March 23, 2020

The Honorable Donald J. Trump
President of the United States
The White House
1600 Pennsylvania Avenue, NW
Washington, DC 20500

Re: Emergency Requests for Relief for the Independent Gulf of Mexico Producers

Dear President Trump,

The nineteen undersigned independent oil and natural gas producers in the U.S. Gulf of Mexico sincerely appreciate the Administration’s strong and determined leadership in responding to the COVID-19 virus. We also appreciate your longstanding leadership in prioritizing American Energy Dominance and are honored to have played a role in that pursuit.

Our industry has been completely upended by two crises: the global COVID-19 pandemic and by two foreign nations that have started a price war with the goal of taking back the market share that U.S. producers have earned under your Presidency. American Energy Dominance is now at stake.

Like many other industries, the impacts of the COVID-19 pandemic presents unprecedented and existential threats to independent producers in the Gulf of Mexico, and this has only been compounded by the geopolitically-driven oversupply of oil due to the ongoing price war between foreign national governments that can operate at losses and have tools that private American companies do not have. Collectively, our companies represent the vast majority of the total production from independents in the Gulf of Mexico, employ tens of thousands of employees and contractors, and in 2018 contributed over one billion dollars to the U.S. Treasury in royalty payments. In the face of this unprecedented crisis and its devastating economic impacts, we remain committed to keeping as many of our employees and contractors working as possible. In order to minimize workforce reductions that may otherwise be necessary, we need your help.

We urge your Administration to direct Department of Interior Secretary Bernhardt to exercise his existing authority under Federal law and take the following actions:

1. Grant a suspension of all royalties on oil and natural gas produced in the Federal waters of the Gulf of Mexico by or on behalf of independent oil and gas companies whose average daily net production is less than 100,000 barrels of oil equivalent per day. This royalty suspension would remain in effect until twelve months after the expiration of the pandemic declaration by the World Health Organization.

2. Direct Suspensions of Operations and/or Production for those Federal offshore oil and gas fields specifically identified and requested by offshore operators, with accompanying suspensions of royalties, for two years following the expiration of the pandemic declaration by the World Health Organization.
3. Grant an automatic three-year extension of the lease terms of all primary term leases and leases operating under Suspensions of Operations and/or Suspensions of Production deadlines in Federal waters in the Gulf of Mexico.

Without immediate action, jobs will be lost and the Nation will lose the ability to quickly return oil and gas production once the dual crises dissipate. These measures will also maximize our ability to retain employees and preserve our workforce.

The Secretary of Interior already has the authority under current law to immediately implement these measures, and we respectfully request your leadership in directing the Secretary to exercise that authority and to take these steps. Indeed, there is precedent for the Department of Interior to suspend operations, production and royalties in times of dire economic and operational hardship.

Each of these measures will be a significant and meaningful signal to the thousands of people our companies employ that the work they do to ensure America’s Energy Dominance is important to you and your Administration and their work will continue despite the ongoing existential threats we currently face. The continued viability of independent companies working in the Gulf of Mexico, as well as the service companies we employ, depends on your support of and swift action on these requests.

We thank you again for your leadership in this unprecedented crisis and are committed to doing our part to ensure that our Nation emerges from these challenges stronger than ever.

Sincerely,

C.M. McCarroll
dealwood Energy LLC

Timothy S. Duncan
President & CEO, Talos Energy LLC

Richard Kirkland
CEO & Managing Partner, Cantium, LLC

Prent H. Kallenberger
President/Executive Director
Byron Energy Inc.
Cc: The Honorable Mike Pence, Vice President of the United States
The Honorable David Bernhardt, Secretary of the Department of Interior
The Honorable Steve Mnuchin, Secretary of the Department of Treasury
The Honorable Wilbur Ross, Secretary of the Department of Commerce
The Honorable Larry Kudlow, Director – National Economic Council
The Honorable Russ Vought, Acting Director of the Office of Management & Budget
The Honorable Kate MacGregor, Deputy Secretary of the Department of Interior
The Honorable Scott Angelle, Director - Bureau of Safety & Environmental Enforcement
The Honorable Francis Brooke, Special Assistant to the President for Economic Policy
The Honorable Bill Cassidy, United States Senator
The Honorable John Kennedy, United States Senator
The Honorable John Cornyn, United States Senator
The Honorable John Boozman
The Honorable Ted Cruz, United States Senator
The Honorable Tom Cotton, United States Senator
The Honorable Steve Scalise, United States Representative
The Honorable Garrett Graves, United States Representative
The Honorable Clay Higgins, United States Representative
The Honorable Mike Johnson, United States Representative
The Honorable Bill Flores, United States Representative
The Honorable Dan Crenshaw, United States Representative