



United States Department of the Interior


BUREAU OF OCEAN ENERGY MANAGEMENT

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Memorandum

To: Acting Assistant Secretary – Land and Minerals Management

From: Tommy P. Beaudreau
Director 

Subject: Record of Decision for the Gulf of Mexico's Outer Continental Shelf Central Planning Area Oil and Gas Lease Sale 216/222 (June 2012)

1. INTRODUCTION

The purpose of the proposed Federal action is to offer for lease certain Outer Continental Shelf (OCS) blocks located in the Central Planning Area (CPA) in the Gulf of Mexico that may contain economically recoverable oil and gas resources. The proposed sale, consolidates two CPA lease sales – Lease Sale 216 and Lease Sale 222 – included in the *Outer Continental Shelf Oil and Gas Leasing Program: 2007-2012* (Five-Year Program; USDO, MMS, 2007a). The consolidated lease sale will be the last sale in the current Five-Year Program, and will make available about 7,276 blocks covering approximately 38.6 million acres, located from 3 miles to about 230 nautical miles offshore Louisiana, Mississippi, and Alabama in water depths ranging from approximately 3 to more than 3,400 meters. The Bureau of Ocean Energy Management (BOEM) resource assessments for the CPA indicate that the area contains over 30 billion barrels of oil and over 133 trillion cubic feet of natural gas that are undiscovered and technically recoverable.

The Department of the Interior's (DOI) BOEM published the Final Supplemental Environmental Impact Statement (SEIS) for proposed CPA Lease Sale 216/222 on January 20, 2012. The SEIS evaluated potential changes to baseline conditions of the environmental, socioeconomic, and cultural resources that may have occurred as a result of: (1) the *Deepwater Horizon* explosion and oil spill between April 20 and July 15, 2010 (when oil flowed from the Macondo well in Mississippi Canyon Block 252); (2) the potentially acute impacts that have been reported or surveyed since that time; and (3) any new information that may be available since publication of recent National Environmental Policy Act (NEPA) documents including:

- *Gulf of Mexico OCS Oil and Gas Lease Sales: 2007-2012; Western Planning Area Lease Sales 204, 207, 210, 215, and 218; Central Planning Area Lease Sales 205, 206, 208, 213, 216, and 222;*
- *Final Environmental Impact Statement* (Multisale EIS; USDO, MMS, 2007b); and
- *Gulf of Mexico OCS Oil and Gas Lease Sales: 2009-2012; Central Planning Area Lease Sales 208, 213, 216, and 222; Western Planning*

2. PUBLIC INVOLVEMENT

On November 10, 2010, DOI published a Notice of Intent (NOI) to Prepare a SEIS in the *Federal Register*. A second NOI was published on November 16, 2010, which included clerical corrections. Additional public notices were distributed via local newspapers, the U.S. Postal Service, and the Internet. A 45-day scoping comment period, which closed on January 3, 2011, was announced for the NOI. Federal, state, and local governments, along with other interested parties, were invited to send written comments to the Gulf of Mexico OCS Region on the scope of the SEIS. BOEM summarized these comments in Chapter 5.3.2 of the SEIS.

BOEM's predecessor agency, the Bureau of Ocean Energy Management, Regulation and Enforcement (BOEMRE), conducted the scoping process for the SEIS together with scoping for Western Gulf of Mexico Lease Sale 218, which BOEM held on December 14, 2011. BOEMRE held scoping meetings in Louisiana, Texas, and Alabama, and accepted oral and written comments in response to the NOI. BOEM received comments from Federal, state, and local government agencies; interest groups; industry; other non-energy businesses; the Seminole Tribe of Florida; and the general public on the scope of the SEIS, significant issues and resources that should be addressed, alternatives that should be considered, and mitigation measures. BOEM considered all scoping comments in the preparation of the SEIS.

The U.S. Environmental Protection Agency (EPA) published a Notice of Availability (NOA) in the *Federal Register* on July 1, 2011, to start the public review and comment period on the Draft 2012 SEIS. In accordance with then 30 CFR 256.26 (now codified at 30 CFR 556.56), BOEMRE scheduled public hearings soliciting comments on the Draft SEIS. The hearings provided an opportunity to obtain information and comments from interested parties to help in the evaluation of potential effects of the proposed lease sale. An announcement of the dates, times, and locations of the public hearings was included in the NOA for the Draft SEIS. A copy of the public hearing notices was included with the Draft SEIS that was mailed to the parties listed in Chapter 5.4 of the Draft SEIS, was posted on the Bureau's Internet website (<http://www.boem.gov/BOEM-Newsroom/Press-Releases/index.aspx>), and was published in local newspapers. BOEM addressed all substantive comments received in the preparation of the 2012 SEIS.

