



March 9, 2018

Attention: 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

Re: Comments on the 2019-2024 Draft Proposed National Oil and Gas Leasing Program

Dear Ms. Hammerle:

ExxonMobil Exploration Company, a division of Exxon Mobil Corporation ("ExxonMobil") appreciates the opportunity to submit the following comments regarding the Notice of Availability of the 2019-2024 Draft Proposed Outer Continental Shelf (OCS) Oil and Gas Leasing Program and Notice of Intent To Prepare a Programmatic Environmental Impact Statement, published January 8, 2018, in the Federal Register (pp. 829 *et seq.*).

The 2019-2024 Draft Proposed OCS Oil and Gas Leasing Program (the Draft Program) has the potential to unlock transformative benefits across the economic spectrum and provide the United States with the resources necessary to achieve the Administration's domestic energy goals as outlined in Executive Order 13795 and Secretarial Order 3350. Existing moratoria and preclusive policies that restrict oil and gas exploration and production across significant portions of the U.S. OCS have inhibited the ability of the United States to access a large portion of its significant energy resource potential. As such, ExxonMobil supports the Draft Program, which includes 25 of 26 OCS planning areas for consideration.

At the outset of any five year program development process, we believe BOEM should carefully evaluate all 25 OCS planning areas in the Draft Program, and resist calls to prematurely eliminate new areas from consideration. By design, areas excluded at any stage of the development process, whether in preliminary or final leasing plans, are categorically disqualified and cannot be added later in the process. This underscores the importance of a methodical approach that initially contemplates all available OCS planning areas, and only after extensive consultation and deliberation embarks upon an exclusionary process.

With respect to the terms and structure of leases, we encourage BOEM to implement lease terms that reflect the high cost and technical and commercial complexity inherent to deepwater operations. Given that new, deepwater oil and gas development is capital intensive and financially risky, royalties should be adjusted to keep U.S. OCS development competitive with international projects. The success of deepwater exploration and development requires enough time for proper technical evaluation and operational planning to ensure responsible development of our nation's deepwater OCS resources. Accordingly, ExxonMobil urges BOEM to reinstate a ten year lease term for all new deepwater OCS leases. In addition, ExxonMobil encourages the

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leasing of larger blocks to reduce exploration and development complexity and increase efficiency of resource development. Larger blocks of exploration acreage commensurate on a size-competitive basis with acreage positions offered in other countries would provide more cost effectiveness from an infrastructure standpoint in the event of a discovery.

When finalizing the Draft Program, we also encourage BOEM to reevaluate the need for restrictions on joint bidding (i.e. Restricted Joint Bidders List) and increase bid evaluation transparency. The number of companies that have the technical and financial capability to responsibly explore and develop our nation's deepwater OCS resources has significantly declined over the past few years. BOEM should consider whether the restrictions on joint bidding are necessary given the technical and financial risks inherent in deepwater OCS exploration and development. Additionally, the current process for evaluating high bids on OCS blocks is not transparent, which leads to uncertainty. The ability for BOEM to set valuation levels after reviewing high bids and integrating data which may not have been available to the high bidders challenges the free-market principles of the open bidding process.

ExxonMobil supports a regulatory framework in the offshore that provides a balance between environmental protection and the essential development of oil and natural gas resources. We are committed to safe operations, protection of the environment, and the continued development and application of new technologies and procedures that allow for responsible development of our nation's OCS resources. We encourage BOEM to institute a flexible leasing plan that reflects advancements in industry capabilities as well as changes in the country's energy situation.

ExxonMobil genuinely appreciates the opportunity to provide these comments. We look forward to working closely with BOEM during the development of the 2019-2024 OCS Oil and Gas Leasing Program.

Sincerely,



Erik J. Oswald
Vice President, Americas
ExxonMobil Exploration Company