while benefiting the communities where we work. We believe that meeting rising expectations demands performance and accountability at the highest level. We demonstrate these beliefs through our Chevron Way values and our work globally to engage with our communities and stakeholders. Chevron recognizes and acknowledges that, for many communities and stakeholders, environmental justice is at the forefront of concerns. In alignment with the U.S. Environmental Protection Agency, Chevron supports the fair treatment and meaningful involvement of all people, regardless of race, color, national origin, or income, with respect to the development, implementation, and enforcement of environmental laws, regulations, and policies.

We are committed to continually improving our environmental and social performance and avoiding or reducing the potential impacts of our operations. We have systems and processes in place for community engagement and environmental protection, including requirements to identify and address potential environmental, social and health impacts across the lifecycle of our assets.

Chevron acknowledges and understands that, for many communities and stakeholders, environmental justice is a long-standing, priority concern. We recognize that each community is unique. We work together with our community stakeholders to understand their needs and priorities as we:

- avoid or mitigate the potentially adverse impacts of our operations;
- live our commitments to environmental, health, and social performance;
- identify and develop meaningful opportunities to support the community; and
- contribute to their environmental, economic, and social well-being.

We support transparent and well-designed government policies that enable communities and businesses to advance the values of fair treatment and meaningful involvement.

Draft Programmatic Environment Impact Statement (DPEIS)

Chevron supports BOEM's assertion that the lease sales under the preferred alternative presented in the Proposed Program (Alternative B) "have the greatest resource potential and net benefits with the least potential significant impacts and costs to society to meet national energy needs under existing laws and policies...". We offer the comments below for your consideration regarding the Draft Programmatic Environmental Impact Statement (DPEIS).

Chevron concurs with BOEM that review under the National Environmental Policy Act (NEPA) is not required at this stage of OCSLA. (DPEIS at i n.2.) However, Chevron supports BOEM's effort to inform the public and undertake transparent decision-making by preparing a concise assessment of the environmental impacts associated with alternatives. In general, the draft discussion provides the reader with a reasonable understanding of the anticipated impacts. Nevertheless, as this review process moves forward, Chevron urges BOEM to carefully consider whether the streamlined discussion provides a clear and balanced assessment of the potential impacts. The simplified treatment of areas of significant uncertainty may create the impression of greater certainty regarding impacts (or lack thereof) than is possible and risks an uneven presentation of impacts. Following below are areas where Chevron believes additional attention and reconsideration of the text would better serve the information-gathering purpose of the DPEIS.

- **No Action Alternative.** Chevron shares API's concern that the DPEIS treats the impacts of the no-action alternative differently than the impacts from the leasing alternatives. Whereas BOEM includes a chart assigning "significance" to numerous impacts associated with each of the leasing alternatives, the DPEIS does not include such a chart for the no-action alternative. This may lead some readers to conclude that the no-action alternative does not have significant impacts. Chevron understands that while there is uncertainty regarding future emissions regulations and how fuel-switching may proceed, other impacts, such as the severe economic and social consequences of forgoing leasing (which would occur under a no action alternative), should be recognized and disclosed to the public. The statements in the DPEIS that the "[e]ffects related to employment and income *may* affect the tax base for vulnerable coastal communities," and that "there *may* be a noticeable impact on employment, income, and revenue for the Western and Central GOM Planning Areas" (DPEIS at p. 215 (emphasis added)) mask the plainly foreseeable adverse economic and social impacts of the no action alternative. Even where there is uncertainty, such as for fuel-switching, the DPEIS is inconsistent because it treats vessel traffic as a "significant" factor for the leasing alternatives (see, e.g., Fig. 4-11 at pg. 218), but does not acknowledge that vessel traffic – which it notes would likely increase "substantially" under the no-action alternative (p. 212-13) – would also be significant under the no action alternative. This inconsistent presentation of impacts precludes the public from making an informed comparison of the alternatives. Chevron urges BOEM to carefully evaluate its presentation of the no-action alternative to ensure that the final PEIS gives

the public and the decision-maker the appropriate information to make an informed comparison of the alternatives.

