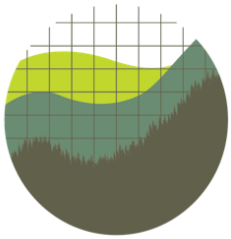

Institute *for*
Policy Integrity
NEW YORK UNIVERSITY SCHOOL OF LAW

October 5, 2026

**To:** Bureau of Safety and Environmental Enforcement

**Re:** Revisions to the Requirements for Exploratory Drilling on the Arctic Outer Continental Shelf, 91 Fed. Reg. 50998 (Docket No. BSEE–2026–0133)

The Institute for Policy Integrity at New York University School of Law (Policy Integrity)[1] respectfully submits the following comments to the Bureau of Safety and Environmental Enforcement and the Bureau of Ocean Energy Management (collectively, the Joint Bureaus) regarding their Revisions to the Requirements for Exploratory Drilling on the Arctic Outer Continental Shelf (Proposed Rule).[2] Policy Integrity is a nonpartisan think tank dedicated to improving the quality of government decisionmaking through advocacy and scholarship in the fields of administrative law, economics, and public policy.

The Proposed Rule expands the definition of the Arctic Outer Continental Shelf (OCS), permits the use of subsea isolation devices (SSIDs) instead of nearby relief rigs for oil spill management, and allows leaseholders to drill throughout the entire open-water season.[3] The Joint Bureaus do not adequately quantify the forgone benefits of the preexisting, more environmentally protective leasing program and overestimate the cost savings of the Proposed Rule, skewing their analysis. This comment letter raises the following criticisms:

- **The Joint Bureaus arbitrarily fail to account for the increased greenhouse gas emissions that would result from expansion of the OCS.** They present a "Full Arctic OCS" scenario assuming the development of up to 70 wells by 2049, but they ignore the environmental impacts of additional extraction.
- **The Joint Bureaus neglect to adequately quantify the costs associated with the use of SSIDs instead of relief rigs.** They assert that permitting the use of SSIDs instead of relief rigs will significantly reduce costs for drilling companies but do not account for the likely subsequent cost of a relief rig or other permanent capping solution in situations where SSIDs fail to adequately control oil spills.
- **The Joint Bureaus make irrational assumptions that inflate their calculated cost savings.** The vast majority of the rule's cost savings result from the economic value of extra drilling days, yet the Joint Bureaus do not consider the impact of extreme weather

[1] This document does not purport to present the views, if any, of New York University School of Law.
[2] Oil and Gas and Sulfur Operations on the Outer Continental Shelf—Revisions to the Requirements for Exploratory Drilling on the Arctic Outer Continental Shelf, 91 Fed. Reg. 50,998 (Aug. 6, 2026) (to be codified at 30 C.F.R. pts. 250, 254, 550) [hereinafter Proposed Rule].
[3] *Id.* at 50,999.

conditions, oil spills, equipment malfunctions, or other events on leaseholders' ability to drill every single day of each open-water season.

- **The Joint Bureaus overlook and underestimate forgone benefits.** The Joint Bureaus do not quantify the risk posed by substituting an SSID for a relief rig, instead erroneously asserting that the Proposed Rule does not increase the risk of an oil spill. Furthermore, the Joint Bureaus underestimate the ecological damages caused by oil spills and do not align their analysis with recent Coast Guard guidance.
- **The Joint Bureaus omit any explanation of why they chose to proceed with a provision that has quantified forgone benefits and uncertain cost savings.** The Joint Bureaus do not monetize any cost savings associated with the Proposed Rule's revision of the requirement to keep important safety equipment nearby open wells. This oversight and the Joint Bureaus' failure to adequately explain the cost savings does not comport with the requirement that federal agencies support each individual regulatory provision as producing benefits that justify its costs.
- **The Joint Bureaus should disclose whether they used artificial intelligence (A.I.) tools to develop this Proposed Rule.** If they did, they should provide relevant information, including what tasks they used A.I. tools for, what A.I. domains and models they used, what steps they took to ensure accuracy and minimize risk, and what specific prompts they provided to the A.I. tools, if such prompts are necessary for the public to understand and evaluate how A.I. tools were used.

