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DEPARTMENT OF THE INTERIOR

Bureau of Ocean Energy Management

Docket No. BOEM-2016-0003

Notice of Availability (NOA) of and Request for Comments on the 2017–2022 Outer Continental Shelf (OCS) Oil and Gas Leasing Proposed Program

MAA104000

AGENCY: Bureau of Ocean Energy Management (BOEM), Interior.

ACTION: Notice of Availability and Request for Comments

SUMMARY: BOEM is announcing the availability of, and requests comments on, the 2017–2022 Outer Continental Shelf (OCS) Oil and Gas Leasing Proposed Program (Proposed Program). This proposal is the second of three proposals for the 2017–2022 OCS Oil and Gas Leasing Program that will succeed the current, 2012–2017 Program. The Proposed Program provides information and analyses to inform the Secretary of the Interior’s (Secretary) decision on the size, timing, and location of leasing in the 2017–2022 Program.

Section 18 of the OCS Lands Act (43 U.S.C. 1344) specifies a multi-step process of consultation and analysis that must be completed before the Secretary may approve a new Five-Year Program. The required steps following this notice include the development of a Proposed Final Program (PFP) analysis and Secretarial decision. In conjunction with this notice, BOEM is publishing the Draft Programmatic Environmental Impact Statement (PEIS) for the 2017–2022 Program, which was prepared in accordance with the National Environmental Policy Act (NEPA).

DATES: Please submit comments and information to BOEM no later than [INSERT DATE WHICH IS 90 DAYS FROM PUBLICATION OF THIS NOTICE].

FOR FURTHER INFORMATION, CONTACT: Ms. Kelly Hammerle, Five-Year Program Manager, at (703) 787-1613 or Kelly.hammerle@boem.gov.

Public Comment Procedure

BOEM will accept comments in one of two formats: via the Federal internet commenting system at <http://www.regulations.gov> or through the U.S. mail. Comments submitted by other means may not be considered. BOEM's preference is to receive comments via the internet commenting system. Comments should be submitted using only one of these formats, and the full name and address of the individual submitting the comment(s) should be included. Before including your address, phone number, email address, or other personal identifying information in your comment, you should be aware that your entire comment – including your personal identifying information – may be made publicly available at any time. While you can ask us in your comment to withhold your personal identifying information from public review, we cannot guarantee that we will be able to do so.

In order to ensure security and confidentiality of proprietary information to the maximum extent possible, BOEM requests that proprietary information only be sent by U.S. mail. In addition to prominently stating that proprietary information is contained in a comment at the beginning of the submission, comments should be sent in a plain outer envelope with an inner envelope stating that proprietary information is contained within.

Commenting via Internet

Internet comments should be submitted via the Federal eRulemaking Portal at <http://www.regulations.gov>. BOEM requests that commenters follow these instructions to

submit their comments via this website:

- (1) In the search tab on the main regulations.gov page, search for BOEM-2016-0003.
- (2) Locate the document, then click the “Submit a Comment” link either on the Search Results page or the Document Details page. This will display the Web comment form.
- (3) Enter the submitter information and type the comment on the Web form. Attach any additional files (up to 10MB). (BOEM cannot ensure the security or confidentiality of information sent via the internet; therefore such information should be provided by U.S. mail as provided in the Public Comment Procedure section of this notice.)
- (4) After typing the comment, click the “Preview Comment” link to review. Once satisfied with the comment, click the “Submit” button to send the comment.

Information on using regulations.gov, including instructions for accessing documents, submitting comments, and viewing the docket after the close of the comment period, is available through the site’s “User Tips” link.

Commenting via U.S. Mail

Comments and information on the 2017–2022 Program should be mailed to Ms. Kelly Hammerle, Five-Year Program Manager, BOEM, 45600 Woodland Road, VAM-LD, Sterling, Virginia 20166.

SUPPLEMENTARY INFORMATION: BOEM requests comments from states, local governments, Federal agencies, Native groups, tribes, the oil and gas industry, environmental and other public interest organizations, non-energy industries, all other interested parties, and the public to assist in the continued preparation of the 2017–2022 Program. The Proposed Program and supplemental information may be viewed on and downloaded from the BOEM website at www.BOEM.gov/Five-Year-Program-2017-2022. Additionally, information on the development

of the PEIS can be found at www.boemoceaninfo.com.

