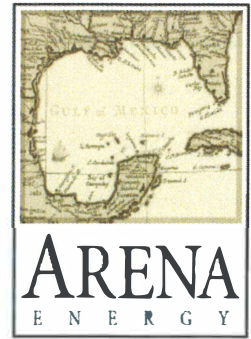


July 13, 2026

BOEM Information Collection Clearance Officer
Attention: Ms. Anna Atkinson
Bureau of Ocean Energy Management
45600 Woodland Road
Sterling, VA 20166



Arena Energy, LLC
2103 Research Forest Drive
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The Woodlands, TX 77380
281-681-9500
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Re: Comments of Arena Energy, LLC on the Information Collection Request Concerning *Oil Spill Financial Responsibility for Offshore Facilities*—OMB Control No. 1010–0106; Docket No. BOEM–2026–0496; 91 Fed. Reg. 27,981 (May 15, 2026)

Dear Ms. Atkinson:

Arena Energy, LLC (“Arena Energy”) and Arena Offshore, LP (“Arena Offshore,” and together with Arena Energy, “Arena”) respectfully submit these comments in response to the Bureau of Ocean Energy Management’s (“BOEM”) notice of information collection concerning oil spill financial responsibility (“OSFR”) for offshore facilities, OMB Control No. 1010–0106, 91 Fed. Reg. 27,981 (May 15, 2026) (the “ICR”). The ICR proposes to revise Forms BOEM–1019 (Insurance Certificate), BOEM–1020 (Surety Bond), and BOEM–1023 (Financial Guarantee) to state expressly that a given OSFR instrument responds only to an incident that first occurs on or after the effective date, and on or before the termination date, of that instrument.

Arena strongly supports the revised forms and urges BOEM to complete this information collection and publish the revised forms for industry use without delay. The revisions correct a recent and destabilizing source of uncertainty in the OSFR market, conform BOEM’s certification forms to the text and structure of the Oil Pollution Act of 1990 (the “Act” or “OPA 90”), and reduce the reporting burden on the operators required to demonstrate OSFR. In short, the revised forms are a lawful, sensible, and overdue clarification that BOEM should finalize promptly.

I. Introduction and Overview

Arena is one of the largest independent operators in the Gulf of America (“GOA”). Arena invests approximately \$200–300 million of capital per year to safely produce low-cost, low-emission oil and natural gas in the shallow waters of the GOA. Arena currently operates approximately 120 platforms and generally has two drilling rigs under contract, all in the GOA, and over the past twenty-seven years has drilled more than 350 wells in federal waters on the Outer Continental Shelf (“OCS”) with a success rate exceeding 94 percent. Arena has decommissioned more than 350 wells and 64 platforms and other offshore structures in the GOA and has paid in full every

dollar of decommissioning cost associated with those wells and structures. Since its inception in 1999, Arena has paid over \$1.7 billion in royalties to the United States. Arena has a direct and substantial interest in ensuring that BOEM's financial-responsibility requirements remain clear, lawful, and commercially workable.

Like many OCS operators, Arena demonstrates its OSFR through a combination of self-insurance and third-party oil spill liability insurance evidenced on Form BOEM-1019. Arena (BOEM Company No. 02628) currently maintains OSFR for approximately 53 covered offshore facilities, a figure that varies over time as production increases or decreases and as rigs move on and off location. Arena self-insures the first \$35 million of its OSFR obligation and demonstrates the \$70 million layer above that amount on Form BOEM-1019, for \$105 million in total OSFR coverage. Arena therefore submits these comments both as an operator that files the very forms at issue and as a purchaser of the OSFR insurance whose availability the ICR directly affects.

II. Arena Is Directly Affected Both by the OSFR Requirement and by the Recent Disruption in the OSFR Insurance Market

OPA 90 requires responsible parties for covered offshore facilities to establish and maintain evidence of financial responsibility, and an operator that cannot maintain acceptable OSFR evidence cannot lawfully continue operations. 33 U.S.C. § 2716; 30 C.F.R. part 553. For operators that rely on third-party insurance, the continued availability of OSFR coverage on reasonable terms is thus a prerequisite to production.