## Background

Issued in January 2025, Executive Order 14,514 states that "it is the policy of the United States: to encourage energy exploration and production on Federal lands and waters, including on the Outer Continental Shelf."[4] This executive order triggered agency review of relevant regulations, including those promulgated by the Joint Bureaus. After reviewing their existing oil and gas leasing program, the Joint Bureaus now seek to increase access to the OCS and remove existing safety regulations. The Proposed Rule expands the areas in which drilling is allowed and extends the duration of the OCS drilling season during which drilling is permitted. The rule also rescinds the existing requirement that drilling companies maintain source control and containment equipment (SCCE) within seven days' travel of open wells, instead permitting the use of subsea isolation devices (SSIDs) that may not permanently contain an oil spill. The Joint Bureaus justify the Proposed Rule through an erroneous cost-benefit analysis and ignore the significant environmental impacts associated with additional drilling in the Arctic.

[4] Exec. Order No. 14154, 90 Fed. Reg. 8353 (Jan. 20, 2025).

## I. The Joint Bureaus Arbitrarily Fail to Quantify the Environmental Impacts of Increased Drilling Activity in the OCS That Would Result from the Proposed Rule.

As the Joint Bureaus recognize, the Proposed Rule would increase drilling activity in the OCS substantially. There are currently only three operational wells in the OCS, all near the Beaufort Sea, and only 36 wells have been drilled since 1980.[5] The Joint Bureaus use two baseline scenarios in their Regulatory Impact Analysis, both of which reflect a significant increase in drilling.[6] The Full Arctic OCS scenario assumes upcoming lease sales combined with the rollbacks contained in the Proposed Rule will result in the development of approximately 70 wells between 2030 and 2049 in both the Beaufort Sea and Chukchi Sea planning areas.[7] The Limited Arctic scenario instead forecasts the development of 36 wells during the same period, concentrated in the Beaufort Sea planning area.[8]

This increase in drilling activity is not an incidental consequence of the Proposed Rule; the Joint Bureaus sought to offer "cost relief" to energy developers by rolling back regulatory requirements, specifically to revitalize drilling efforts in the OCS.[9] The Joint Bureaus observe that the Proposed Rule's efforts "to create more flexibility and less costly compliance options," combined with technological advancements and longer open-water seasons, form "a plausible case that the industry will have renewed interest in the Arctic OCS moving forward."[10] Pursuant to directions in numerous executive orders to "rescind, revoke, revise, amend, defer, or grant exemptions from" any regulations that limit energy development on Federal lands and waters, the Joint Bureaus drafted the Proposed Rule.[11]

Despite highlighting large cost savings under the assumption that the number of operational wells in the OCS will increase ten- or twenty-fold, the Joint Bureaus fail to discuss the climate and environmental impacts of this heightened fossil fuel extraction. This oversight of a key set of social costs renders the Proposed Rule arbitrary. The Outer Continental Shelf Lands Act (OCSLA) directs the Secretary of the Department of the Interior to set rules "necessary and proper" to provide for the "conservation of the natural resources of the Outer Continental Shelf."[12] Encompassed in this directive is a mandate to consider environmental costs when promulgating rules. Even beyond the statute's focus on conservation, a "necessary and proper"

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[5] Request for Information: National Outer Continental Shelf Oil and Gas Leasing Program, 90 Fed. Reg. 17972, 17973 (Apr. 30, 2025); Yereth Rosen, *Trump Administration Mounts Second Attempt to Relax Offshore Arctic Drilling Rules*, ANCHORAGE DAILY NEWS (Aug. 4, 2026), https://perma.cc/AMP4-JB9J; Bureau of Safety & Env't Enf't, *Alaska Fact Sheet* 1 (Jan. 2023), https://perma.cc/R2Y6-9Y32.
[6] Bureau of Safety and Env't Enf't & Bureau of Ocean Energy Mgmt., *Revisions to the Requirements for Exploratory Drilling on the Arctic Outer Continental Shelf Initial Regulatory Impact Analysis* 30-31 (Aug. 2026), https://perma.cc/L2XY-V62H [hereinafter "RIA"].
[7] RIA at 30.
[8] *Id.* at 31.
[9] *Id.* at 28-29.
[10] *Id.* at 26.
[11] *Id.* at 28.
[12] 42 U.S.C. §1334(a).

