

# The Gulf of Mexico leasing round; Offshore wind and hydrogen?



Today's Biden Harris announcement regarding the first offshore leasing announcement led me to revisit an article met with incredulity in some quarters when I first shared it with the community three years ago.

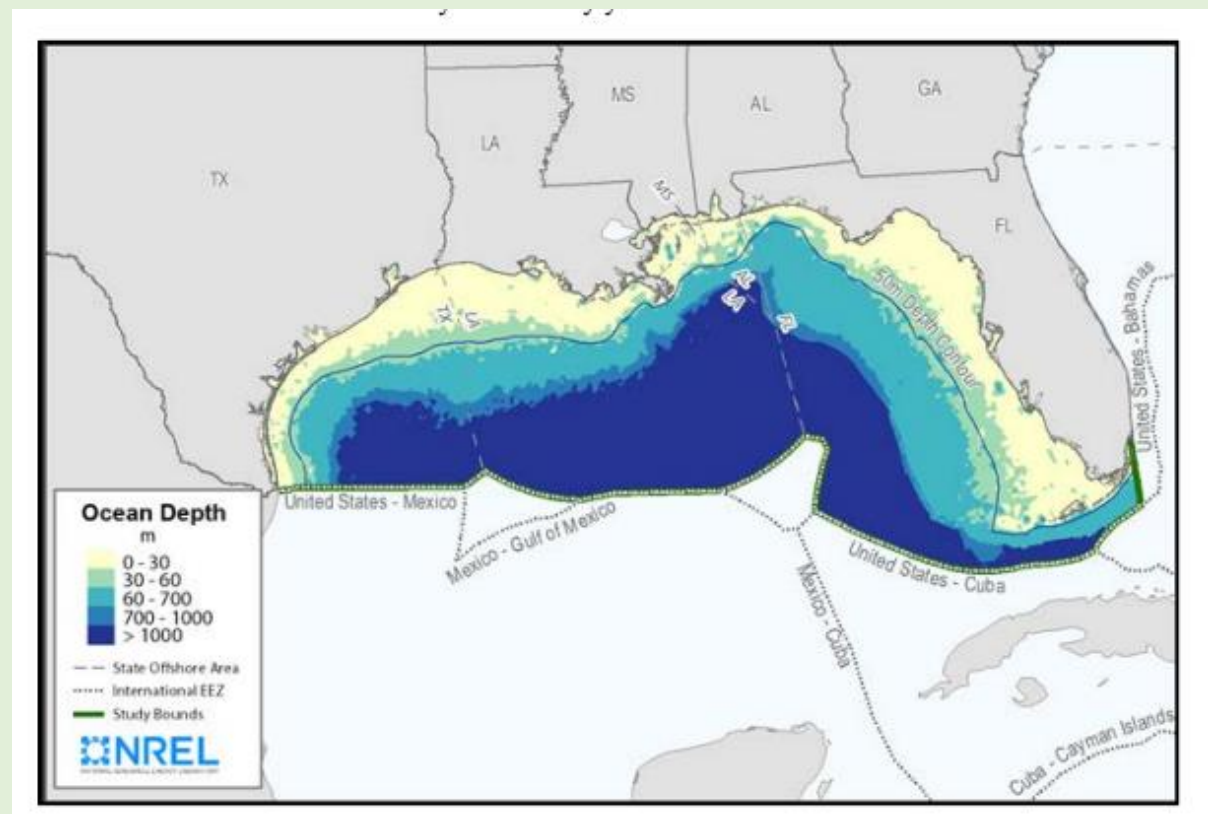
With recent media coverage I thought it may be informative to see what might be happening in the United States. The country is pivoting after of an election which may be definitive for the way which energy policy and delivery prevails in the coming years. It brings up to date an interesting time in 2016 and a week with BOEM at Sterling near Washington DC. That same BOEM is now making available offshore energy leasing opportunities – and on a massive scale.



The one which caught my particular attention is away from the usual areas gaining renewables attention towards the North East and



Western seaboard and is remarkable also for its sheer scale. This is the Gulf of Mexico leasing round and centred around the US portion of it; The area is well known for oil and gas production – which BOEM also administers and incumbents already engaged include European majors including Equinor Shell and BP.



Most of the oil gas majors present in the Gulf of Mexico and indeed elsewhere are considering what to do with their assets in the new climate driven world. Both BP and Shell have committed to net zero by 2050, and this will be on a global rather than regional, basis.

