

## Outer Continental Shelf Oil and Gas Leasing Program

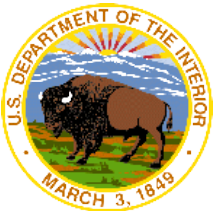


Renee Orr, Chief, Office of Strategic Resources

Offshore Drilling Forum  
New Bern, North Carolina  
July 31, 2015



- 1. BOEM's Mandate and Three Resource Program Areas:** The Outer Continental Shelf Lands Act of 1953, as amended (OCSLA)
- 2. OCS Oil and Gas Leasing Process and Environmental Analysis**
- 3. History of oil and gas leasing in the Atlantic Region and Atlantic oil and gas resource potential**
- 4. Atlantic Oil and Gas Resource Assessment**
- 5. Status of Geological & Geophysical (Seismic) survey permitting on the Atlantic OCS**
- 6. Status of the Development of the National Oil and Gas Leasing Program for 2017-2022**
- 7. Atlantic Region Environmental Studies**

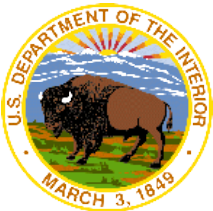


*“(T)he outer Continental Shelf is a **vital national resource reserve held by the Federal Government for the public**, which should be made available for **expeditious and orderly development**, subject to **environmental safeguards**, in a manner which is consistent with the maintenance of competition and other national needs”*

**Outer Continental Shelf Lands Act (OCSLA)**  
**Sec 3(3)**

*“...may grant a lease [for] energy from sources other than oil and gas...in a manner that provides for safety and protection of the environment.”*

**Energy Policy Act of 2005 Sec. 388**



**BOEM promotes energy independence, environmental protection and economic development through responsible, science-based management of offshore conventional and renewable energy and marine mineral resources.**

## **1. Oil and Gas Program**

BOEM manages the nation's offshore resources to ensure that exploration and development activities are conducted in a safe and environmentally sound manner.

## **2. Renewables Program**

BOEM is responsible for offshore renewable energy development in Federal waters and anticipates future development on the OCS from three general sources: offshore wind energy, ocean wave energy, and current wave energy.

## **3. Marine Minerals Program**

BOEM is responsible for managing non-energy minerals (primarily sand and gravel) on the OCS. Marine minerals are used primarily in coastal restoration projects, including beach nourishment and coastal habitat restoration, with increased attention to building resilience to deal with future storms and rising sea levels.

## **4. Environmental Program**

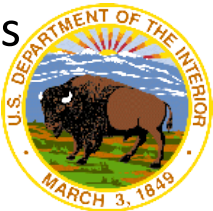
BOEM is responsible for managing and ensuring environmental protection in respect to any OCS activities for “marine-related purposes” using facilities currently or previously authorized under the OCS Lands Act.



**BOEM manages the Nation's offshore resources to ensure that exploration and development activities are conducted in a safe and environmentally sound manner.**

**Key Oil and Gas Program Responsibilities include:**

- Identifying, inventorying, and assessing the Nation's offshore energy endowment;
- Developing the National OCS Oil and Gas Leasing Program (Five-Year Program, Section 18 of the OCS Lands Act);
- Developing a transparent, systematic, comprehensive lease sale process and implementation strategy for OCS oil and gas resource offerings;
- Developing environmental documents throughout the Five-Year and lease sale processes in accordance with the OCS Lands Act and the National Environmental Policy Act (NEPA); and
- Developing appropriate financial terms to ensure the Nation receives fair market value for its OCS resources.