- **Cost-Benefit.** The DPEIS purports to incorporate by reference a cost-benefit analysis in the Proposed Program. Chevron shares API's concerns regarding the methodology of the cost-benefit analysis and that the BOEM's use of the cost-benefit analysis in the DPEIS is inconsistent with the informational purpose of the DPEIS. Chevron urges BOEM to consider whether revisions can be made to the cost-benefit discussion to provide the public a complete understanding of the costs and benefits of all alternatives, or, if such a discussion is not possible, to omit the cost-benefit discussion to avoid presenting unbalanced information.
- **Inaccurate Infrastructure Assumptions.** Chevron echoes API's observation that oil and gas development of the available areas in the Eastern GOM Planning Area would likely be supported from existing infrastructure (port areas, waste disposal, etc.) and should not require new infrastructure to be built in Florida. Potential impacts from these areas should be assessed as if they are part of the Central Planning Area to reflect the likelihood that no new infrastructure is likely to be required in areas like Tampa Bay, Panama City Beach, and Pensacola, to support oil and gas activities in these westwardly areas of the Eastern GOM Planning Area.
- **Inconsistent Assumptions Based on Climate Change Policies.** As API explains in its comment letter, BOEM should ensure that the assumptions concerning both energy production levels, energy demand, and renewable energy production resulting from current and future climate change policies are applied equally in evaluating each alternative. There appear to be a number of inconsistencies in the DPEIS.
- **Water Quality Discussion Fails to Acknowledge Regulatory Programs.** As explained by API, the DPEIS overstates impacts from the leasing alternatives by disregarding the role of existing regulatory programs governing discharges. BOEM's conclusion that routine water discharges from offshore oil and gas activities are still expected to have a significant impact on water quality overlooks and fails to properly analyze the National Pollution Discharge Elimination System (NPDES) permit and other regulatory requirements governing discharges. Additionally, the Water Quality discussions in Sections 2.5.1 and 2.5.2 do not consider how water quality is regulated and protected by US EPA. Finally, the DPEIS does not consider vessels regulations in both international and domestic waters under the International Convention for the Prevention of Pollution from Ships (MARPOL) and the Act to Prevent Pollution from Ships (APPS).
- **Existing Marine Species Protections.** Similar to the discussion above regarding required mitigations related to EPA NPDES permits, it is important to note that the oil and gas industry complies with various regulations and requirements related to the protection of marine species. For example, geophysical surveys related to oil and gas activities in GOM are required to comply with the provisions of 50 CFR Part 217. The

oil and gas industry is also required to comply with the Conditions of Approval included in BOEM and BSEE approvals (permits, plans, etc.) implementing the recommendations included in the National Marine Fisheries Service (NMFS) Endangered Species Act (ESA) Section 7 Biological Opinion on the Federally Regulated Oil and Gas Program Activities in GOM dated March 13, 2020. Consequently, industry is already required to comply with robust measures designed to adequately protect marine species.

- **Incorrect Data on Nesting Habitat.** Section 2.8.4 includes an assertion that "...the coastline of the Eastern GOM Planning Area represents 90% of the nesting habitat for the Northwest Atlantic subpopulation of loggerhead turtles (Ceriani and Meylan 2017)." As explained by API, this assertion misinterprets the source document and overestimates the percentage of loggerhead turtles nesting in the Eastern GOM Planning Area.
- **Climate Change Analyses and SC-GHG.** Chevron is committed to helping to address climate change while continuing to deliver energy that supports society. We support government action through climate policy that seeks to achieve emissions reductions as efficiently and effectively as possible and at the least cost to economies.

With respect to the National OCS Proposed Program, while the Secretary of the Interior has the responsibility to prepare and maintain an OCS leasing program (as discussed above), we also support BOEM's efforts to consider the potential environmental impacts of oil and gas activities that could occur as a result of lease sales held under the Proposed Program. Under OCSLA and NEPA, Interior is neither required nor permitted to consider downstream climate effects in implementing leasing programs for the OCS. See *Center for Biological Diversity v. U.S. Department of Interior*, 563 F.3d 466, 485 (D.C. Cir. 2009) (OCSLA does not authorize consideration of downstream climate effects); *Sierra Club v. FERC*, 867 F.3d 1357, 1372 (D.C. Cir. 2019) (NEPA does not require agencies to evaluate environmental effects that they lack authority to consider). Nevertheless, because the DPEIS addresses climate effects through GHG estimates, Chevron notes that a fair and accurate assessment of those effects supports the most robust leasing program among the considered options.

