Chevron

J. Keith Couvillion
North America Land Advisor/Land Management
Officer & Assistant Secretary - Chevron U.S.A. Inc.

March 9, 2018

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

Re: Notice of Availability of the 2019–2024 Draft Proposed Outer Continental Shelf Oil and Gas Leasing Program and Notice of Intent to Prepare a Programmatic Environmental Impact Statement
Request for Comments
Federal Register Volume 83, Number 5 (Monday, January 8, 2018)

Ms. Hammerle:

Chevron U.S.A. Inc. (Chevron) appreciates the opportunity to comment on the Bureau of Ocean Energy Management's (BOEM) Federal Register Notice requesting feedback on the Draft Proposed 5-Year Outer Continental Shelf (OCS) Oil and Gas Leasing Program for 2019-2024 ("DPP"). Chevron, and its affiliated companies, own more than 300 leases in the OCS, and as lessees of both producing and non-producing leases in the Gulf of Mexico, support the continuation of a robust federal offshore oil and gas leasing program. Chevron and its legacy companies share a long history of operating safely and in an environmentally responsible manner in the OCS. We believe our company's focus on prudent operations and the technological advances that continue to be made in the offshore industry, will allow us to effectively and efficiently explore for and produce hydrocarbons needed for the U.S. economy today and in the future.

We agree that a comprehensive offshore oil and natural gas program is a critical component of the Administration's domestic energy strategy and support BOEM's efforts to diversify the country's energy resources. Chevron also supports the Administration's efforts to allow the energy industry to develop new sources of oil and natural gas supply for this country. Offshore submerged lands located off the coasts of the lower 48 states and Alaska need to be evaluated for their hydrocarbon potential to sustain and grow U.S. production.

In fact, the Energy Information Administration (EIA) predicts oil and natural gas resources will remain the largest component of the U.S. energy mix for decades to come even as new energy sources are aggressively developed. While it is anticipated the percentage of domestic energy generated from alternative and renewable sources will increase in the future, hydrocarbons will continue to be the raw material for the largest share of the country's transportation fuels and power generation needs well past 2040. Along with conservation efforts and responsible development of all technically and economically viable energy sources, domestically produced oil and natural gas will play a vital role in providing energy security and fueling economic prosperity in this country for decades to come. Offshore production is an important component of the fuel needed to drive our economy and support a quality of life that is unparalleled among the developed countries of the world.

Chevron North America Exploration and Production Inc.
A Division of Chevron U.S.A. Inc.
1500 Louisiana Street, Houston, TX 77002
Tel 832 854 3653 Mobile 504 430 6263 Fax 832 854 2663
keithcouvillion@chevron.com

A New Opportunity for Access

For more than 60 years, production from offshore areas has primarily come from wells located in the Central and Western Planning Areas of the Gulf of Mexico. While limited oil and natural gas is produced from a very small area in both the Pacific and Alaska Regions of the OCS, most federal offshore submerged lands have been off limits to leasing and development for decades. Given the increasing demand for hydrocarbons, it is impractical to rely exclusively on production from leases off the coasts of only Texas, Louisiana, Mississippi and Alabama.

As such, we are encouraged that the DPP includes offshore submerged acreage that has been closed to leasing and development for decades. The resources potentially existing in the submerged lands underlying the waters of the U.S. Exclusive Economic Zone should not continue to remain off limits if viable resource potential exists. The federal government should move expeditiously through the Leasing Program process maintaining the 47 lease sales included in the DPP. Even if areas currently off limits were made available today, it will take decades to evaluate and, if commercial quantities of hydrocarbons are discovered, to develop these resources for domestic consumption. Complete implementation of the DPP will allow access to not only areas traditionally available for offshore leasing and development, but new areas that are underexplored or unexplored in the OCS.

Chevron supports the Administration's efforts to continue to diversify the country's energy resources and believes traditional offshore oil and natural gas exploration and development can co-exist with offshore renewable energy development and other ocean users. One energy source should not exclude the development of others, especially offshore. The traditional offshore oil and gas development footprint has substantially decreased over time, minimizing the environmental impact on the OCS. The number of physical facilities offshore is decreasing as fields mature and facilities are removed. Many new offshore facilities, especially in deep water, will service multiple fields. With the decrease in our physical footprint, conflicts between traditional oil and gas development and other ocean users will be negligible.

Given the long lead times and complexity of energy developments offshore, it is important that the offshore energy industry be granted access to promising new areas of the OCS to search for untapped sources of oil and natural gas. We were pleased with the Administration's inclusion of almost every planning area for consideration in the DPP. We were particularly encouraged to see that the entire Gulf of Mexico could be offered for leasing in the near future. The resources contained in the Eastern Gulf of Mexico could significantly bolster America's energy independence by leveraging existing infrastructure including pipelines, refineries, and supporting industries. Additionally, some of the resources that may exist in the Eastern Gulf could potentially be produced from existing facilities located in the Central Gulf. This would minimize the potential environmental impact associated with the development of these resources and reduce time to production. A study[1] published by the American Petroleum Institute shows that providing access to Eastern Gulf of Mexico oil and natural gas resources could provide, by 2035: 230,000 jobs, $18 billion per year to the economy, $69 billion in cumulative government revenue and nearly 1 million barrels of oil equivalent per day.