rule must consider all important costs, including environmental costs.[13] The Joint Bureaus' lack of consideration of greenhouse gas emissions or other air pollution in the Proposed Rule is therefore unlawful.

Furthermore, the Joint Bureaus have the legal authority to consider downstream emissions from offshore leasing. Courts have uniformly held that the Department of the Interior may consider the downstream combustion effects of OCS leasing, a holding that aligns with the text and legislative history of OCSLA.[14] Because the Joint Bureaus assume that the Proposed Rule will precipitate a large increase in OCS drilling and rely on estimates of the resulting cost savings to justify the rule, they must evaluate the environmental costs of the rule (including downstream emissions) that will inevitably result from that same assumption. While the assumption that additional OCS drilling will result from the Proposed Rule is appropriate, courts have made clear that such assumptions must apply evenly to the benefits and costs of the rule.[15] Thus, the Joint Bureaus' failure to evenhandedly assess the costs and benefits of additional drilling renders the rule arbitrary.

Two enclosed Policy Integrity reports—titled "Cost-Benefit Analysis in Offshore Oil and Gas Planning" and "Interior's Authority to Consider Downstream Emissions from Offshore Leasing"—provide more detail on the Joint Bureaus' legal authority to consider downstream emissions and their need to provide a balanced analysis of downstream impacts.

## II. The Joint Bureaus Underestimate Both the Response Costs and Ecological Damages Associated with an Oil Spill and the Likelihood of a Spill.

The Joint Bureaus' analysis of oil spill cleanup costs under the Proposed Rule is insufficiently detailed and fails to quantify the impacts of numerous potential outcomes. The Proposed Rule rescinds the requirement to position SCCE within seven days' travel from an operational well and allows leaseholders in the OCS to use SSIDs, which only temporarily contain an out-of-control well, instead of relief rigs or other equipment that stop or capture the flow of such a well on a more permanent basis.[16] These shifts both increase the time it might take for an operator to respond to an oil spill and create the possibility that a spill near the end of the open-water season would remain uncontained until the following season, when a relief rig could again safely

[13] *See* Michigan v. EPA, 576 U.S. 743, 752 (2015) (holding that the phrase "appropriate and necessary" in the Clean Air Act required an evaluation of costs and benefits and specifying that costs include harms "to human health or the environment").
[14] *See* Ctr. for Sustainable Econ. v. Jewell, 779 F.3d 588, 606-07 (D.C. Cir. 2015) (concluding that OCSLA does not bar the Department of the Interior from considering environmental impacts outside the OCS); Ctr. for Biological Diversity v. Bernhardt, 982 F.3d 723, 740 (9th Cir. 2020) (explaining that the Department of the Interior "has the statutory authority to act on the emissions resulting from [downstream] oil consumption"); H. REP. NO. 95-590, at 149 (1977) (expressing an understanding that the Department of the Interior would make offshore leasing decisions while "considering all the economic, social, and environmental impacts of oil and gas activities").
[15] *See, e.g.*, Air All. Houston v. EPA, 906 F.3d 1049, 1068 (D.C. Cir. 2018) (vacating an EPA rule because the agency's conflicting analytical assumptions for costs and benefits were arbitrary and noting that an agency "cannot have it both ways").
[16] Proposed Rule at 51,011.

navigate Arctic waters to reach the out-of-control well. As the Joint Bureaus note, an SSID merely "stabilizes the situation and stops the oil flow until a permanent solution (likely a relief well) can be implemented."[17] Despite these observations, the Joint Bureaus conclude, without any empirical support, that the presence of an SSID as an independent check on a loss-of-control event necessarily improves "the overall reliability and effectiveness of the entire system."[18]