If BOEM does choose to retain GHG estimates in the final PEIS, it is important that it does so in a way that presents the most reasonable and accurate picture possible. As detailed in API's letter, the DPEIS improperly treats the high activity scenario as the default assumption, contains improper and incomplete analyses of the lease sales' impact on foreign oil consumption, and fails to fully analyze long run supply and demand elasticities (including through sensitivity analyses). Because climate change is a global issue, any assessment of the climate effects of OCS lease sales should include an accurate account of the international energy market and its environmental implications. We support the maximum potential lease sale schedule of the 11 total sales (10 GOM sales) identified by BOEM in its Proposed Program, which aligns with

the increasing global and US emphasis on and desire to reduce greenhouse gas emissions. **These sales, in particular, will enable lower carbon-intensity production of oil and gas compared to almost all alternative oil and gas sources worldwide.** Ensuring access to US low-carbon energy supply will be critical to achieving the United States' carbon reduction goals. Avoiding reliance on imported oil and gas is important not just from a national security perspective, but from a climate change perspective as well.

The use of the Social Cost of GHG in the DPEIS is misguided and inappropriate. The SC-GHG was developed as a means to monetize the social value of reduced GHG emissions for use in regulatory cost-benefit analysis as part of the Regulatory Impact Analysis (RIA) associated with economically significant regulations under Executive Order 12,866. When used appropriately and with necessary caveats, SC-GHG can provide informative context for regulators and the public in assessing the costs and benefits of agency action. But SC-GHG was never designed for use in environmental reviews under NEPA, and it is ill-suited to that purpose. NEPA does not require the monetization of costs and benefits, and thus there is no cause to include it in the PEIS.

Chevron supports the establishment of the federal government's Interagency Working Group on Social Cost of Greenhouse Gases ("the IWG") with broad interagency representation. The IWG was charged with developing and publishing updated SC-GHG figures by Executive Order 13,990, yet to date has not issued guidance regarding the appropriate usage of SC-GHG estimates. Given the complexity and uncertainty associated with the development of SC-GHG estimates, it requires careful usage. Because the IWG has so far not provided recommendations for use of the SC-GHG estimates, its application should be limited to the regulatory cost-benefit analysis for which it was designed.

Moreover, the DPEIS misuses SC-GHG even on its own terms because it selectively includes only a 3% discount rate, and it excludes essential caveats about SC-GHG's limitations. The IWG is clear in its most recent technical support document that "it is appropriate for agencies to revert to the same set of four values drawn from the SC-GHG distributions based on three discount rates (2.5 percent, 3 percent, and 5 percent) as were used in regulatory analyses between 2010 and 2016 and subject to public comment." Nonetheless, BOEM only used a 3% discount rate across the analysis and entirely failed to use the set of four values recommended by the IWG. Further, in the National Academies of Science 2017 review, it was clearly recommended that any agency or other usage of the SC-GHG should also include a robust discussion of the uncertainties inherent in the SC-GHG figures. There is no such discussion included in the DPEIS. Therefore, even if it were otherwise appropriate to use SC-GHG in the DPEIS, the draft would still suffer from deficiencies due to these omissions.

For the same reasons explained above and detailed by API, SC-GHG estimates should not be used in BOEM's Net Benefit Analysis for the Proposed Program, and it

would also be improper and inconsistent with governing laws for BOEM to rely on SC-GHG to adjust royalty rates or apply a royalty “surcharge.”

Conclusion

The Gulf of Mexico federal leasing program plays a vital role in supporting U.S. economic, energy, and national security. The oil and natural gas industry has a long history of demonstrating its ability to effectively co-exist with other ocean users, including renewable energy activities, to provide the nation with greater energy security, affordability, and reliability, while enabling multiple use of the nation's resources. As mentioned above, many published outlooks forecast that fossil fuels will remain a significant part of the energy system for years to come and that the energy mix will increasingly include lower carbon intensity sources. Because production of oil and gas in the GOM has lower carbon-intensity relative to alternative oil and gas sources worldwide, we view leasing and production from the GOM as critical to responsibly meet the nation's energy needs. As such, and for the other reasons cited in this letter, Chevron believes it is in the national interest for the Administration and BOEM to expeditiously implement a 2023–2028 National OCS Oil and Gas Leasing Program with not less than the ten area-wide lease sales identified for GOM Program Area 1 offering all available unleased acreage, and the single lease sale identified for the Cook Inlet. A competitive and predictable offshore federal oil and natural gas leasing and development regime will help ensure that future domestic demand can be met with energy sources that are affordable, reliable, and ever cleaner, enabling the nation to transition to a lower carbon future without compromising national security and the national economy.

Thank you for your consideration. Please do not hesitate to contact me if you have any questions.

Sincerely,



Bruce L. Niemeyer
President, Americas Exploration and Production

CHEVRON U.S.A. INC.