On January 20, 2012, EPA published an NOA of the Final SEIS in the *Federal Register*. BOEM received four comments on the Final SEIS, which are summarized below.

Louisiana Department of Natural Resources – In a letter dated March 2, 2012, from the Louisiana Department of Natural Resources (LADNR) provided the following comments: (1) BOEM has too often relied on qualitative assessment and unsubstantiated projections to reach its conclusions; (2) quantifiable data are required before BOEM can draw defensible conclusions regarding appropriate mitigation that adequately offsets

direct, indirect, and cumulative impacts associated with the OCS lease sale; (3) LADNR believes that the act of conducting OCS lease sales does result in adverse impacts to coastal resources and that these impacts are not currently being adequately and appropriately addressed or mitigated; (4) LADNR continues to maintain that an aggregate approach to mitigation is necessary to account for direct, indirect, and cumulative impacts of all prior and future lease sales and that BOEM is the responsible agency to undertake this accounting; and (5) LADNR urges BOEM to continue to more thoroughly evaluate and provide documentation of its procedures and methods by which impact assessments are derived, as it is imperative that fair and objective impact evaluations be conducted regarding all OCS lease sale activities.

West Florida Regional Planning Council – In a letter dated February 2, 2012, the West Florida Regional Planning Council commented that, based upon review of the information submitted, the Planning Council staff finds the proposal consistent with the West Florida Strategic Regional Policy Plan and has no additional comments.

Oceana, Center for Biological Diversity, Defenders of Wildlife, and the Southern Environmental Law Center – In a joint letter dated March 5, 2012, these organizations commented that in their opinion, the analysis continues to rely on a flawed methodology for oil-spill risk analysis; the analysis continues to exclude reasonable alternatives to the proposed lease sale; the analysis of the No Action Alternative to the proposed action is flawed; the analysis tiers to outdated, inaccurate information in prior NEPA documents; the analysis includes pervasive and crippling data gaps; the analysis does not fully assess climate change impacts from the proposed lease sale; and the analysis does not account for significant shortcomings in the oil industry's spill cleanup and response capabilities. These organizations stated their opinion that BOEM must significantly modify and strengthen the Final SEIS before issuing a Record of Decision and/or conducting the proposed lease sale.

USAcitizen1 – In an email dated January 21, 2012, USAcitizen1 stated opposition to the lease sales on the grounds that it is time to nationalize oil production and move to energy that is not so harmful to life on earth.

BOEM seriously considered the comments submitted on the Final SEIS and concluded that the comments did not offer any new information that would have changed the conclusions made in the SEIS. The SEIS evaluated information that has become available since completion of the Multisale EIS and the previous 2009-2012 SEIS. No new significant impacts were identified for routine or accidental events associated with CPA Lease Sale 216/222 that were not already assessed in the Multisale EIS and the 2009-2012 SEIS; therefore, the SEIS does not alter the conclusions of the kinds, levels, or locations of impacts described in those documents. BOEM's analysis and risk assessment account for the significant reforms that DOI has implemented since the *Deepwater Horizon* blowout and oil spill, which have improved the safety and environmental protection of the OCS. These reforms have advanced the safety of offshore drilling to reduce the risk of another loss of well control in our oceans, as well as the ability of both government and industry to effectively respond to a blowout and spill.

While offshore oil and gas exploration and development will never be risk free, these activities can be conducted safely and responsibly, with appropriate measures to protect human safety and the environment.

3. ALTERNATIVES FOR PROPOSED CPA LEASE SALE 216/222

The following alternatives were included for analysis in the Multisale EIS and the 2009-2012 SEIS and are described in detail in the SEIS.