# Revenue from OCS Oil and Gas Leasing

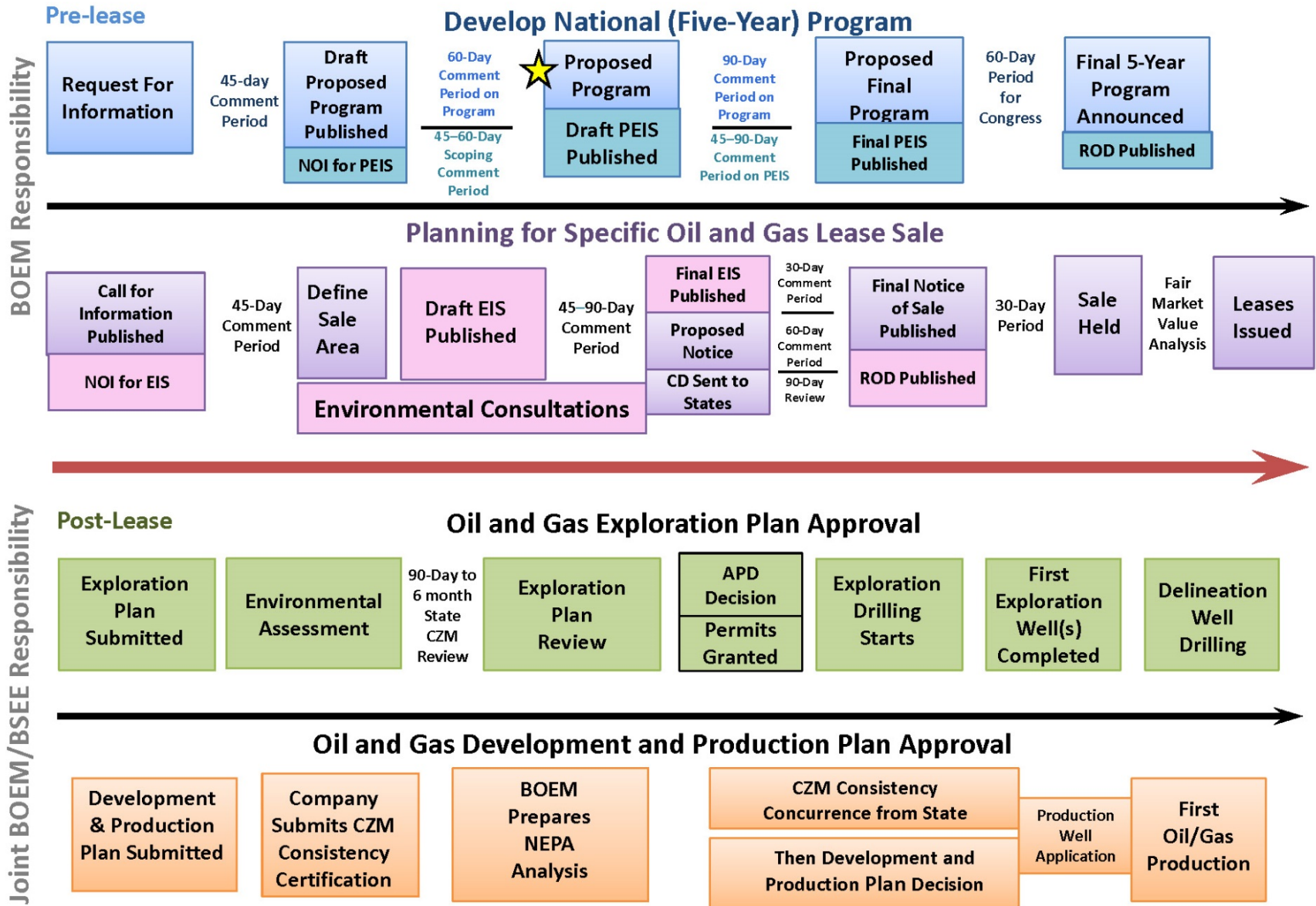
- ❑ Revenues from OCS oil and gas leasing in 2013 totaled **\$9.07 Billion**.
- ❑ **Revenues from OCS oil and gas leasing Fund:**
  - U.S. Treasury
  - The Land and Water Conservation Fund
  - Historic Preservation Fund
  - Revenue Sharing programs with U.S. States
    1. Section 8(g) of the OCSLA
    2. GOMESA
- ❑ Expanded revenue sharing with U.S. States, such as for the Atlantic region, would have to be legislated by Congress

## FY 2013 GOMESA and 8(g) State Disbursement Summary

State	8(g)	GOMESA
Alabama	\$3,703,358	\$88,516
Alaska	2,940,962	N/A
California	8,455,415	N/A
Florida	1,389	N/A
Louisiana	24,533,076	95,814
Mississippi	114,066	80,360
Texas	869,341	33,295
<b>Total</b>	<b>\$40,617,607</b>	<b>\$297,985</b>



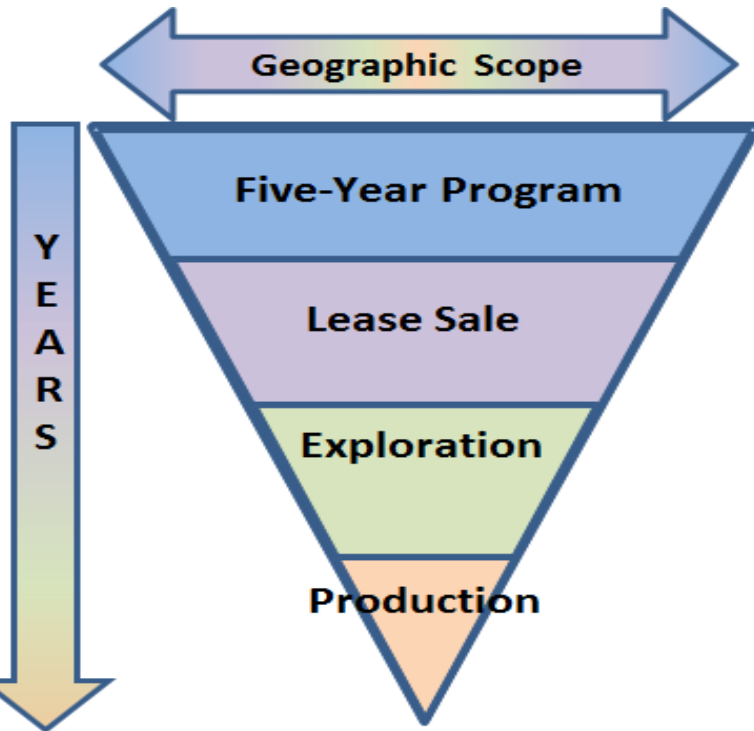
# OCS Oil and Gas Leasing, Exploration, and Development Process



# Developing the National Oil and Gas Leasing Program (Five-Year Program)

## Multi-Year/Multi-Phase Process

- Collaborative effort among Government, industry, tribal, and public stakeholders
- Multiple steps, decision points, and opportunities for public input during each phase