Background

Section 18 of the OCS Lands Act requires the Secretary to prepare and maintain a schedule of proposed OCS oil and gas lease sales determined to “best meet national energy needs for the 5-year period following its approval or reapproval.” This Proposed Program is the second of three proposed leasing schedules for OCS lease sales under the 2017–2022 Program. The first proposal, the Draft Proposed Program (DPP), was published on January 29, 2015, and was followed by a 60-day comment period that ended on March 30, 2015.

The areas identified in the Proposed Program were chosen after careful consideration of the factors specified in Section 18 of the OCS Lands Act and the comments received during the DPP comment period. Included in this Proposed Program is an analysis of the lease sale options identified by the Secretary in the DPP. The development of the Five-Year Program is a winnowing process; thus, only those areas that the Secretary decided were appropriate to include in the DPP are analyzed in the Proposed Program and the associated Draft Programmatic Environmental Impact Statement (PEIS). Hereafter, only the OCS areas that the Secretary includes in the Proposed Program lease sale schedule will be analyzed in the Proposed Final Program (PFP) and in the Final PEIS. Inclusion of an area at the DPP or Proposed Program phase does not mean that it will be included in the Program or offered in a lease sale because steps still remain for reducing or removing areas or lease sales from leasing consideration.

Before the new Program is approved and implemented, BOEM will accept and consider comments on the Proposed Program and issue a PFP for public review, accompanied by the Final PEIS.

Summary of the Proposed Program

As part of the Administration's energy strategy, the Proposed Program continues the tailored leasing strategy set forth in the current 2012–2017 Program that takes into account regional differences in developing the proposed lease sale schedule. In weighing the Section 18 factors to develop a nationwide program, region-specific information was taken into account, including information about resource potential; the status of resource development and infrastructure to support oil and gas activities and emergency response capabilities; recognition of regional interests and concerns; and the need to balance the development of offshore oil and gas resources with protection of the marine, coastal, and human environments. Further, for preparation of the Proposed Program, robust consideration was given to the substantial stakeholder dialogue and public comments that stemmed from publication of the DPP.

After careful consideration of public input and examination of the OCS Lands Act Section 18(a)(2) factors, the Proposed Program proposes lease sales in OCS areas that have high oil and gas resource values, while recognizing potential environmental and socioeconomic impacts, concerns, and competing uses of ocean and coastal areas. In total, the Proposed Program makes available for leasing areas that contain over 70 percent of the undiscovered technically recoverable oil and gas resources estimated to exist on the OCS. The Proposed Program contains a proposed lease sale schedule that includes 13 sales in six OCS planning areas where there are currently existing leases and known or anticipated hydrocarbon potential (see Table 1 below).

Table 1: 2017–2022 Proposed Program Lease Sale Schedule

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

Gulf of Mexico Region

The GOM combines the most abundant proven and estimated oil and gas resources, broad industry interest, and well-developed infrastructure. The oil and gas resource potential of the Western and Central GOM, as well as the portion of the Eastern GOM not subject to Congressional moratorium, is the best understood of all of the OCS planning areas. Not only are the oil and gas resource volume estimates for the GOM OCS unparalleled, the GOM area has mature infrastructure to support the development of oil and gas activities and provide response capabilities in the event of an emergency.

In considering and balancing the Section 18 factors, the Proposed Program is tailored to support development commensurate with the presence and maturity, or lack thereof, of offshore oil and gas activity. Of the 13 lease sales included in the Proposed Program, 10 are in the GOM, where infrastructure is best-established, and there is strong adjacent state support and significant oil and gas resource potential. The GOM proposal identified for further detailed analysis in the

Proposed Final Program and the Final PEIS includes region-wide sales: one sale in 2017 and 2022, and two sales in 2018, 2019, 2020, and 2021 (see Table 1).

