

**STATEMENT OF
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UNITED STATES DEPARTMENT OF THE INTERIOR
BEFORE THE
COMMITTEE ON NATURAL RESOURCES
SUBCOMMITTEE ON ENERGY AND MINERAL RESOURCES
U.S. HOUSE OF REPRESENTATIVES**

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Chairman Lamborn, Ranking Member Lowenthal, and Members of the Subcommittee, I am pleased to appear before you today to discuss the Bureau of Ocean Energy Management's (BOEM) offshore oil and gas leasing under the current Outer Continental Shelf (OCS) Oil and Gas Leasing Program (2012–2017 Program), as well as our development of the 2017–2022 Program. The Administration is committed to promoting safe and responsible domestic oil and gas production, as well as developing offshore renewable energy, as part of a comprehensive, all-of-the-above energy strategy to grow America's energy economy and continue to reduce our dependence on foreign oil. Ensuring safe and responsible development of the Nation's offshore oil and gas resources through leasing under the Five Year Program is an important part of that strategy.

The Outer Continental Shelf Lands Act (OCSLA) requires BOEM to propose a schedule of lease sales every five years. This is referred to as the "Five Year Program." As specified by Section 18 of the OCSLA, preparation and approval of an Oil and Gas Leasing Program is based on the Secretary of the Interior's consideration of eight factors which include balancing of the potential for environmental damage, discovery of oil and gas, and adverse impact on the coastal zone, to determine the size, timing, and location of lease sales.

Leasing Under the 2012-2017 OCS Oil and Gas Program

BOEM's offshore leasing activity under the current Program reflects the Administration's overall approach to promoting safe and environmentally responsible oil and gas resource development. This includes encouraging exploration and development in the Gulf of Mexico (GOM), where resources and industry interest are most extensive, and where mature infrastructure exists to support oil and gas activities. BOEM has held seven lease sales in the GOM under the current Program, generating almost \$3 billion in bonus payments, as well as more than \$164 million in rentals.

Eight sales remain on the current Program lease sale schedule, with five sales in the GOM: Western GOM sales in 2015 and 2016, Central GOM in 2016 and 2017, Eastern GOM in 2016; and three off Alaska—Chukchi Sea, Cook Inlet, and Beaufort Sea.

The 2017–2022 OCS Oil and Gas Leasing Program

With the current Program ending in mid-2017, BOEM is preparing the 2017–2022 OCS Oil and Gas Leasing Program. In June 2014, the Department published a Request for Information and Comments (RFI) and received approximately 500,000 comments. On January 29, 2015, The Department published the 2017–2022 OCS Oil and Gas Leasing Draft Proposed Program (DPP) with a 60-day comment period. BOEM simultaneously published a Notice of Intent to Prepare a draft Programmatic Environmental Impact Statement (PEIS), which will analyze the potential environmental effects of the Program. Twenty-three EIS scoping meetings were held in communities on the Atlantic coast, GOM, and Alaska during the 60-day comment period. BOEM received over 900,000 comments and is committed to integrating the critical information received during the comment period into the scientific, environmental and social analysis that informs our decision-making. The Department expects to publish the Proposed Program and Draft PEIS in early 2016; the Department will invite public comment on both of these documents. Publication of the Proposed Final Program and Final PEIS is expected in late 2016.

Draft Proposed Program

The OCSLA prescribes the method by which the Department develops each Five Year Program. Publication of the 2017–2022 DPP is the first proposal in a three-proposal process to develop the 2017–2022 Program. The 2017-2022 DPP includes potential lease sales in eight planning areas and includes nearly 80% of estimated undiscovered technically recoverable oil and gas resources on the U.S. OCS. In total, the 2017-2022 DPP schedules 14 potential lease sales for the 2017–2022 Program in eight planning areas—10 sales in the GOM, one in the Atlantic and three off the coast of Alaska.

The Five Year Program is designed to promote the diligent development of U.S. offshore oil and gas resources, which remains a key component of our domestic energy portfolio and contributes significantly to the Nation’s economic output. The sales proposed in the DPP involve sales in offshore areas that have the highest oil and gas resource potential, highest industry interest, and/or are off the coasts of states where their government officials have expressed a strong interest in potential energy exploration. The areas selected for the DPP and additional environmental review simultaneously consider potential environmental impacts, stakeholder concerns, and competing uses of ocean and coastal areas.

The 2017-2022 DPP continues the regionally-tailored leasing strategy set forth in the current Five Year Program. The proposed schedule reflects the belief that a “one size fits all” approach to offshore leasing is not appropriate. Instead, the approach is tailored to achieve the dual goals of promoting prompt development of the domestic oil and gas resources while protecting the marine, coastal and human environments specific to each OCS region.