Beginning in 2023, the market for OSFR insurance contracted sharply. That contraction followed the U.S. Coast Guard's novel effort—in connection with the 2004 Taylor Energy incident—to treat a single, continuing discharge originating from one event as though it recurred anew each policy year, and on that theory to call upon successive annual OSFR instruments issued long after the originating event. The effect on the market that underwrites OPA coverage was severe. In the London market, where OSFR capacity is concentrated, the number of syndicates and companies writing OPA coverage fell from eighteen before the Taylor litigation to ten afterward, and total available capacity contracted from approximately \$215 million to approximately \$130 million—a reduction of roughly 40 percent. That withdrawal of capacity was accompanied by sharply higher pricing. Underwriters raised premiums principally to account for the uncertainty the Coast Guard's theory introduced—the prospect that multiple annual policies could be called upon for a single loss—which made the maximum aggregate exposure attaching to any one policy year impossible to price with confidence. At the higher limit bands the market “verticalized,” with individual participants charging their own rates, in some cases two to three times those of other participants on the same placement, in order to complete a policy. Left uncorrected, that interpretation threatened to make OSFR insurance unavailable or unaffordable for operators across the GOA, with the perverse result of forcing production offline even though the statutory financial-responsibility regime was functioning as designed.

The revised forms directly address this problem by confirming, on the face of the certificate, the coverage period that the Act contemplates. That confirmation is exactly the kind of clarity the OSFR market needs to restore capacity and stabilize pricing. Indeed, that response has already begun: three additional syndicates have confirmed that they will re-enter the OPA market once the revised Form BOEM–1019 is finalized, and market participants expect \$50 million to \$60 million in capacity to return—along with a marked decline in pricing toward pre-2024 levels—once the revised form is confirmed.

III. The Revised Forms Correctly Conform to OPA 90 and Codify the Settled Understanding of OSFR Coverage

The Act ties liability, the limits on liability, and the financial-responsibility requirement alike to a discrete “incident.” A responsible party is liable for removal costs and damages “that result from such incident.” 33 U.S.C. § 2702(a). The Act defines “incident” as “any occurrence or series of occurrences having the same origin, involving one or more vessels, facilities, or any combination thereof, resulting in the discharge or substantial threat of discharge of oil.” *Id.* § 2701(14). The limits on liability apply “with respect to each incident.” *Id.* § 2704(a). And the financial-responsibility requirement is measured by “the maximum amount of liability to which the responsible party could be subjected under” the Act for an incident. *Id.* § 2716(a), (c).

Read together, these provisions establish that OSFR exists to answer for a particular incident, and that the relevant incident is fixed by its origin—the originating occurrence (or series of occurrences having the same origin) that results in a discharge. A continuing discharge that originates from a single event is one incident tied to the time of that originating event; it does not become a new and separate incident merely because time passes or because a later annual OSFR instrument takes effect. It follows that the OSFR instrument that answers for an incident is the instrument in force when the incident first occurs, and that no more than one instrument responds to any one incident.

The revised forms make this statutory structure explicit. Revised Form BOEM–1019 provides that the insurance “will be applicable only in relation to each incident (as defined by the Act), first occurring on or after the effective date of this Insurance Certificate and on or before the termination date of this Insurance Certificate,” and that “[u]nder no circumstances will more than one insurance certificate apply to each incident.” That language does not change any obligation; it restates the incident-based coverage period that Sections 2701(14), 2702, 2704, and 2716 already establish. The parallel revisions to Forms BOEM–1020 and BOEM–1023 do the same for surety bonds and financial guarantees.

The revisions also apply prospectively and protect settled reliance. Consistent with BOEM NTL No. 2026-N01 (Feb. 23, 2026) and the ICR itself, the revised forms apply only to instruments issued on the revised forms going forward and “do not apply retroactively to OSFR providers on earlier iterations of the forms.” 91 Fed. Reg. at 27,982. Revised Form BOEM–1019 confirms that

its changes “apply prospectively only.” This prospective approach honors the reliance interests of the parties to existing instruments and avoids any disruption of settled expectations.

The incident-based coverage period reflected in the revised forms is also consistent with the certificates issued by the U.S. Coast Guard for vessel financial responsibility under 33 U.S.C. § 2716 and 33 C.F.R. part 138, and with the understanding on which the OSFR market has operated for decades—namely, that an OSFR instrument responds to incidents first occurring within its term. By aligning BOEM’s forms with that shared understanding, the revisions reduce ambiguity and litigation risk.

