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February 21, 2025

The Honorable Donald J. Trump
President of the United States
1600 Pennsylvania Ave.
Washington, D.C. 20500

The Honorable Doug Burgum
Secretary of the Interior
1849 C Street, N.W.
Washington DC 20240

Re: Suspension/Revocation of *Risk Management and Financial Assurance for OCS Lease and Grant Obligations*, 89 Fed. Reg. 31544 (April 24, 2024) (Docket ID: BOEM-2023-0027)

Dear President Trump and Secretary Burgum:

Congratulations on your resounding victory in the 2024 Election, President Trump, and on your confirmation to lead the Department of the Interior, Secretary Burgum. As the chief legal officers of the States of Louisiana, Mississippi, and Texas, we look forward to working with the Trump administration to reverse the harmful policies of the Biden administration that threaten our State's economy and jeopardizing our shared goal of restoring the country to a position of "Energy Dominance" that President Trump achieved in his first term and instituting an American Energy Golden Age. Our States have long spearheaded the country's development of offshore oil and gas resources, and the offshore oil and gas industry is a leading employer in our States and along the Gulf Coast. In pursuing one of the "most ambitious climate agendas in history," the Biden administration took every opportunity to impose unnecessary burdens on the continued development of home-grown American energy. But you can, you should, and you are reversing the Biden administration's calculated and systematic effort to destroy this country's offshore oil and gas industry.

We write to implore the administration, in light of the *Unleashing American Energy* Executive Order, to suspend and revoke the Biden administration's *Risk Management and Financial Assurance for OCS Lease and Grant Obligations*, 89 Fed. Reg. 31544 (April 24, 2024) (codified at 30 C.F.R. Parts 550, 556, and 590) (the "Rule"). The Rule was one damaging effort the Biden administration implemented in its campaign to destroy the offshore industry through bureaucratic fiat. The Biden administration stated that the Rule was designed to protect the American taxpayer from having to maintain and decommission orphan wells on the Outer Continental Shelf. But that was pretext for the Rule's true aim: the destruction of independent oil and gas production in the Gulf of America.

The Rule should be rescinded pursuant to President Trump's *Unleashing American Energy* Executive Order and the Secretary's related Order. See Executive Order 14154 of January 20, 2025, *Unleashing American Energy*, 90 Fed. Reg. 8,353 (Jan. 29, 2025); Secretary's Order No. 3418, *Unleashing American Energy* (Feb. 3., 2025), perma.cc/FL6Q-C96P. The Secretary's order rightly identifies this Rule as subject to prompt review under the Executive Order, so we understand that it is being reviewed now for compliance with the Executive Order. Based on the Executive Order, the Rule should be rescinded in full. The Rule "impose[s] an undue burden on the identification, development, or use of domestic energy resources," *Unleashing American Energy*, 90 Fed. Reg. at 8,354 and is "inconsistent with the policy" of the Executive Order, *id.* at 8,354, because, as explained in more detail below, it cripples "energy exploration and production on Federal lands and waters," *id.* at 8,353, and is not "grounded in clearly applicable law," *id.* at 8,353.

The Rule satisfies each of these criteria for review and rescission. It requires, absent extraordinary circumstances, all current lessees and operators of offshore oil and gas properties to post bonds or other security in the amount of the estimated decommissioning liability for their offshore properties. According to the Biden administration, the Rule carries a total compliance cost of \$8.5 billion, costing the industry nearly \$600 million per year, which will be absorbed primarily by small businesses doing business in Louisiana and along the Gulf Coast. The Rule requires the industry to post an **additional** \$9 billion worth of bonds into a surety market that currently provides only approximately \$3 billion in bonds. The surety market will not support the issuance of the required bonds and, without the issuance of the new bonds to the government, the industry will be forced to shut down. Indeed, many small businesses will simply be forced out of business, thereby forever stranding domestic resources desperately needed in the energy starved global world in which we now live.

In addition to being wildly inefficient to accomplish its stated goal, the Rule is an unnecessary proxy designed to hurt domestic oil and gas activity in federal waters. Indeed, the Rule is a classic example of a "solution in search of a problem." Federal law has long imposed joint and several liability on **all** current and **former** owners of offshore oil and gas properties for decommissioning liability even after assignments of the properties are made, thereby providing the government with decades worth of former owners available to decommission offshore wells and platforms should the current owner fail to do so. In nearly all cases, a large multi-national oil company stands in the chain of title. This reliance on predecessors to comply with their continuing obligation to decommission offshore wells and platforms has worked for decades. Most recently, in Fieldwood Energy's bankruptcy case, **all** the nearly \$7 billion of decommissioning liability was successfully absorbed by former owners of the properties. In that case, and in many others, **the American taxpayer did not absorb a single cent of decommissioning liability**. In short, the current joint-and-several liability system has proven itself effective. Accordingly, the Rule is completely unnecessary to achieve the stated goal of protecting the American taxpayer. The Rule is such a danger that our States sued the Biden administration over the Rule, seeking a stay of the implementation of the Rule and a revocation of the Rule due to the Rule's many legal deficiencies. The Trump administration can and should abandon the Biden administration's misguided defense of the Rule, while working with the States to end the Rule altogether.

On behalf of Louisiana, Mississippi, and Texas, we urge you to suspend the effect of the Rule immediately, pending completion of a lawful rule that balances taxpayer protection with the need for American oil and gas energy development. In the meantime, we urge you to notify of the suspension “any court with jurisdiction over pending litigation in which such actions may be relevant,” *Unleashing American Energy*, 90 Fed. Reg. at 8,354, which includes the States’ ongoing challenge to the Rule, *see Louisiana v. Haaland*, 2:24-cv-820 (W.D. La.). And we urge you to consider whether this ongoing challenge “should be resolved through stays or other relief.” 90 Fed. Reg. at 8,354. Our States stand ready to negotiate a settlement that will undo the harm from the Biden Rule and ensure the Gulf’s expeditious development is immediately resumed. Suspending and revoking the Rule would (i) save the offshore oil and gas industry \$8.5 billion (accepting the Biden administration’s cost estimate); (ii) remove an unnecessary burden on the offshore oil and gas industry, which currently operates as an existential threat to most offshore oil and gas companies, especially small companies; (iii) encourage additional offshore oil and gas production, which will, in turn, create and maintain high-paying American blue collar jobs, lower energy costs; and (iv) increase revenue to the American treasury in the form of royalty payments, which generated \$74 billion in payments to the U.S. treasury from 2012-2022 alone.

Louisiana, Mississippi, Texas, and the offshore oil and gas industry stand ready to support your laudable efforts to restore American Energy Dominance. To achieve that goal, we must repudiate the destructive and ill-informed policies of the Biden administration, starting with the immediate suspension and revocation of the Rule.

We stand by ready and willing to assist in the success of your administration.

Sincerely,



Elizabeth B. Murrill
Attorney General of Louisiana



Lynn Fitch
Attorney General of Mississippi



Ken Paxton
Attorney General of Texas