Gulf of Mexico

Of the 14 lease sales included in the 2017-2022 DPP, 10 are in the GOM, where infrastructure is best-established and the oil and gas resource potential is significant. In past programs, BOEM has scheduled separate, generally alternating, annual sales in the Western and Central GOM planning areas, as well as periodic sales in the portion of the Eastern GOM not under moratorium. In contrast, the 2017-2022 DPP schedules two combined region-wide sales per

year, comprised of the Western, Central, and Eastern GOM unleased acreage not subject to moratorium. BOEM is proposing this change to provide greater flexibility to industry, including the ability to respond to the significant recent energy reforms in Mexico that have the potential to meaningfully change how exploration and development decisions are made in the GOM.

BOEM will review feedback received on this approach, and if the traditional approach is preferred, BOEM can revert back to the traditional separate planning area model for sales in the 2017-2022 Five Year Program.

Alaska

In Alaska, the 2017-2022 DPP continues to take a balanced approach to development, utilizing the targeted leasing strategy set forth in the 2012–2017 Program by identifying one potential sale each in the Beaufort Sea (2020), Cook Inlet (2021), and Chukchi Sea (2022) Planning Areas. These potential sales in the three Alaska program areas are currently proposed to be scheduled later in the five-year period. Holding the sales later in the 2017-2022 Program is expected to provide greater opportunity to obtain and evaluate information regarding environmental issues, subsistence use needs, infrastructure capabilities, and results from any exploration activity associated with existing leases.

Similar to the 2012–2017 Five Year Program, BOEM will continue to use a scientific approach to information and stakeholder feedback to proactively determine, in advance of any potential sale, which specific areas offer the greatest resource potential while minimizing potential conflicts with environmental, subsistence, and multiple use considerations. Sales will be tailored to offer areas that have significant resource potential while appropriately weighing environmental protection, subsistence use needs, and other considerations.

Atlantic

The 2017-2022 DPP includes one lease sale in a portion of the Mid-Atlantic and South Atlantic Planning Areas in 2021. Consistent with the targeted and balanced leasing approach adopted in the Arctic, the potential sale would be located at least 50 miles off the coasts of Virginia, North Carolina, South Carolina, and Georgia. Presenting this option in the 2017-2022 DPP allows for consideration of a targeted area with oil and gas resource potential, while limiting potential impacts on the environment and other ocean uses. Governors, Congressional delegations and local governments from the four states listed above all requested that the OCS off their respective coasts be included in the 2017-2022 DPP and indicated a desire to better understand the oil and gas potential of this area.

The 50-mile coastal buffer proposed off the coasts of Virginia, North Carolina, South Carolina, and Georgia is intended to minimize multiple use conflicts, such as those from Department of Defense and NASA activities, renewable energy activities, commercial and recreational fishing, critical habitat needs for wildlife, and other environmental concerns. During the subsequent Section 18 and NEPA processes, BOEM will be collecting and analyzing additional information regarding the extent to which any existing conflicts can be minimized and what mitigation measures should be required if a lease sale does take place.

Some data suggest that portions of the Mid-Atlantic and South Atlantic Planning Areas may contain significant oil and gas resource potential; however, current geological and geophysical (G&G) information regarding that potential is based on older data collected in the 1970s and 1980s. Tremendous advances in instrumentation and technology for the acquisition and analysis of G&G data have been made in the intervening decades. In recognition of these advances in G&G data acquisition and processing technology and the need to better understand the scope of existing resources and potential conflicts, BOEM's July 2014 Record of Decision (ROD) for the PEIS for Atlantic G&G activities established a path forward for appropriate G&G survey activities to be authorized by BOEM off the Mid-Atlantic and South Atlantic coast. That decision establishes safeguards governing potential survey activities to update the region's offshore oil and gas resources data.

The ROD for Atlantic G&G activities requires the implementation of stringent mitigation measures and safeguards for purposes of avoiding, minimizing, and/or mitigating environmental impacts, including impacts on marine life. G&G activities in the Atlantic will increase BOEM's understanding of the area's resource potential and will develop a suite of environmental studies for the purpose of establishing an environmental baseline. Several permits are currently under BOEM's consideration for conducting G&G surveys that, if approved, will provide critical new information to inform potential future leasing decisions.

Pacific

No lease sales in the four planning areas off the Pacific coast were included in the DPP for potential oil and natural gas leasing consideration. The exclusion of the Pacific Region is consistent with the long-standing interests of Pacific coast states and comments received on the RFI.

Conclusion

The Five Year Program is an important component of the Administration's all-of-the-above energy strategy. The 2017-2022 DPP has led to a significant outpouring of public interest from a wide array of stakeholders. BOEM takes this input very seriously, and we are working hard to consider the feedback we received, and to integrate comments into our Proposed Program and Draft PEIS.

Mr. Chairman, thank you again for the opportunity to be here today to discuss the Bureau's effort to create an oil and gas leasing program that will safely and responsibly reduce our dependence on foreign oil and create jobs through the development of these important energy resources. I am happy to answer any questions that you or members of the Committee may have.