



OFFICE OF  
**INSPECTOR GENERAL**  
U.S. DEPARTMENT OF THE INTERIOR



# Investigation

## Failure to Decommission Offshore Platforms

This is a revised version of the report prepared for public release



OFFICE OF  
**INSPECTOR GENERAL**  
U.S. DEPARTMENT OF THE INTERIOR

## REPORT OF INVESTIGATION

### I. RESULTS OF INVESTIGATION

We investigated allegations that Cox Operating, LLC (Cox) and its subsidiaries, Energy XXI GOM, LLC, and EPL Oil & Gas, LLC, failed to conduct decommissioning operations within one year after the expiration of its Federal oil and gas leases as required by the terms of its leases and Federal regulations. We substantiated the allegations.

Prior to filing for bankruptcy in May 2023, Cox was an energy company that operated multiple offshore platforms for producing oil and gas under Federal mineral leases. As an offshore platform operator, Cox was required to comply with the Outer Continental Shelf Lands Act, 43 U.S.C. § 1331 – 1356c, which provides for civil and criminal penalties for failure to adhere to Federal lease terms.<sup>1</sup> Under its Federal leases and 30 C.F.R. § 250.1725, Cox and its subsidiaries were required to remove all platforms and other facilities within one year after its leases had been terminated.<sup>2</sup> We found evidence that Cox failed to do so and that the Bureau of Safety and Environmental Enforcement (BSEE) had issued multiple Incidents of Noncompliance to Cox and its subsidiaries between February 21, 2014, and October 26, 2022, for failure to decommission its platforms, pipelines, and wells within one year of lease termination.

In light of the notices of noncompliance and related evidence, we interviewed several members of the Cox executive team regarding Cox's failure to conduct decommissioning operations after its leases were terminated. These witnesses told us that Cox had a plan to decommission its assets starting in spring of 2020 but halted its plan because of the COVID-19 pandemic in early 2020. These witnesses stated that back-to-back severe hurricane seasons in the fall of 2020 and 2021 also affected Cox's decommissioning plan.

On May 14, 2023, Cox filed a voluntary petition for Chapter 11 bankruptcy to reorganize its business and pay back its creditors.<sup>3</sup> On February 28, 2024, Cox converted its petition to Chapter 7 bankruptcy, which resulted in a liquidation of Cox's assets to pay off Cox's debts. The U.S. Department of the Interior (DOI) filed multiple proofs of claims for a total of \$4,775,780,798.55 in the bankruptcy case. Two of the DOI's claims involved unpaid or underpaid royalties, inspection fees, and civil penalties totaling \$544,917.55. The remaining \$4,775,235,881 of DOI's claims were protective in nature and sought to preserve the United States' right to enforce or otherwise demand Cox's regulatory compliance with its decommissioning obligations related to 276 properties. DOI's claims included the cost of decommissioning operations under Cox's terminated leases.

We presented our findings to the U.S. Attorney's Office for the Eastern District of Louisiana, which on January 30, 2025, declined to prosecute the matter.

---

<sup>1</sup> See 43 U.S.C. § 1350(b) (providing for civil penalties for failure to comply with any term of a lease after notice of such failure and expiration of any reasonable period allowed for corrective action); *Id.* § 1350(c) (providing for criminal penalties for any person who "knowingly and willfully" violates any term of a lease "designed to protect health, safety, or the environment or conserve natural resources").

<sup>2</sup> See 30 C.F.R. § 250.1725(a) (stating that the lessee "must remove all platforms and other facilities within 1 year after the lease, pipeline right-of-way, or right-of-use and easement terminates" unless the lessee "receive[s] approval to maintain the structure to conduct other activities").

<sup>3</sup> At the time of the bankruptcy filing, Cox was operating under the entity name MLCJR, LLC.

We are providing this report to the Acting Director of BSEE for any action deemed appropriate.

## **II. SUBJECT**

Cox Operating, LLC



OFFICE OF  
**INSPECTOR GENERAL**  
U.S. DEPARTMENT OF THE INTERIOR

## **REPORT FRAUD, WASTE, ABUSE, AND MISMANAGEMENT**

The Office of Inspector General (OIG) provides independent oversight and promotes integrity and accountability in the programs and operations of the U.S. Department of the Interior (DOI). One way we achieve this mission is by working with the people who contact us through our hotline.

### **WHO CAN REPORT?**

Anyone with knowledge of potential fraud, waste, abuse, misconduct, or mismanagement involving DOI should contact the OIG hotline. This includes knowledge of potential misuse involving DOI grants and contracts.

### **HOW DOES IT HELP?**

Every day, DOI employees and non-employees alike contact OIG, and the information they share can lead to reviews and investigations that result in accountability and positive change for DOI, its employees, and the public.

### **WHO IS PROTECTED?**

Anyone may request confidentiality. The Privacy Act, the Inspector General Act, and other applicable laws protect complainants. Specifically, 5 U.S.C. § 407(b) states that the Inspector General shall not disclose the identity of a DOI employee who reports an allegation or provides information without the employee's consent, unless the Inspector General determines that disclosure is unavoidable during the course of the investigation. By law, Federal employees may not take or threaten to take a personnel action because of whistleblowing or the exercise of a lawful appeal, complaint, or grievance right. Non-DOI employees who report allegations may also specifically request confidentiality.

If you wish to file a complaint about potential fraud,  
waste, abuse, or mismanagement in DOI,  
please visit OIG's online hotline at **[www.doioig.gov/hotline](http://www.doioig.gov/hotline)**  
or call OIG's toll-free hotline number: **1-800-424-5081**