In the past, BOEM has scheduled separate annual sales, generally alternating between the Western and Central GOM, and periodic sales in the portion of the Eastern GOM not under Congressional moratorium. This Proposed Program considers region-wide sales comprised of the combined Western, Central, and Eastern GOM planning areas' unleased acreage not subject to moratoria or otherwise unavailable (see Figure 1). BOEM is proposing this change to provide greater flexibility to industry, including more frequent opportunities to bid on rejected, relinquished, or expired OCS lease blocks, as well as facilitating better planning to explore resources that may straddle the U.S.-Mexico boundary. Any individual sale could be scaled back during the lease sale process to conform more closely to the traditional separate planning area model should circumstances warrant. Further, the Proposed Final Program will analyze, as an option, the traditional, separate planning area model, which includes five sales in the Western GOM and five in the combined Central/Eastern GOM not subject to moratoria or otherwise unavailable. A 15-mile no-leasing buffer south of Baldwin County, Alabama, as requested by the OCS Governors Coalition in a letter to which the Governor of Alabama was a signatory, will also continue to be analyzed in the PFP.

Alaska Region

In Alaska, the Proposed Program continues to take a balanced approach to development, utilizing the targeted leasing strategy set forth in the 2012–2017 Program by identifying one potential lease sale each in the Beaufort Sea (2020), Cook Inlet (2021), and Chukchi Sea (2022) planning areas (see Figure 2). These potential sales in the three Alaska program areas are

currently scheduled later in the Proposed Program to provide additional opportunity to evaluate and obtain information regarding environmental issues, subsistence use needs, and infrastructure capabilities, as well as results from any exploration or development activity associated with existing leases. Consistent with what was set forth in the 2012–2017 Program, BOEM will continue to use scientific information and stakeholder feedback to proactively determine, in advance of any potential sale under the 2017–2022 Program, which specific areas offer the greatest resource potential, while minimizing potential conflicts with environmental, subsistence, and other uses.

The Proposed Program includes a potential Beaufort Sea sale in 2020. Using input from the PEIS public scoping process, as well as a thorough review of available scientific information, including traditional knowledge, BOEM is considering whether environmentally important areas—such as Cross Island, Barrow Canyon, Camden Bay, an additional area near the existing Kaktovik withdrawal, and other areas identified in the PEIS—merit additional mitigation or protection during the subsequent phases of the 2017–2022 Program development and/or the lease sale process. The Proposed Program analyzes an option to advance the Beaufort lease sale to 2019, in light of the Governor of Alaska’s request to advance the sale.

The Proposed Program includes a potential Chukchi Sea sale in 2022. Using input from the PEIS, BOEM will continue to consider potential mitigation or exclusion areas, such as areas near Hanna Shoal that include a walrus foraging area and movement corridor, during the subsequent phases of both the 2017–2022 Program development and/or the lease sale process.

A potential lease sale is scheduled for 2021 in the Cook Inlet Program Area that includes the northern portion of the Cook Inlet Planning Area (see Figure 2). The design of this lease sale

balances the protection of endangered species, for example, taking into account the beluga whale and the northern sea otter critical habitat, as identified in 2013 in the Cook Inlet Lease Sale 244 Area Identification, with the availability for leasing of the areas with industry interest and significant oil and gas resource potential. BOEM will continue to consider potential mitigation or exclusion of areas, such as the beluga whale critical habitat, and other environmentally-sensitive areas, in subsequent steps of the Program development and/or lease sale process.

Atlantic Region

After a robust public comment process, the Mid- and South Atlantic Program Area lease sale proposed for 2021 in the DPP has been removed from the Proposed Program for a number of reasons, including strong local opposition, conflicts with other ocean users, including the Department of Defense and the National Aeronautics and Space Administration's Wallops Flight Facility on Wallops Island, Virginia, and current market dynamics.

The decision to remove the Atlantic from the 2017-2022 Program included careful consideration of the comments received from governors of affected states. In their responses to BOEM, both the Governors of Virginia and North Carolina acknowledged the developmental risks associated with an offshore oil and gas leasing program in the region and indicated that a revenue sharing program was necessary to offset these risks.

Pacific Region

As in the DPP, no lease sale options have been identified in the Pacific Region for additional analysis.

Assurance of Fair Market Value

Section 18 of the OCS Lands Act requires receipt of fair market value from OCS oil and gas leases. BOEM plans to continue to use the two-phase post-sale bid evaluation process that it has used since 1983 to meet the fair market value requirement. BOEM recently revised its post-sale bid evaluation process [see Summary of Procedures for Determining Bid Adequacy at Offshore Oil and Gas Lease Sales: Effective March 2016 at <http://www.boem.gov/Summary-of-Procedures-For-Determining-Bid-Adequacy/>]. Further, the Proposed Program provides that BOEM may set minimum bid levels, rental rates, and royalty rates by individual lease sale based on BOEM's assessment of market and resource conditions closer to the date of the sale.