The Joint Bureaus justify their rescission of longstanding safety standards by making suspect assumptions that result in an underestimate of both the likelihood and potential costs of a catastrophic oil spill. The Joint Bureaus underestimate the likelihood of a catastrophic oil spill for two reasons. First, they use historical data from the Gulf of Mexico to estimate the probability of a catastrophic oil spill in the Arctic OCS, an approach that ignores the extreme weather, remote location, and operational constraints that have resulted in drilling companies abandoning past wells in the Arctic.[19] Second, the Joint Bureaus' analysis uses wells drilled from 1964–2017 to estimate the probability of an oil spill over the lifetime of a well.[20] This approach underestimates the probability of an oil spill because it does not account for the full lifespan of more recently drilled wells that remain active. As BOEM has acknowledged, once "production begins" on a well, "it can continue for several decades"—meaning that it also remains vulnerable to an oil spill for several decades.[21] Accordingly, wells produced in the last several decades that are part of BOEM's dataset remain susceptible to oil spills, and so counting those wells for the purposes of probability calculations as non-spilled wells skews the analysis. The Joint Bureaus' analysis could suffer from a significant underrepresentation of the probability of an oil spill, and they should reevaluate their methodology to account for the possibility that existing wells could be subject to an oil spill in the future.

The Joint Bureaus also underestimate the costs incurred by a potential oil spill. They calculate these costs by assuming that a spill of 25,000 or 35,000 barrels per day would persist for an additional week beyond the previous seven-day SCCE deployment requirement.[22] This assumption categorically disregards the possibility of a spill that lasts longer than 14 days in total despite the possibility that—because the Proposed Rule allows drilling throughout the open-water season, including through the final days after which the water may not be navigable—a relief rig cannot be deployed in time to contain last-season spills before Arctic waters are closed to navigation.[23] Because the costs of an oil spill increase greatly with the magnitude of the spill, the Joint Bureaus' complete failure to consider the possibility of an oil spill lasting more than two weeks is a serious oversight.

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[17] RIA at 130.
[18] *Id.* at 100-01.
[19] *Id.* at 118.
[20] *Id.*
[21] BUREAU OF OCEAN ENERGY MGMT., 2023–2028 NATIONAL OUTER CONTINENTAL SHELF OIL AND GAS LEASING PROPOSED PROGRAM 5-5 (July 2022).
[22] RIA at 123-24.
[23] *Cf. id.* at 73-74 (quantifying the benefits of rig usage throughout the entire open-water season).

Additionally, the Joint Bureaus do not consider the cost of employing a relief well to permanently contain an out-of-control well. They defend this choice by asserting that "the available record does not support a defensible monetized estimate of the relative performance of the baseline relief rig approach and the proposed SSID approach in late-season Arctic conditions."[24] Yet their own analysis admits that an SSID is a temporary solution, meaning that ultimately a relief rig would likely be necessary to remedy any spill. Given that the Proposed Rule's cost savings result almost entirely from the removal of the relief rig requirement, ignoring the expected cost of subsequently needing to deploy such a rig in the event of an oil spill is arbitrary. The enclosed Policy Integrity report titled "The Real Costs of Offshore Oil and Gas Leasing" further explains how the Joint Bureaus could more accurately quantify both the likelihood and costs of a catastrophic oil spill resulting from expanded drilling activity in the OCS.