Alternative A—The Proposed Action: This is BOEM's preferred alternative. This alternative would offer for lease all unleased blocks within the CPA for oil and gas operations, except for the following:

- (1) blocks that were previously included within the Gulf of Mexico's Eastern Planning Area and are within 100 miles (mi) (161 kilometers [km]) of the Florida coast;
- (2) blocks east of the Military Mission line (86 degrees, 41 minutes West longitude) under an existing moratorium until 2022, as a result of the Gulf of Mexico Energy Security Act of 2006 (December 20, 2006);
- (3) blocks that are beyond the United States Exclusive Economic Zone in the area known as the northern portion of the Eastern Gap; and
- (4) any whole and partial blocks that lie within the former Western Gap and are within 1.4 nautical miles (nmi) north of the continental shelf boundary between the U.S. and Mexico.

The proposed CPA lease sale area encompasses about 63 million acres. Approximately 38.6 million acres (61%) of the proposed CPA lease sale area are currently unleased. The estimated amount of resources projected to be developed as a result of proposed CPA Lease Sale 216/222 is 0.801-1.624 billion barrels of oil (BBO) and 3.332-6.560 trillion cubic feet (Tcf) of gas.

Alternative B—The Proposed Action Excluding the Unleased Blocks Near Biologically Sensitive Topographic Features: This alternative would offer for lease all unleased blocks in the CPA, as described for the proposed action (Alternative A), with the exception of any unleased blocks subject to the Topographic Features Stipulation, which is designed to offer additional environmental protections in these areas, if they are leased.

Alternative C—The Proposed Action Excluding the Unleased Blocks within 15 Miles of the Baldwin County, Alabama, Coast: This alternative would offer for lease all unleased blocks in the CPA, as described for the proposed action (Alternative A), with the exception of any unleased blocks within 15 mi (24 km) of the Baldwin County, Alabama, coast.

Alternative D—No Action: This alternative would cancel the proposed CPA lease sale. The opportunity for development of the estimated 0.801-1.624 BBO and 3.332-6.560 Tcf of gas that could have resulted from this proposed CPA lease sale would be precluded or

postponed. Any potential environmental impacts resulting from the proposed CPA lease sale would not occur or would be postponed to a later CPA lease sale. This is also analyzed in the EIS for the Five-Year Program on a nationwide programmatic level.

Alternatives Considered but Not Analyzed

Alternatives to Areawide Leasing – The Multisale EIS forecasted a future analysis for Use of a Nomination and Tract Selection Leasing System Alternative for both a Western Planning Area and CPA proposed lease sale. Since the publication of the Multisale EIS, BOEM has commissioned a study of leasing policy alternatives that may serve to further the many goals of the Outer Continental Shelf Lands Act (OCSLA). The study evaluated different leasing options, some pertaining to the alternative size of areas offered for leasing and some pertaining to alternative lease terms and conditions. Options for alternative sizes included areawide annual, half the areawide annual, or 5% of areawide as a proxy for nomination scale. Options for alternative lease terms and conditions included different royalty rates, minimum bid or rental amounts, profit shares, work commitments, multi-round bidding, and shorter primary terms. No combination of options was found superior to the current system on all performance measures. The performance measures against which the alternatives were evaluated included expeditious and orderly development of resources, fair return for leased resources, promotion of competition, equitable sharing of the costs and benefits of offshore leasing, facilitation of regional planning, minimizing environmental risks, and maximizing social value.

In January 2010, BOEMRE modified the original contract for the study to have an additional scenario (growth in resource size from the most current estimates combined with effective tax rates at half the nominal level) run through the original contractor's model. This additional work was delivered to BOEMRE in December 2010 (Opaluch et al., 2011). Major results in both versions of the study generally confirm the anticipated tradeoffs between fiscal revenue and production, and the results indicate that, in the long run, reduced sale sizes would sacrifice substantial activity for increased high bids but would generate little or no fiscal gain because the loss and delay of royalty, rental, and tax revenues would offset the higher bonus promised by nomination and tract selection relative to areawide leasing. The study also found that negative effects on spending and jobs in coastal States exceed the increase in environmental costs associated with areawide leasing relative to nomination tract-selection sale sizes. Informed by this study and other analyses, BOEM has chosen to test an option of higher minimum bids, which would more simply and directly serve some of the same purposes as tract nomination sales without the problems raised by administrative actions to reduce sale sizes or numbers.

BOEM first implemented a higher minimum bid for deep-water tracts in Western GOM Lease Sale 218, which attracted strong industry interest. Pending evaluation of leasing results under the recently increased minimum bid, along with the regulatory changes recently implemented, BOEM believes that it is not appropriate to include the Use of a Nomination and Tract Selection Leasing System Alternative in the SEIS.