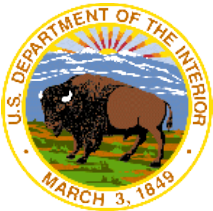


**The following eight factors are considered by the Secretary in determining the timing and location of leasing:**

- 1) Geographical, geological, and ecological characteristics
- 2) Equitable sharing of developmental benefits and environmental risks
- 3) Location with respect to regional and national energy markets and needs
- 4) Location with respect to other uses of the sea and seabed
- 5) Interest of potential oil and gas producers
- 6) Laws, goals, and policies of affected states
- 7) Environmental sensitivity and marine productivity
- 8) Environmental and predictive information

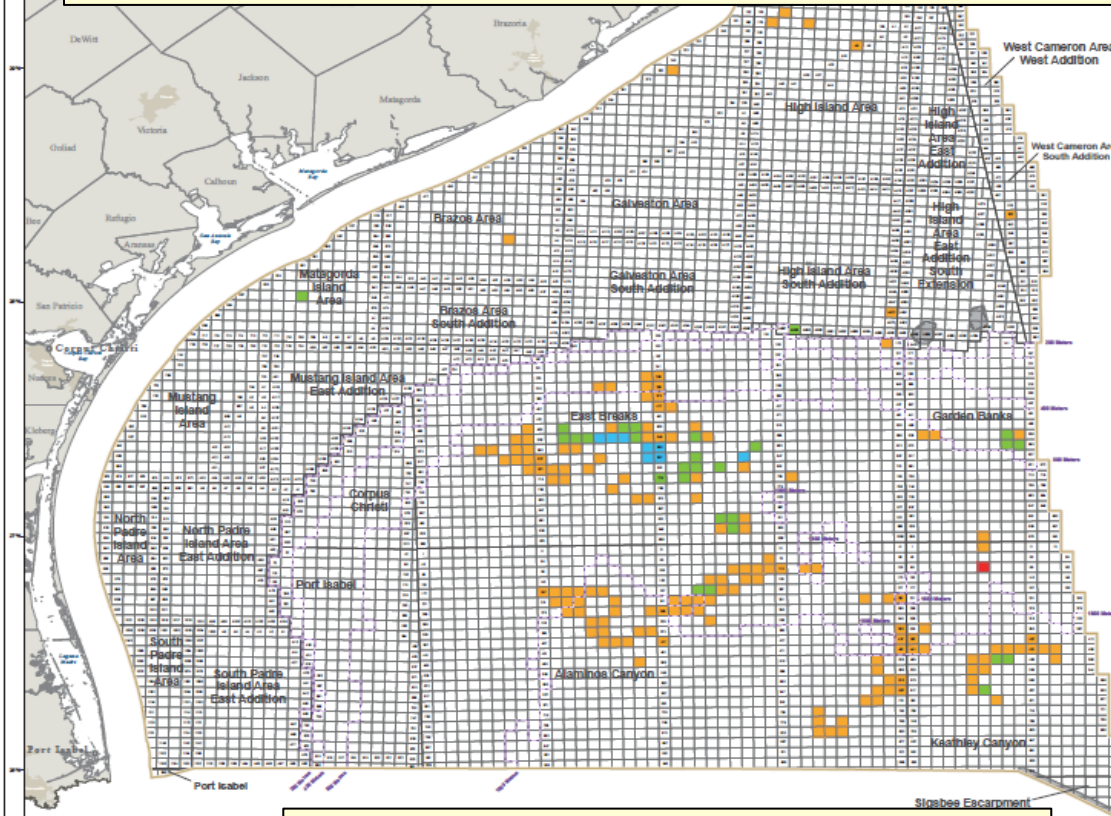


- **Sealed Bidding**
  - Bids are opened and read publicly at time of sale
- **Transparency**
  - Robust and transparent tracking of public suggestions for alternatives, mitigations, and deferrals
- **Environmental Stewardship**
  - Uses the best available science
- **Consistency**
  - Lease sale must be consistent with State Coastal Zone Management laws
- **Bid Adequacy**
  - BOEM evaluates winning bids to ensure fair market value before leases are awarded



# What Are We Leasing?

Companies bid to lease the rights to explore, develop, and produce oil and gas in individual blocks within a Program Area



Block areas are up to 3x3 miles (5760 acres)



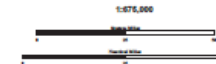
United States Department of the Interior  
Bureau of Ocean Energy Management  
Gulf of Mexico OCS Region

## Western Planning Area Lease Sale 218 December 14, 2011

### TRACTS RECEIVING BIDS



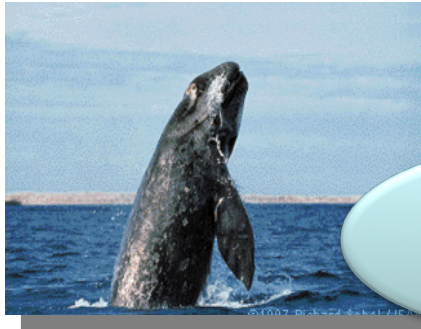
Unleased Blocks: Currently  
Deferred/Unavailable for Leasing  
Planning Area Boundary  
Protraction Boundary  
Lease Term Line