With these statements of intent in mind, it's important to factor in decommissioning costs. These are significant and are helping drive decision making in UK and European waters - where engagement with the burgeoning offshore renewables industry is at an advanced stage.





Decommissioning wasn't necessarily top of the agenda when the UK oil and gas industry was built out in the 1970s but with expended fields needs consideration now. In the North Sea and elsewhere a new circular argument may be detected and could be helpful for shareholders of oil and gas majors. If, it could be argued, rather than decommissioning existing oil and gas platforms, they could be assessed and potentially re-purposed for renewable energy, then the platforms pipelines and sister infrastructure could remain a long-term asset, rather than morphing by stealth into a liability.



This rationale may apply; it is already happening behind the scenes with the UK's Scotwind and Round 4 leasing rounds and the same principles apply to the Gulf of Mexico.

The sheer scale of the BOEM offer, of 500 gigawatts, should be put into context. The UK, the world leader for offshore wind, has built out around 10 gigawatts. At a stroke BOEM and the US is raising this fiftyfold in this one region alone. Everything, as the old saying goes, really is bigger in Texas.

This jaw-dropping prize is bound to interest those who have developed the existing offshore wind energy sector in the UK, and also to the oil and gas industry which is now emerging as a major player in offshore renewables, helping take it from a regional to a globally significant industry.

### **Extant hydrogen infrastructure**

My own former company, Shell with the innovative Crosswind underway has a long regional history dating back to the Shell Mex days of the 1930s, and is bound to be interested. The Port of Galveston already supplies the oil and gas industry and comes as a package with the major oil and gas centre of Houston adjacent to it.



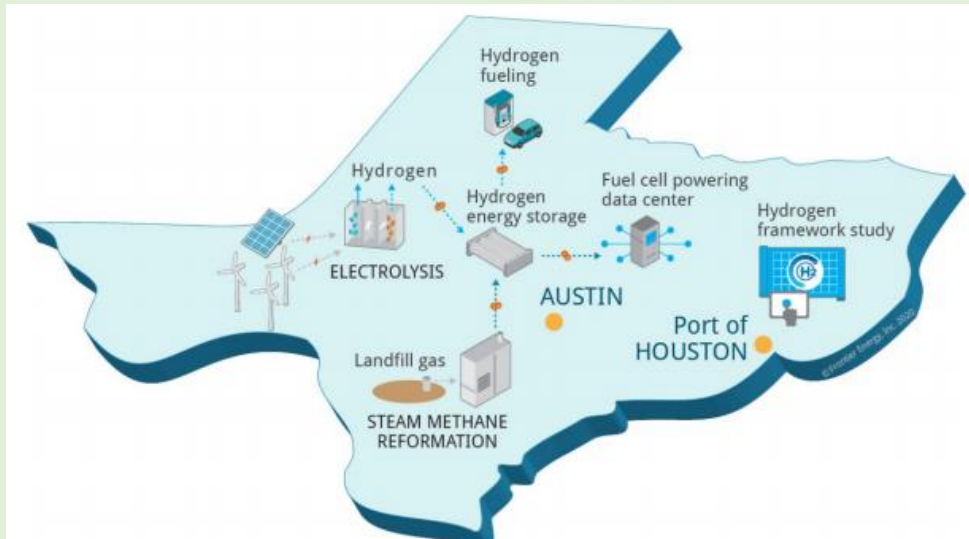


Listening to US developers and supply chain companies in London at the Round 4 bidders' day. They stressed a willingness to re-enter the offshore wind sector. Combined with the US Hydrogen roadmap and Dogger Bank turbine announcements they may well- placed if and when the US purdah and election are over and the state of suspended animation which has seen other countries race ahead in the renewables space and provides the scale to allow them to catch up.

I'm monitoring early signs of a hydrogen industry emerging in the southern United States. As with European counterparts, it will be smart to start thinking that if there is to be a hydrogen industry, shouldn't we make it green hydrogen and look at the various forms of offshore wind, the fixed and floating machines, which may be suitable should Gulf of Mexico site conditions allow.







I'm tracking the area with particular interest and look forward to bringing you updates from BOEM as and when they occur; Join us for expert [sectoral training](#) and stay informed through me and with the vibrant expert community: <https://bit.ly/3gHQa0V>

## Offshore Wind and Hydrogen