4. ENVIRONMENTALLY PREFERABLE ALTERNATIVE

BOEM has identified Alternative D, defined as the No Action Alternative in the 2012 SEIS, as the environmentally preferable alternative.

5. ENVIRONMENTAL AND SOCIOECONOMIC IMPACTS

BOEM has reexamined the analysis presented in the Multisale EIS and the 2009-2012 SEIS based on the additional information available since the *Deepwater Horizon* explosion and oil spill. The full analyses of the potential impacts of routine activities and accidental events associated with the proposed action and the proposed action's incremental contribution to the cumulative impacts are described in the 2012 SEIS. The potential impacts from the CPA proposed action on each environmental and socioeconomic resource and the conclusions of the analyses are summarized below.

For the following resources, BOEM's subject-matter experts determined that there is incomplete or unavailable information that is relevant to reasonably foreseeable significant adverse impacts. However, BOEM determined that the incomplete or unavailable information is not essential to a reasoned choice among alternatives.

- Air Quality
- Water Quality (Coastal and Offshore)
- Coastal Barrier Beaches and Associated Dunes
- Wetlands
- *Sargassum*
- Chemosynthetic and Nonchemosynthetic Deepwater Benthic Communities
- Alabama, Choctawhatchee, St. Andrew, and Perdido Key Beach Mice
- Recreational Fishing
- Recreational Resources
- Archaeological Resources (Historic and Prehistoric)
- Land Use and Coastal Infrastructure
- Economic Factors
- Soft Bottoms

For the following resources, BOEM's subject-matter experts determined that certain incomplete or unavailable information could not be obtained within the timeline of the 2012 SEIS, regardless of cost, and applied scientifically credible information that was available using accepted scientific methodologies.

- Seagrass Communities
- Live Bottoms (Pinnacle Trend and Low Relief)
- Topographic Features
- Marine Mammals
- Sea Turtles
- Coastal and Marine Birds
- Gulf Sturgeon
- Fish Resources and Essential Fish Habitat
- Commercial Fishing
- Environmental Justice
- Diamondback Terrapins

Air Quality: Emissions of pollutants into the atmosphere from the routine activities associated with the CPA proposed action are projected to have minimal impacts to onshore air quality because of the prevailing atmospheric conditions, emission heights, emission rates, and the distance of these emissions from the coastline, and are expected to be well within the National Ambient Air Quality Standards. While regulations are in place to reduce the risk of impacts from hydrogen sulfide (H₂S) and while no H₂S-related deaths have occurred on the OCS, accidents involving high concentrations of H₂S could result in deaths and injuries as well as environmental damage. Such emissions from routine activities and accidental events associated with the CPA proposed action are not expected to have concentrations that would change onshore air quality classifications.

Water Quality (Coastal and Offshore): Impacts from routine activities associated with the CPA proposed action would be minimal if all existing regulatory requirements are met. Coastal water impacts associated with routine activities include increases in turbidity resulting from pipeline installation and navigation canal maintenance, discharges of bilge and ballast water from support vessels, and run-off from shore-based facilities. Offshore water impacts associated with routine activities result from the discharge of drilling muds and cuttings, produced water, residual chemicals used during workovers, structure installation and removal, and pipeline placement. The discharge of drilling muds and cuttings causes temporary increased turbidity and changes in sediment composition. The discharge of produced water results in increased concentrations of some metals, hydrocarbons, and dissolved solids within an area of about 100 meters (m) (328 feet (ft)) adjacent to the point of discharge. Structure installation and removal and pipeline placement disturb the sediments and cause increased turbidity. In addition, offshore water impacts result from supply and service-vessel bilge and ballast water discharges.

Coastal Barrier Beaches and Associated Dunes: Routine activities in the CPA such as increased vessel traffic, maintenance dredging of navigation canals, and pipeline installation would cause negligible impacts and would not deleteriously affect barrier beaches and associated dunes. Indirect impacts from routine activities are negligible and indistinguishable from direct impacts of onshore activities. The potential impacts from accidental events, primarily oil spills, associated with the CPA proposed action are anticipated to be minimal.