GCS North American 1987  
Datum: G North American 1987



# Environmental Regulations and Orders Implemented Throughout the Leasing Process



Marine  
Mammal  
Protection Act

Federal  
Water  
Pollution  
Control Act



National  
Historic  
Preservation  
Act

Migratory Bird  
Treaty Act

**NEPA PROCESS**

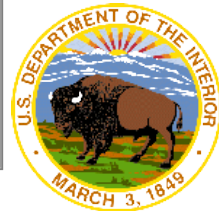
Clean Air Act

Coastal Zone  
Management  
Act

Magnuson-  
Stevens Act

E.O. 12898:  
Environmental  
Justice

Endangered  
Species Act



- **Air Quality**
- **Water Quality**
- **Marine Mammals**
- **Sea Turtles**
- **Marine and Coastal Birds**
- **Bats**
- **Seafloor Habitats**



- **Physical Oceanography**
- **Coastal Habitats**
- **Socioeconomics**
- **Cultural Resources**
- **Fisheries**
- **Multiple Use Conflicts**
- **Visual and Aesthetic Interference**



## Inter-Agency Coordination Occurs Multiple Times During the OCS Activities Development Process



- **U.S. Coast Guard** -- oil-spill response, port and vessel security, and inspection

- **Environmental Protection Agency** -- air and water quality



- **Fish and Wildlife Service** -- marine mammals/endangered species



- **National Marine Fisheries Service** -- fish and essential fish habitat



- **U.S. Geological Survey** -- resource evaluation

- **NOAA Fisheries** -- marine mammals/endangered species



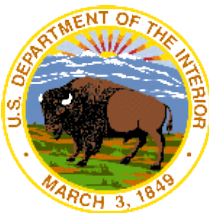
- **Department of Commerce** -- coastal program

