



United States Department of the Interior

BUREAU OF OCEAN ENERGY MANAGEMENT
WASHINGTON, DC 20240-0001

March 13, 2024

MEMORANDUM

SUBJECT: Meeting Notes for the March 12, 2024, E.O. 12866 Listening Session on the Risk Management and Financial Assurance for OCS Lease and Grant Obligations Final Rule Requested by Jacob Roche, Murphy Oil Corporation

FROM: Kelley Spence (DOI/BOEM/OOR)

To: Docket No. BOEM-2023-0027

This memorandum summarizes the E.O. 12866 listening session held by the Office of Information and Regulatory Affairs (OIRA) in the Office of Management and Budget (OMB) on March 12, 2024, via WebEx. The purpose of this listening session was to provide Murphy Oil Corporation with the opportunity to express concerns regarding potential regulatory changes as a result of the Risk Management and Financial Assurance for OCS (Outer Continental Shelf) Lease and Grant Obligations Final Rule.

Briefing Attendees:

Hazel Cerisier	Murphy Oil Corp.
Melissa Hearne	DOI / SOL
Clifton Horton	DOI
Christine Kymn	OMB
Michael Langridge	Murphy Oil Corp.
Mark Purdy	DOI
Jacob Roche	Murphy Oil Corp.
Kelley Spence	BOEM
Karen Thundiyil	BOEM
Eric Turner	BOEM
Ryan Wilson	Murphy Oil Corp.
Charles Yudson	DOI

Discussion Points:

- Murphy Oil provided a company overview, including that they have a long history of exploration and production in deep water and that they hold interest in approximately 115 federal leases. They also expressed that they are considered “small” relative to the other companies in deep water.
- Murphy Oil expressed support for BOEM’s efforts to protect the U.S. taxpayer and to ensure that current lessees meet decommissioning obligations.
- Murphy Oil expressed their opposition for the use of an investment grade credit rating threshold and recommended BOEM finalize a threshold of BB-. They explained that they can not obtain an investment grade credit rating because of an informal scale used by the credit rating agencies that requires \$300,000 per day in sales. They explained that they have the funds to cover all decommissioning liabilities but do not have enough production to be considered “investment grade.”
- Murphy Oil provided recommendations to modify the calculation of the ratio of the value of proved reserves to decommissioning liabilities for those reserves. These included:
 - Utilization of the field-level instead of the lease-level,
 - Including right-of-way (ROW) and right-of-use-and-easement (RUE),
 - Creating a reference of terminal point similar to that used in SEC reserve calculations,
 - Reserve values should be undiscounted and should not double count decommissioning costs, and
 - Total reserve value including future activities should be used as a better indicator of true asset value.

Attachments (1)

Attachment 1

View EO 12866 Meeting 1010-AE14

Title: Risk Management and Financial Assurance for OCS Lease and Grant Obligations

Agency/Subagency: 1010-DOI/BOEM

Stage of Rulemaking: Final Rule Stage

Meeting Date/Time: 03/12/2024 01:00 PM

Requestor: Murphy Oil Corporation **Requestor's Name:** Jacob Roche

Documents:

List of Documents
No documents found.

Attendees:

List of Attendees	Participation
• Mark Purdy - DOI/ExecSec	Teleconference
• Charles Yudson - DOI/ExecSec	Teleconference
• Clifton Horton - DOI/ExecSec	Teleconference
• Karen Thundiyil - DOI/BOEM	Teleconference
• Kelley Spence - DOI/BOEM	Teleconference
• Melissa Hearne - DOI/Solicitors	Teleconference
• Christine Kymn - OMB	Teleconference
• Mr. Ryan Wilson - Murphy Oil Corporation	Teleconference
• Mr. Jacob Roche - Murphy Oil Corporation	Teleconference
• Mr. Michael Langridge - Murphy Oil Corporation	Teleconference
• Ms. Hazel Cerisier - Murphy Oil Corporation	Teleconference
• Eric Turner - DOI	Teleconference