In addition to underestimating the potential severity of an oil spill associated with altered safety regulations found in the Proposed Rule, the Joint Bureaus likely underestimate the cost of an oil spill itself. They use per-barrel response costs associated with the Deepwater Horizon and Exxon Valdez oil spills as the lower and upper bounds of their estimate, acknowledging but failing to quantify the increase in response costs caused by the Arctic's remoteness and extreme weather conditions.[25] Instead, the Joint Bureaus should consider using the updated draft estimate of oil spill costs from the United States Coast Guard, which more robustly accounts for natural-resource damages and uses updated estimates of lost product and removal costs.[26] The Joint Bureaus' "high" estimate for ecological damages per barrel spilled is $22,683.[27] By comparison, in a recent draft report, the Coast Guard proposed updating its value of natural resource damages to $102,492 * (spill size in gallons)$^{0.400}$.[28] At 42 gallons per barrel, the Coast Guard's central estimate (for non-catastrophic spills) is $457,000 per barrel—or more than 20 times the Joint Bureaus' "high" estimate. Given that extreme discrepancy, the Joint Bureaus need to consult with the Coast Guard, consider applying their draft valuations, and, if the Joint Bureaus do not update their value, explain in detail why their proposed valuation is more appropriate than the Coast Guard's. The Joint Bureaus' current approach to estimating the likelihood and costs of an oil spill arbitrarily risks significantly underestimating the Rule's forgone benefits and so failing to adequately consider important aspects of the policy issue before them.

[24] *Id.* at 128.
[25] *Id.* at 113.
[26] *See* Industrial Economics, Inc., *Monetizing the Benefits of Avoided Oil Spills in the Maritime Environment* (2026), Docket No. USCG-2026-0048-0002.
[27] RIA at 116 tbl. 36.
[28] *Monetizing the Benefits of Avoided Oil Spills*, *supra* note 26, at 2.

## III. The Joint Bureaus Overestimate the Proposed Rule's Cost Savings by Erroneously Assuming That Leaseholders Will Successfully Drill Every Day of Every Open-Water Season Between 2030 and 2049.

The cost savings calculated for the Proposed Rule consist almost entirely of the Joint Bureaus' estimate of the value leaseholders would gain by drilling throughout the entire open-water season rather than halting drilling 45 days early as required by current regulations. This calculation is flawed because the Joint Bureaus calculate the opportunity cost associated with forgone drilling for the full 45 days each drilling season without accounting for possible interruptions to drilling.[29] Furthermore, the Joint Bureaus do not engage with the real value of additional drilling days; instead, they divide the yearly cost of a rig (on the assumption that industry must value the rig by at least as much as the rig costs) by the number of days in the drilling season to estimate a minimum proxy for the value produced by one drilling day, and then multiply that number by 45.[30] The Joint Bureaus err by ascribing significant cost savings to drilling companies without explaining how this proxy adequately reflects the costs that leaseholders will actually incur under the Proposed Rule.

The Joint Bureaus explain their choice to use the cost of a rig as a proxy for the value of productive use of a well by asserting that companies would not undertake drilling operations if they were not profitable.[31] However, they do not explain how they generate their estimate for the annual cost of a rig. The Joint Bureaus do not clarify what portion of the annual cost used is fixed; account for the increased operational costs incurred with additional drilling days; or consider variance in operating costs by location.[32] Furthermore, the use of rig cost as a proxy for productive use value assumes that leaseholders will be able to drill continuously throughout an open-water season. This assumption does not match the reality of past drilling seasons, during which operators have had to halt drilling due to extreme weather and operational failures.[33] The Joint Bureaus' justification for the Proposed Rule relies on the cost savings produced by permitting drilling throughout the open-water season. As a result, they should conduct a more rigorous analysis of the value of additional drilling days that accounts for the extreme conditions in the Arctic.

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[29] RIA at 86-87.
[30] *Id.*
[31] *Id.* at 87.
[32] The Joint Bureaus' subject matter experts acknowledge this difference in their estimates for the cost of rigs and vessels per day of open water season. *Id.* at 88 tbl. 13.
[33] Donal Scully, *Shell Halts Its Arctic Offshore Drilling Because of Extreme Weather*, SPLASH247 (Aug. 29, 2015), https://perma.cc/ZBK7-RJKY; Eric Ralls, *Shell Pauses Arctic Ocean Oil Drilling*, EARTH.COM (Aug. 31, 2016), https://perma.cc/9PWB-XM6A; Suzanne Goldenberg, *Shell to Suspend Arctic Offshore Drilling Program Over Safety Fears*, THE GUARDIAN (Feb. 27, 2013), https://perma.cc/R93Z-GCFP.