- **Department of Defense** -- military installations and wetlands

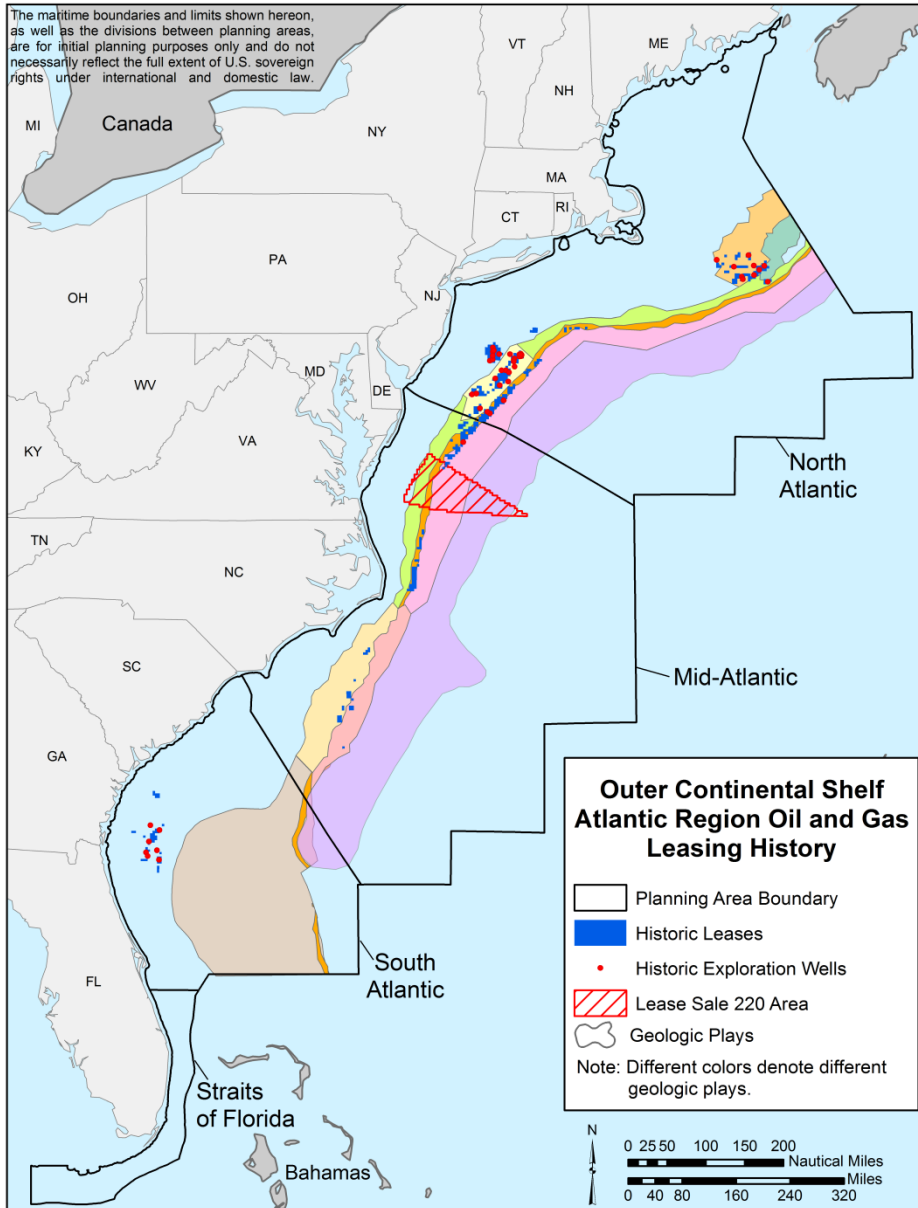


- **NASA** -- Wallops Island, Virginia launch activities

- **National Park Service** -- coastal parks



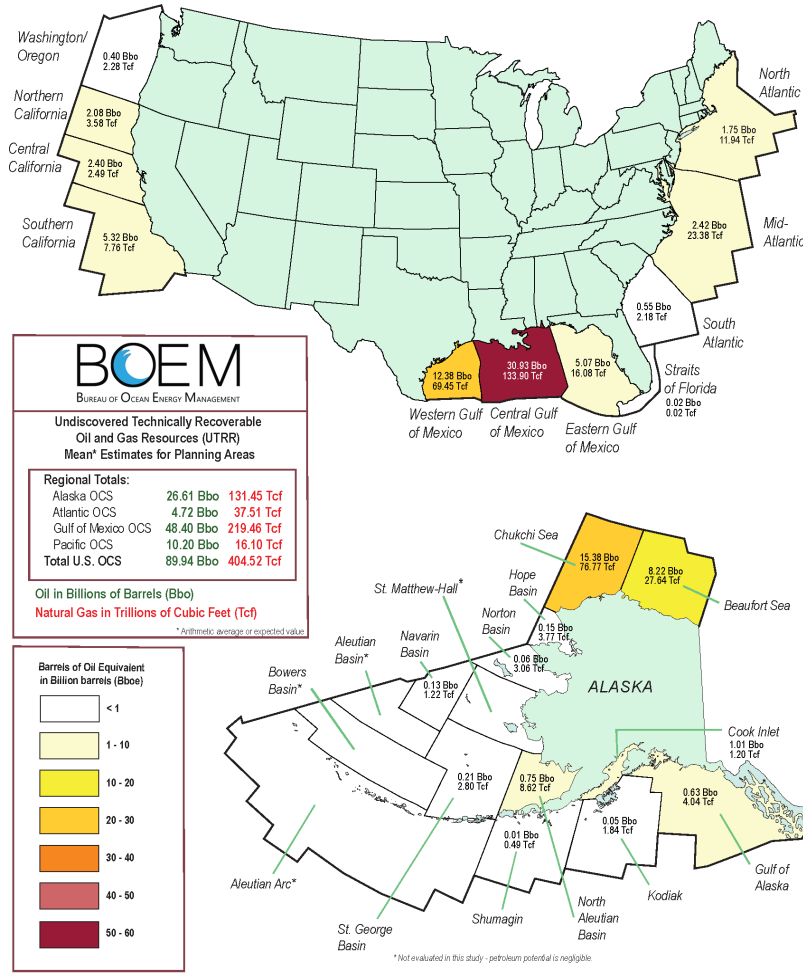
# History of Oil and Gas Leasing in the Atlantic OCS Region



- Nine Lease Sales were held on the Atlantic OCS from 1976 to 1983
  - 410 Leases issued for a total of \$2.8 billion in payments to the Federal Government
  - 51 total wells
- Virginia Lease Sale 220 area was scheduled for 2011 in the 2007-2012 Program but was cancelled following the *Deepwater Horizon* event
- The Atlantic OCS Region is not in the 2012-2017 Program
- One Atlantic sale is currently included in the 2017-2022 Draft Proposed Program