Information Requested for the Proposed Program

We request comments on the size, timing, and location of lease sales for offshore oil and gas exploration and production activities. Respondents who submitted information in earlier comment periods may wish to refer to that previously submitted information, as appropriate, rather than repeat it in their comments on the Proposed Program. We also invite comments and suggestions on how to proceed with the Section 18 analysis in the Proposed Final Program.

Next Steps in the Process

BOEM currently plans to issue the Proposed Final Program and Final PEIS in late 2016.

Abigail Ross Hopper
Director, Bureau of Ocean Energy Management

Dated: March 14, 2016.

Figure 1: 2017–2022 Lower 48 States Proposed Program Areas

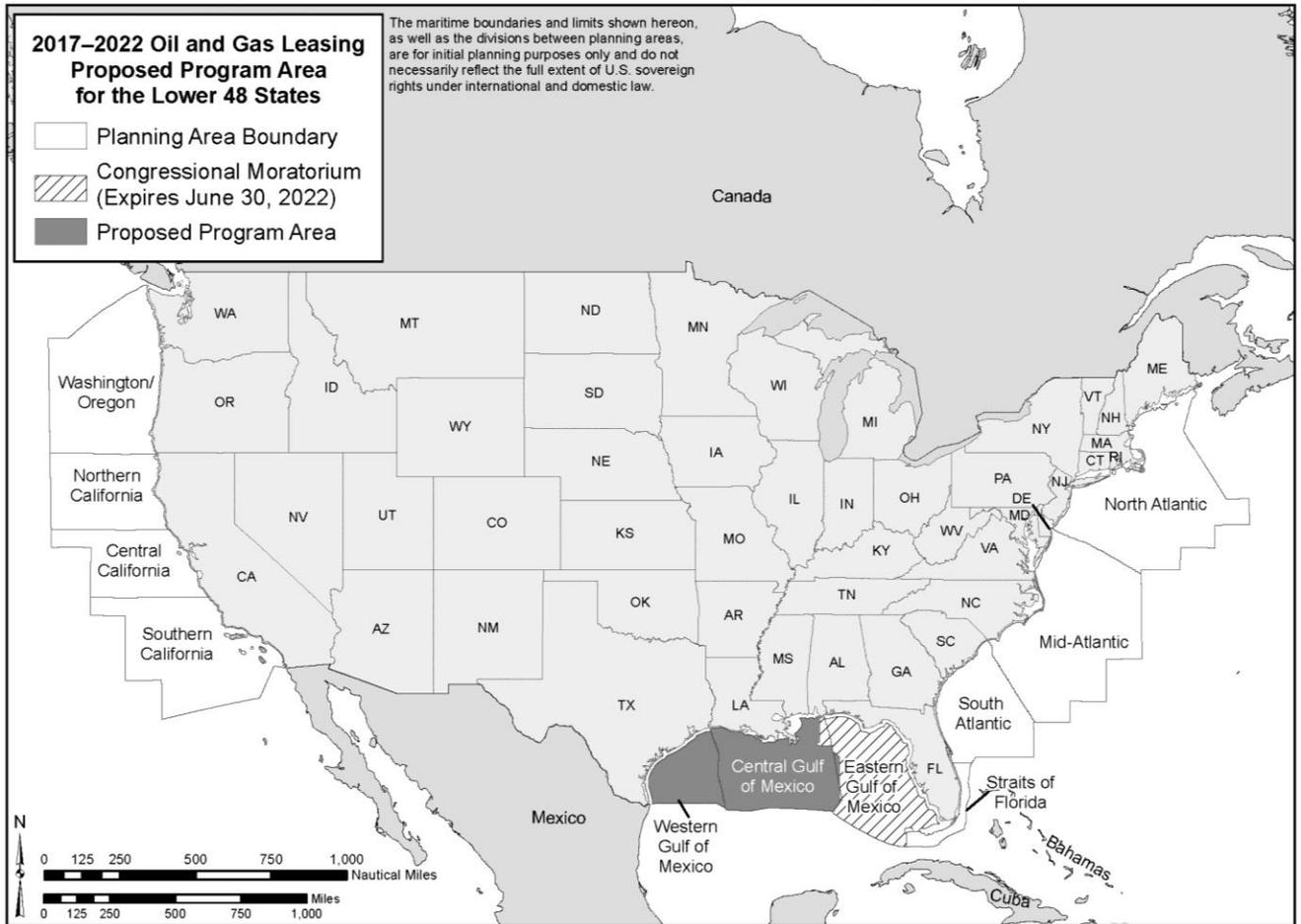
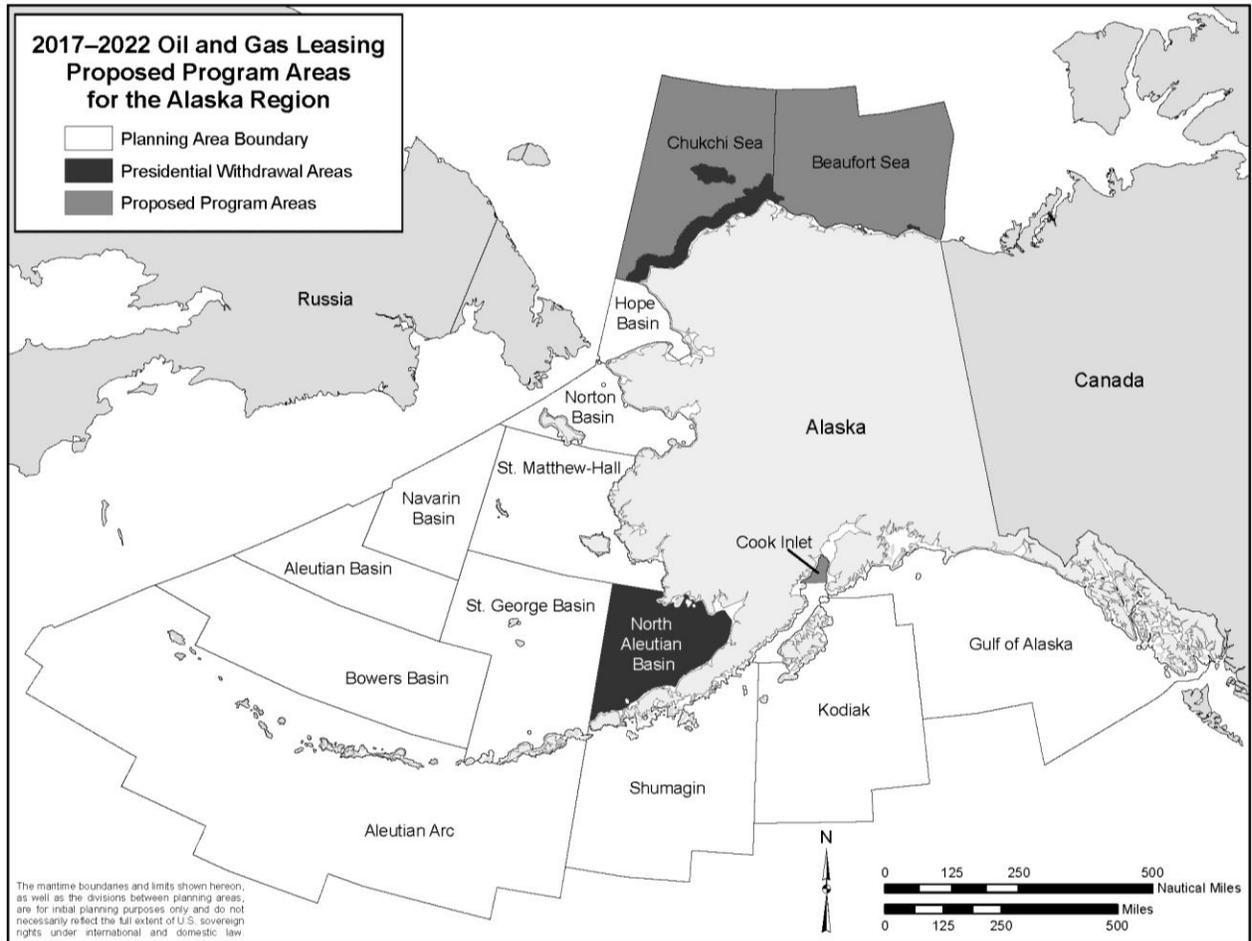


Figure 2: 2017–2022 Alaska Proposed Program Areas



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