## IV. The Joint Bureaus Do Not Adequately Explain Their Decision to Proceed with an SCCE Deployment and Timing Regulation That Has Monetized Forgone Benefits and Uncertain Cost Savings.

The Joint Bureaus fail to quantify any cost savings of the Proposed Rule's elimination of the requirement to maintain SCCE within seven days' travel from operating wells. While the Joint Bureaus do discuss cost savings in a qualitative manner, their analysis is insufficient to support the SCCE provision. Because the Joint Bureaus quantify the forgone benefits of this rescission yet fail to explain why they cannot quantify or more adequately qualitatively detail its cost savings, the SCCE provision is arbitrary.

The Administrative Procedure Act's requirement that agencies engage in reasoned decisionmaking necessitates an explanation of "why any unquantified benefits cannot reasonably be quantified."[34] The Joint Bureaus offer only the claim that there is "wide uncertainty about possible arrangements" leaseholders might use to save money under the Proposed Rule.[35] The Joint Bureaus illustrate this uncertainty by noting that drilling companies might stage SCCE in the Gulf of Mexico, Singapore, or the U.S. West Coast.[36] Yet they do not qualitatively explain, let alone quantify, how the cost savings resulting from this shift in staging location could reasonably justify the forgone benefits of the SCCE provision. Those forgone benefits total millions of dollars per spill assuming only a one-week delay in deployment.[37] The Joint Bureaus' failure to explain how proposed cost savings related to crew and operations, taxes, and travel could justify these forgone benefits renders the SCCE provision arbitrary.[38]

## V. The Joint Bureaus Should Disclose Whether They Used Artificial Intelligence Tools to Develop This Proposed Rule and Provide Relevant Information About Their Use of Any Such Tools.

Artificial intelligence (A.I.) has the potential to bring greater efficiency to the complex world of federal rulemaking, but it also raises concerns about transparency and integrity in agencies' decisionmaking processes. To address these concerns and to develop best practices for using A.I. in federal rulemaking, agencies should make efforts to inform the public about what role A.I. plays in their decisions. By disclosing when and how they use A.I. in the regulatory process, agencies can offer an opportunity for public input on the design and application of A.I. tools that will lead to better-informed and more transparent decisions by government and facilitate knowledge-sharing that can inform future rulemakings across agencies. For further

[34] GPA Midstream Ass'n v. United States Dep't of Transp., 67 F.4th 1188, 1200 (D.C. Cir. 2023); *see also* Bus. Roundtable v. SEC, 647 F.3d 1144, 1149 (D.C. Cir. 2011) (vacating a rule because the agency "failed adequately to quantify the certain costs or to explain why those costs could not be quantified").
[35] RIA at 84.
[36] *Id.* at 83.
[37] *Id.* at 125.
[38] *Id.* at 123-26.

recommendations on how agencies can responsibly and transparently use A.I., see Policy Integrity's report discussing challenges and opportunities for A.I. use in rulemaking.[39]

In accordance with Executive Order 13,960, issued during President Trump's first administration, federal agencies should seek to "foster public trust and confidence" in their use of A.I. tools. To achieve this goal, agencies must ensure that the "operations and outcomes" of their use of A.I. are "sufficiently understandable by subject matter experts, users, and others." Agencies should ensure that A.I. use is "well documented and traceable," including the "design, development, acquisition, and use of AI, as well as relevant inputs and outputs of particular AI applications." And agencies must be "transparent in disclosing relevant information regarding their use of AI to appropriate stakeholders, including the Congress and the public."[40] If A.I. was used to inform scientific or technological assessments, agencies are further subject to the requirement in a separate executive order that they make publicly available the "models and analyses" used, including the "source code for such models."[41]