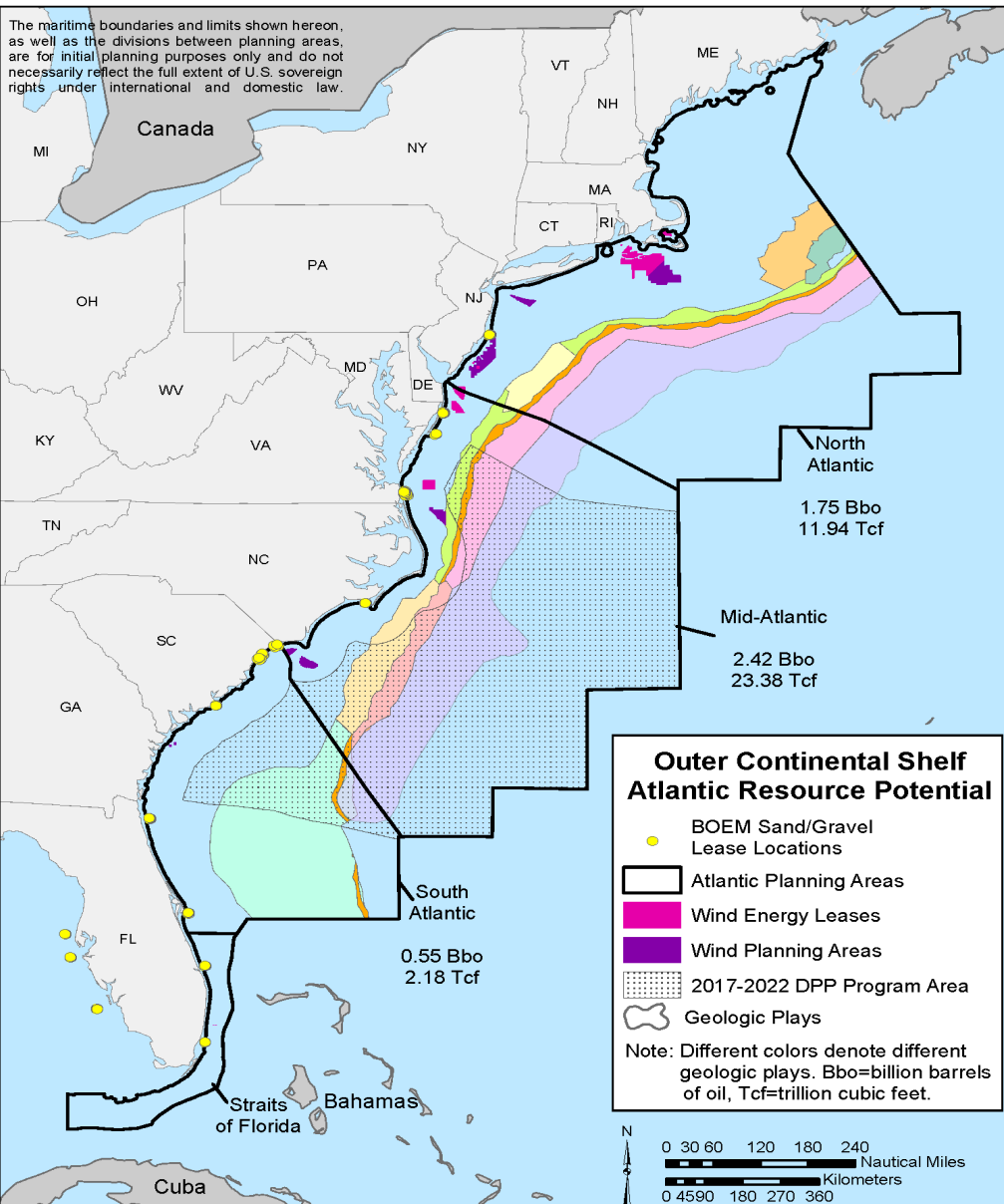
## Assessment of Undiscovered Technically Recoverable Oil and Gas Resources of the Nation's Outer Continental Shelf, 2011 (Atlantic OCS Updated 2014)



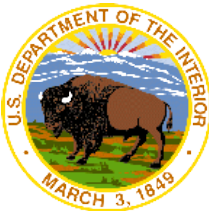
- ❑ In 2014, using a geologic play-based assessment methodology, BOEM estimated:
  - **4.72 billion barrels of undiscovered technically recoverable oil**
  - **37.51 trillion cubic feet of undiscovered technically recoverable natural gas** in the Atlantic Outer Continental Shelf of the United States
- ❑ Since the Atlantic is a frontier area for oil and gas exploration, these estimates could drastically change (increase or decrease) as more becomes known through surveys and exploration and development activities



# Atlantic Oil and Gas Resource Evaluation

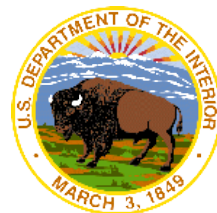


- ❑ Approximately **80%** of 2017-2022 Draft Proposed Program Area resources are located off **North Carolina** coast
- ❑ Approximately **10%** located off **Virginia** coast
- ❑ Remaining 10% located off South Carolina and Georgia coasts

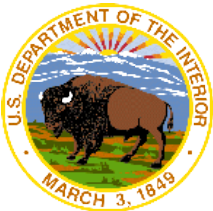


- BOEM released a PEIS for proposed geological and geophysical (G&G) survey activities on the Mid- and South Atlantic OCS in February 2014
- There are currently nine active G&G applications
- **ARKeX Limited** - Permit E14-008 has recently been Approved
- Permit status updates available at:  
<http://www.boem.gov/Currently-submitted-Atlantic-OCS-Region-Permits/>
- Eight public meetings on G&G activities in the Mid- and South Atlantic were held along the Atlantic Coast

Location	Date	Attendees
Norfolk, VA	March 31, 2015	42
Annapolis, MD	April 1, 2015	21
Dover, DE	April 2, 2015	30
Wilmington, NC	April 7, 2015	57
Charleston, SC	April 8, 2015	53
Savannah, GA	April 9, 2015	30
Jacksonville, FL	April 21, 2015	27
Kill Devil Hills, NC	April 28, 2015	128
<b>Total Attendees</b>		<b>388</b>



1. Request for Information and Comments to solicit public comments on start of Program preparation: June 2014
2. Draft Proposed Program (DPP): January 2015
3. **Proposed Program (PP) and Draft Programmatic Environmental Impact Statement (PEIS): ~Early 2016**
4. **Proposed Final Program (PFP) and Final PEIS announces final proposal: ~End of 2016**
5. **Final decision and Approval of Program: at least 60 days after submittal of PFP to Congress**



# 2017–2022 OCS Oil and Gas Leasing Draft Proposed Program (DPP)

	Year	Planning Area	Sale Number
1	2017	Gulf of Mexico Region	249
2	2018	Gulf of Mexico Region	250
3	2018	Gulf of Mexico Region	251
4	2019	Gulf of Mexico Region	252
5	2019	Gulf of Mexico Region	253
6	2020	Gulf of Mexico Region	254
7	2020	Beaufort Sea	255
8	2020	Gulf of Mexico Region	256
9	2021	Gulf of Mexico Region	257
10	2021	Cook Inlet	258
11	2021	Gulf of Mexico Region	259
12	2021	Mid-Atlantic and South Atlantic	260
13	2022	Gulf of Mexico Region	261
14	2022	Chukchi Sea	262