Finally, because the revised forms conform BOEM’s certificates to the Act’s existing incident-based structure rather than impose any new substantive obligation, they are properly understood as an interpretive and administrative clarification. *Cf.* 5 U.S.C. § 553(b)(A). In all events, BOEM has more than satisfied the standards of reasoned decision making: it has acknowledged that it is clarifying the scope of guarantor liability, has articulated sound reasons for doing so (aligning the forms with the Act and restoring a functioning OSFR market), and has protected reliance interests by applying the change prospectively. *See FCC v. Fox Television Stations, Inc.*, 556 U.S. 502, 515 (2009); *Motor Vehicle Mfrs. Ass’n v. State Farm Mut. Auto. Ins. Co.*, 463 U.S. 29, 43 (1983); *Encino Motorcars, LLC v. Navarro*, 579 U.S. 211, 221–22 (2016).

IV. Arena’s Responses to BOEM’s Five Questions

BOEM invited comments on five specific questions. 91 Fed. Reg. at 27,981–82. Arena responds to each.

1. Whether the collection is necessary to the proper functions of BOEM. It is. The collection is how BOEM verifies compliance with the Act’s financial-responsibility requirement and confirms that responsible parties can cover removal costs and damages resulting from a spill. 33 U.S.C. § 2716; 30 C.F.R. part 553. The revised forms make the evidence BOEM collects more accurate and more reliable by removing ambiguity about the period to which each instrument responds.

2. What BOEM can do to ensure the information is processed and used in a timely manner. Arena urges BOEM to finalize the revised forms and obtain OMB approval promptly, to accept the revised forms for renewals and new demonstrations immediately upon approval, and to permit electronic submission and electronic signatures so that filings can be processed without delay. Every month of delay prolongs the market uncertainty the revisions are designed to resolve.

3. Whether the burden estimate is accurate. Arena believes the revised forms will, if anything, reduce the per-response burden, because clearer coverage language reduces the negotiation and back-and-forth among operators, brokers, and underwriters that ambiguous terms invite. Arena estimates that completing a Form BOEM–1019 submission requires approximately 160 hours. Arena notes, however, that BOEM attributes part of the projected reduction in total

burden hours (from 34,695 to 28,245) to “a decrease in the number of companies maintaining OSFR coverage.” 91 Fed. Reg. at 27,982. That decline reflects the very market contraction the revised forms are intended to reverse. As the clarification restores insurer confidence and coverage again becomes available, the number of respondents—and therefore the total burden—may increase relative to the current depressed baseline. BOEM should not treat the recent decline in participation as a permanent feature of the program.

4. How BOEM can enhance the quality, utility, and clarity of the information collected.

The incident-based coverage language is itself a significant enhancement to clarity. To maximize that benefit, Arena suggests that BOEM (i) ensure the conforming language is stated consistently across Forms BOEM–1019, 1020, and 1023, and (ii) retain the express cross-reference to the statutory definition of “incident,” so that each certificate’s coverage period is anchored to the Act.

5. How BOEM can minimize the burden on respondents. Arena recommends that BOEM permit electronic filing and signatures, retain the existing schedule and continuation-page options, and, to the extent practicable, align OSFR renewal timing and submission mechanics with the parallel U.S. Coast Guard certificate process so that operators are not required to duplicate effort. The prospective-only application of the revised forms also minimizes burden by leaving existing, in-force instruments undisturbed.

V. The Revisions Advance National Energy Policy

Finalizing the revised forms also advances the national policy of “encourag[ing] energy exploration and production on Federal lands and waters, including on the Outer Continental Shelf.” Exec. Order 14154, *Unleashing American Energy*, § 2(a) (Jan. 20, 2025); *see also* Exec. Order 14156, *Declaring a National Energy Emergency* (Jan. 20, 2025). A functioning OSFR market is a prerequisite to continued OCS production; by restoring that market, the revised forms help keep domestic energy online.

VI. Conclusion

For the foregoing reasons, Arena supports the revised Forms BOEM–1019, 1020, and 1023 and respectfully urges BOEM to complete this information collection and publish the revised forms for use without delay. Arena appreciates the opportunity to comment and is available to provide any additional information that would assist BOEM.

Sincerely,



J. Michael Vallejo, CFA, CPA
President & Chief Financial Officer
Arena Energy, LLC