Chevron supports the inclusion of all the proposed lease sales in the DPP and supports BOEM's strategy for tailoring each Lease Sale listed in the DPP to reflect the unique characteristics of the applicable OCS Region. We are encouraged that the areas of the OCS historically responsible for development of oil and natural gas resources has occurred will remain a part of the new 2019-2024 5-Year Leasing Program, and are pleased that the DPP includes many Planning areas that have been unavailable for years.

Gulf of Mexico Regional Lease Sales

The Gulf of Mexico has historically been the most important offshore area for energy development in the United States, producing 18 percent of America's domestic oil and 4.4 percent of America's natural gas

[1] Quest Offshore Resources. *The Economic Benefits of Increasing U.S. Access to Offshore Oil and Natural Gas Resources in the Eastern Gulf of Mexico.* American Petroleum Institute, National Ocean Industries Association. November 2014

supplies as of 2016. BOEM's estimates for the remaining resource potential in the Western, Central and Eastern Planning Areas are substantial, and those resources should continue to be efficiently explored and developed in a structured and environmentally responsible manner. Since the last century, production from offshore areas has primarily come from wells located in the Central and Western Planning Areas of the Gulf of Mexico. Certainty and predictability in implementation of the comprehensive Leasing Program once finalized, especially in the Gulf of Mexico, will allow the energy industry to continue its efforts in providing offshore domestic energy to both residential and commercial consumers through long term planning and continued investment in the region.

Chevron supports BOEM hosting all twelve (12) lease sales currently listed in the DPP for the Gulf of Mexico Region. We also support BOEM continuing to utilize region-wide lease sales, which would include all unleased acreage under federal jurisdiction in the Gulf of Mexico not currently subject to the Congressional moratorium created under the Gulf of Mexico Energy Security Act of 2006 (GOMESA). We were pleased to see that the offshore submerged acreage subject to the GOMESA moratorium would be available for leasing after June of 2022. Chevron does not support extending or modifying the current moratorium. If commercial quantities of oil and natural gas exist in areas currently off limits, those resources need to be evaluated and considered for development. As stated above, our country needs the energy and the U.S. government should not exclude potentially recoverable resources from leasing and development.

Alaska Region

The DPP proposes nineteen (19) lease sales in the Alaska Region. The Alaskan OCS is one of the remaining frontier areas within the United States where significant offshore oil and natural gas resources are believed to exist. Chevron encourages BOEM to maintain the lease sales throughout the Leasing Program process and include all prospective Alaska Planning Areas in the Final 2019-2024 5-Year Leasing Program.

Atlantic Region

The four planning areas of the Atlantic provide the opportunity to extend the reach of energy dominance even further. As there have been no active leases in this region since the mid-1990s, leasing of these areas will provide more information on the planning areas' resource potential and allow for embracing of the frontier spirit. The DPP calls for nine lease sales in the planning areas of the Atlantic. Chevron recommends BOEM retain all Atlantic lease sales through the Leasing Program process.

Pacific Region

The Pacific Region has not been open for new leasing since 1984, but lease sales have been held in all four planning areas previously. Currently, the DPP calls for seven lease sales in the four planning areas. Leasing of these lands would provide the opportunity for companies to update their resource profiles and continue producing from this robust and rich area of the country. Chevron recommends BOEM retain all Pacific lease sales through the Leasing Program process.

Other Comments

Many areas of the OCS support a diverse range of uses, including state oil and gas activities, commercial fishing, 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. In addition, there are environmentally-sensitive marine areas and historical archeological sites that must be preserved. We believe the offshore oil and natural gas energy industry can collaborate effectively with these other ocean users and those regulators overseeing these marine activities to address any potential conflicts or concerns that may arise from offshore oil and natural gas energy development. We suggest not eliminating any of the OCS Planning Areas under consideration in the DPP. As stated above, Chevron supports moving forward with the DPP as proposed and recommends BOEM not reduce the size or eliminate any lease sale area under consideration in the DPP. If a lease sale is not included in the Final Proposed Leasing Program, BOEM has no mechanism to offer the excluded areas for leasing. At least by including lease sales in 25 of the 26 OCS Planning Areas, BOEM will have the option to host lease sales in these areas should it elect to do so after the Leasing Program is approved.

Conclusion

As long as our economy continues to rely on hydrocarbon related energy for our quality of life and national security, we will need to broadly diversify our domestic energy sources. The onshore renaissance in the unconventional oil and natural gas sectors continues to contribute significantly to the domestic energy mix, but these new sources of production are not enough. For our domestic economy to continue to grow as our population increases, dependable secure sources of domestic hydrocarbon production from onshore and offshore will be needed.

Therefore, for the U.S. economy to remain strong and continue to grow, dependable and plentiful energy from all sources, particularly domestic oil and natural gas, will be necessary. The implementation of a comprehensive 2019-2024 5-Year Leasing Program ensures continued energy security in the United States.

Thank you for the opportunity to comment on the Draft Proposed Program. Should you have any questions regarding any of our comments, please do not hesitate to contact me at the address shown above.

Sincerely,
Chevron U.S.A. Inc.

J. Keith Couvillion
Assistant Secretary