Per the Office of Management and Budget (OMB), agencies must "implement minimum risk management practices" for any A.I. use that could have "significant impacts when deployed," and must further "prioritize the use of AI that is safe, secure, and resilient." Where "proper risk mitigation is not possible, agencies must cease the use of the AI."[42] And OMB directs agencies to "provide an option for end users and the public to submit feedback on the use case" for A.I. tools, including the "design, development, and use of the AI," and to "use such feedback to inform agency decision-making regarding the AI."[43]

Accordingly, the Joint Bureaus should disclose whether they used A.I. tools in the development of this Proposed Rule. If the Joint Bureaus did use A.I. tools, they should identify:

- (1) what task(s) the agency used A.I. tool(s) for (e.g., conducting research, reviewing public comments, or assisting with regulatory design);
- (2) the A.I. domain(s) used (e.g., machine learning, reinforcement learning, transfer learning, or generative A.I.);
- (3) the entity responsible for the tool(s) (e.g., developer, provider, or vendor), and the exact model and its corresponding version;
- (4) the steps taken to ensure that data inputs on which the A.I. tool(s) relied were accurate and traceable, including the results of any A.I. impact or risk assessments;
- (5) the steps taken to review the output of the A.I. tool(s) for hallucination, bias, or otherwise inaccurate or misleading representations;

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[39] JACK JONES, MAX SARINSKY & BURÇIN ÜNEL, PH.D., INST. FOR POL'Y INTEGRITY, ARTIFICIAL INTELLIGENCE AND FEDERAL RULEMAKING: OPPORTUNITIES AND CHALLENGES (2026), https://policyintegrity.org/publications/detail/artificial-intelligence-and-federal-rulemaking.
[40] Exec. Order No. 13,960, 85 Fed. Reg. 78939, 78940 (Dec. 8, 2020).
[41] Exec. Order No. 14,303, 90 Fed. Reg. 22601, 22603 (May 29, 2025).
[42] Off. of Mgmt. & Budget, Memorandum M-25-21: Accelerating Federal Use of AI through Innovation, Governance, and Public Trust 3 (Apr. 3, 2025), https://perma.cc/M69E-SCXR.
[43] *Id.* at 17.

- (6) the specific prompts and/or system instructions provided to the A.I. tool(s), to the extent that such prompts or instructions are necessary to understand and evaluate A.I. outputs that constitute "critical factual material" on which the agency relied;[44] and
- (7) if A.I. was used for a "high-impact" use,[45] how the agency implemented each of the minimum risk management practices for "high-impact" A.I. use required by OMB.[46]

**Conclusion**

The Proposed Rule is arbitrary and capricious under the Administrative Procedure Act due to the Joint Bureaus' failure to adequately quantify the cost savings and forgone benefits associated with various provisions. The Joint Bureaus overlook the serious climate impacts associated with an increase in offshore drilling in the Arctic OCS, neglect to fully consider the risks associated with the safety rollbacks in the Proposed Rule, and arbitrarily include a provision with quantified forgone benefits but without monetized or sufficiently explained cost savings. The Joint Bureaus should undertake a more rigorous cost-benefit analysis and, if necessary, alter the content of the Proposed Rule to include only regulations that are independently justifiable.

Sincerely,

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**Enclosures**

1) Pello Aspuru, Jennifer Danis & Peter H. Howard, Inst. for Pol'y Integrity, *Cost-Benefit Analysis in Offshore Oil and Gas Planning: A Historical Assessment of Interior's Evolution Toward a Complete and Consistent Methodology* (2025)

2) Laura A. Figueroa, Donald L. R. Goodson, & Max Sarinsky, Inst. for Pol'y Integrity, *Interior's Authority to Consider Downstream Emissions from Offshore Leasing* (2022)

3) Peter Howard, Max Sarinsky, & Minhong Xu, Inst. For Pol'y Integrity, *The Real Costs of Offshore Oil and Gas Leasing* (2022)

[44] Air Transport Ass'n of Am. v. Fed. Aviation Admin., 169 F.3d 1, 7 (D.C. Cir. 1999).
[45] *See* Off. of Mgmt. & Budget, *supra* note 42, at 3.
[46] *Id.* at 15–17.