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Interior Department Presentation Shows No Gulf Lease Sales Planned Until 2012

Canceled Leases Will Impact Thousands of Jobs, Families, and Harm Our Struggling Economy

WASHINGTON D.C. – House Natural Resources Committee Ranking Member Doc Hastings (WA-04) released the following statement regarding news reports that the Department of the Interior has postponed the planned lease sales in the Gulf of Mexico until 2012.

“These are exactly the type of irrational decisions by the Obama Administration that have gone largely unchecked in the 111th Congress and that Republicans will soon be looking at using Congress’s oversight authority to examine. This decision means that the Administration is planning to subject the people of the Gulf to more than two years of no new lease sales in the Outer Continental Shelf. This will impact thousands of jobs and families in the Gulf, harm our struggling economy, cost billions of dollars in revenue and threaten our long-term energy security. We need to ensure that U.S. offshore drilling is the safest in the world while moving forward with new leasing opportunities that will create American jobs and American-made energy.”

BOEM’s timeline set back by need for new environmental study

Platts Oilgram News
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Gary Taylor

Houston—It appears unlikely the US Bureau of Ocean Energy Management, Regulation and Enforcement can hold another Gulf of Mexico lease sale before May 2012, according to an agency presentation unveiled November 17.

While BOEM representatives declined to say if the two sales planned for next year would need to be canceled, **industry representatives attending the BOEM meeting in Houston told Platts it appears clear from the presentation that there will not be another Gulf lease sale before 2012.**

BOEM revealed the new date in a slide presentation during the second of three “scoping” meetings held for public comment on preparation of a supplemental environmental impact study (SEIS) that is not scheduled for completion until December 2011 (ON 11/11).

The SEIS has been ordered to provide an update to the environmental impact plan in force

for the annual lease sales that had been scheduled for 2007 to 2012, which for now includes two sales in 2011.

This year's Macondo oil spill crisis prompted creation of the SEIS, according to Joseph Christopher, the BOEM's regional supervisor for leasing and environment. He referred further questions to the Department of the Interior, BOEM's parent agency.

Christopher declined to comment on the prospect for cancellation of any scheduled sales for 2011 or even to confirm that any sales have been scheduled, saying the slide presentation referred specifically to the timeline for sales dependent on the SEIS.

Responding in Washington DC, a department representative replied by email that "no decisions have been made" and declined to elaborate.

But representatives from both the American Petroleum Institute and the International Association of Geophysical Contractors told Platts they will be telling their organizations that it appears unlikely there will be another Gulf lease sale before May 2012 based on the Houston presentation.

"Based on the timeline, it's not until May of 2012," said Walt Rosenbusch, IAGC vice president for projects and issues.

Discussing the presentation in an interview on the sidelines of the meeting, Rosenbusch said he believes May 2012 is a "realistic" target and predicted the BOEM will hold one sale in 2012 that would likely be a large one.

Rosenbusch also is a former director of the agency, serving from 1999 to 2001 when it was known as the US Minerals Management Service (ON 5/4/99).

"We're not here to tell them to drop the SEIS," he said. "We don't want a sale challenged, so it has to be done. We just want them to do it as fast as possible."

Identifying himself as a sales and marketing representative of the API in Houston, Tim Gonzalez agreed that it appears clear "there will be no leasing in the Gulf in 2011."

He said: "Presumably no lease sale will be held until the supplemental is complete—a process expected to take up to a year."

Gonzalez also agreed that "it is prudent to update the baseline conditions and potential environmental effects of oil and natural gas leasing."

But he also encouraged the BOEM to "expedite" the SEIS timeline to move as quickly as possible.

Rosenbusch and Gonzalez were two of 22 persons attending the meeting in Houston, the second of the three scoping sessions scheduled for this week. The first on November 16 in New Orleans attracted an audience of 11 with four speakers, including another representative from the API, according to a BOEM spokeswoman.

A third session is scheduled for November 18 in Mobile, Alabama.

The BOEM's Christopher explained that the SEIS is needed to supplement the original environmental impact study prepared for the agency's 2007-2012 five-year Gulf leasing program in the wake of the Macondo oil spill (ON 4/22). "It will be a challenging document," he said of the SEIS, which is designed to project the potential environmental impact of all activities related to leasing, from seismic surveys to drilling and ultimate production.

His timeline lists plans for a draft document by May 2011, final publication by December 2011, final notice of a lease sale by February 2012 and actual conducting of the lease sale by May 2012.

The agency has traditionally conducted two lease sales each year, one in March to cover the central Gulf and a second in August for the western waters.

Its last sale occurred March 17, with the planned August sale suspended following the April 20 Macondo incident, which created the largest marine oil spill in US history (ON 3/22).

Gonzalez noted that until now, the Gulf has had at least one lease sale every year since 1965.

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