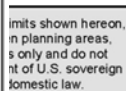
The Draft Proposed Program (DPP) Decision Document and related information are available at:

<http://www.boem.gov/Five-Year-Program/>

Information on scoping for the Draft PEIS is available at:

[www.BOEMoceaninfo.com](http://www.BOEMoceaninfo.com)

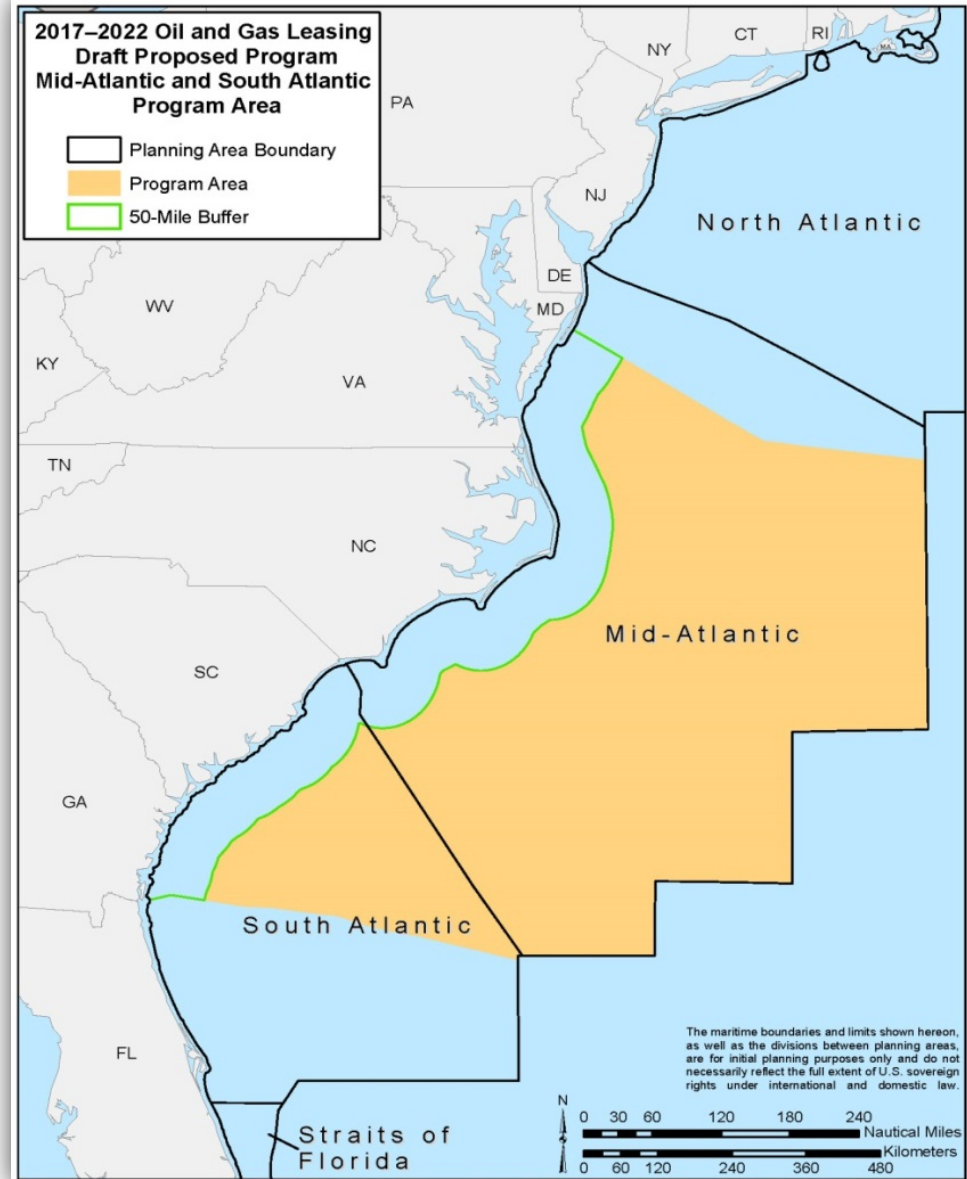




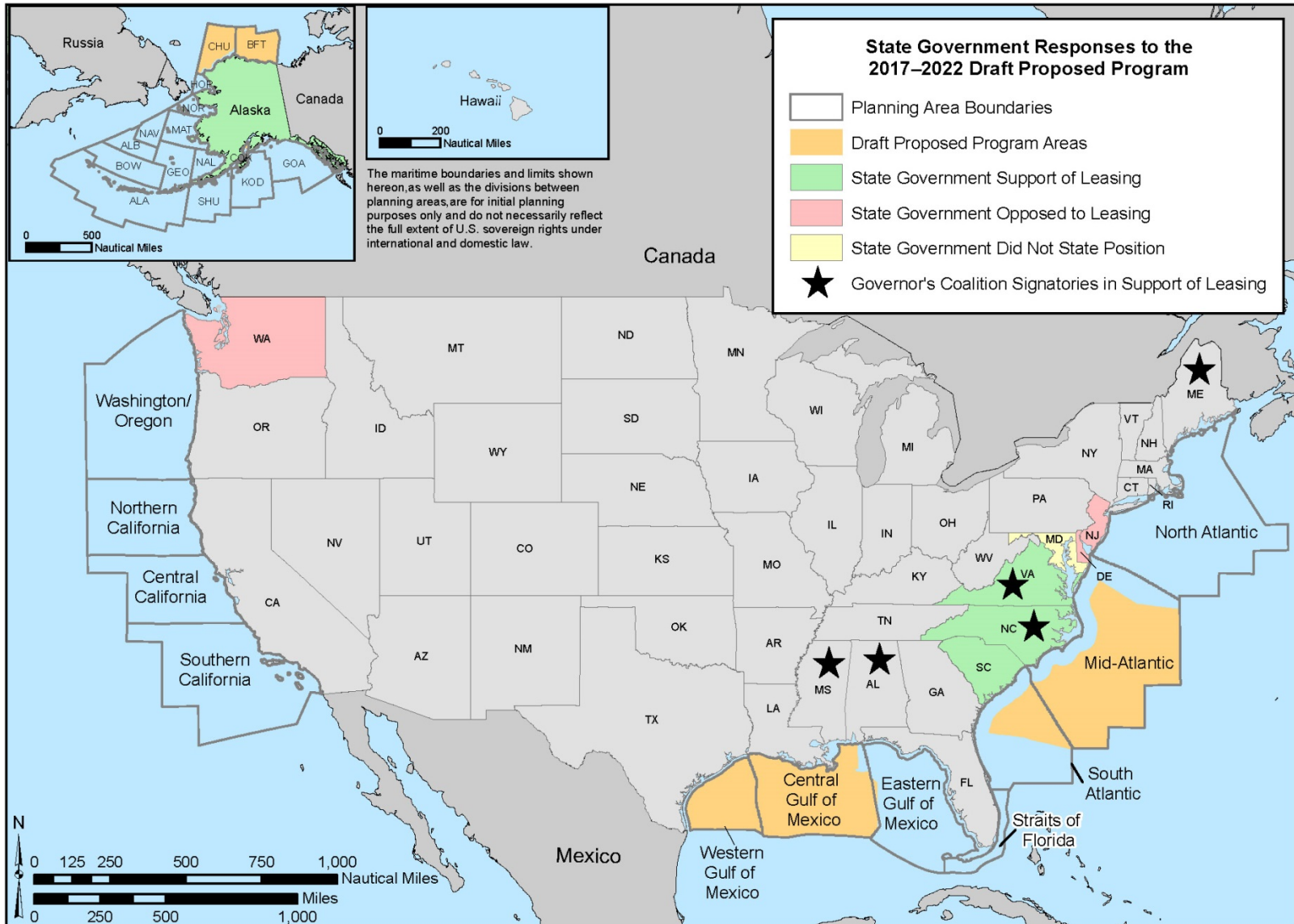
# 2017–2022 OCS Oil and Gas Leasing Draft Proposed Program

## 2017–2022 Proposed Atlantic Sale

- One sale in **2021** in a portion of the combined Mid-Atlantic and South Atlantic Planning Areas, offshore Virginia, North Carolina, South Carolina, and Georgia
- 50-statute-mile, no-leasing buffer from the coastline
- No sales in the North Atlantic or Straits of Florida Planning Areas
- Virginia and the Carolinas drafted state- and federal-level legislation requesting inclusion of their coasts



# State Government Responses to the DPP



- **Extensive studies (~200 total) have been completed or are ongoing in the Atlantic OCS region**
- BOEM Environmental Studies are available online at <http://www.boem.gov/ESPIS/>
- **These studies cover a broad range of topics such as:**
  - Physical Oceanography
  - Atmospheric Sciences
  - Biology
  - Protected Species
  - Social Sciences, Economics
  - Submerged Cultural Resources
  - Environmental Impacts of Energy Development



## Examples of Past Studies

1. Physical Oceanography of Cape Hatteras Region (1991-1993)
2. Abundance and Distribution of Sea Turtles off NC (1991-1996)
3. Endangered Right Whales of the Southwestern North Atlantic (1989-1993)
4. Onshore Oil and Gas Infrastructure to Support Development in the Mid-Atlantic OCS Region (2008-2013)

## Examples of Ongoing Studies

1. Atlantic Marine Assessment Program for Protected Species (sea turtles, whales, and seabirds)
2. Determining Offshore Use by Diving Marine Birds Using Satellite Telemetry



## Examples of Future Studies

1. Oil Spill Risk Analysis and Ocean Currents (Future, would be done prior to holding lease sale in Atlantic)
2. BOEM's Environmental Studies Program is currently considering new studies to address proposed oil and gas activities and related needs in the Atlantic region

**Proposed studies for FY 2016-2018 will soon be publically available in BOEM's Environmental Studies Development Plan (<http://www.boem.gov/Studies/>)**

**Renee Orr, Chief, Office of Strategic Resources**

[renee.orr@boem.gov](mailto:renee.orr@boem.gov)

**Additional Information:**

<http://www.boem.gov/Oil-and-Gas-Energy-Program/>

<http://www.boem.gov/Atlantic-Region/>

<http://www.boem.gov/Studies/>

<http://www.boem.gov/Five-Year-Program/>