Wetlands: Routine activities in the CPA, such as pipeline emplacement, navigational channel use, maintenance dredging, disposal of OCS wastes, and construction and maintenance of OCS support infrastructure in coastal areas are expected to result in low impacts. Indirect impacts from wake erosion and saltwater intrusion are expected to result in low impacts that are indistinguishable from direct impacts from inshore activities. The potential impacts from accidental events, primarily oil spills, are anticipated to be minimal.

Seagrass Communities: Turbidity impacts from pipeline installation and maintenance dredging associated with the CPA proposed action would be temporary and localized. The increment of impacts from service-vessel transit associated with the CPA proposed action would be minimal. Should an oil spill occur near a seagrass community, impacts from the spill and cleanup would be considered short term in duration and minor in scope. Close monitoring and restrictions on the use of bottom-disturbing equipment to clean up the spill would be needed to avoid or minimize those impacts.

Live Bottoms (Pinnacle Trend and Low Relief): The combination of its depth (200-400 ft; 60-120 m), separation from sources of impacts as mandated by the Live Bottom (Pinnacle Trend and Low Relief) Stipulation, case-by-case reviews of the seafloor for any proposed activity, and a community adapted to sedimentation makes damage to the ecosystem unlikely from routine activities associated with the CPA proposed action. In the unlikely event that oil from a subsurface spill would reach the biota of these communities, the effects would be primarily sublethal for adult sessile biota and there would be limited incidences of mortality.

Topographic Features: The routine activities associated with the CPA proposed action that would impact topographic feature communities include anchoring, infrastructure and pipeline emplacement, infrastructure removal, drilling discharges, and produced-water discharges. However, adherence to the proposed Topographic Features Stipulation would make damage to the ecosystem unlikely. Contact with accidentally spilled oil would cause lethal and sublethal effects in benthic organisms, but the oiling of benthic organisms is not likely because of the small area of the banks, the scattered occurrence of spills, the depth of the features, and because the proposed Topographic Features Stipulation would keep subsurface sources of spills away from the immediate vicinity of topographic features.

Sargassum: The impacts to *Sargassum* that are associated with the CPA proposed action are expected to have only minor effects to a small portion of the *Sargassum* community as a whole. The *Sargassum* community lives in pelagic waters with generally high water quality and would be resilient to the minor effects predicted. It has a yearly cycle that promotes quick recovery from impacts. No measurable impacts are expected to the overall population of the *Sargassum* community from the CPA proposed action.

Chemosynthetic and Nonchemosynthetic Deepwater Benthic Communities:

Chemosynthetic and nonchemosynthetic communities are susceptible to physical impacts from structure placement, anchoring, and pipeline installation associated with the CPA proposed action. However, the provisions of Notice to Lessees and Operators (NTL) 2009-G40 greatly reduce the risk of these physical impacts by clarifying avoidance of potential chemosynthetic communities and by consequence avoidance of other hard-bottom communities, as required. Even in situations where substantial burial of typical benthic infaunal communities occurred, recolonization from populations from widespread, neighboring, soft-bottom substrate would be expected over a relatively short period of time for all size ranges of organisms. Potential accidental events associated with the CPA proposed action are expected to cause little damage to the ecological function or biological productivity of the widespread, low-density chemosynthetic communities and the widespread, typical, deep-sea benthic communities.

Marine Mammals: Potential effects on marine mammal species may occur from routine activities associated with the CPA proposed action and may be direct or indirect. Routine events related to the CPA proposed action, particularly when mitigated as required by BOEM, are not expected to have long-term adverse effects on the size and productivity of any marine mammal species or populations in the northern Gulf of Mexico. Characteristics of impacts from accidental events depend on chronic or acute exposure, resulting in harassment, harm, or mortality to marine mammals, while exposure to hydrocarbons persisting in the sea following the dispersal of a large oil slick may result in sublethal impacts (e.g., decreased health, reproductive fitness, and longevity; and increased vulnerability to disease) to marine mammals.

Sea Turtles: Routine activities resulting from the CPA proposed action have the potential to harm sea turtles, although this potential is unlikely to rise to a level of significance due to the activity already present in the Gulf of Mexico and mitigations that are in place. Accidental events associated with the CPA proposed action have the potential to impact small to large numbers of sea turtles. Populations of sea turtles in the northern Gulf of Mexico would be exposed to residuals of oils spilled as a result of the CPA proposed action during their lifetimes. While chronic or acute exposure from accidental events may result in the harassment, harm, or mortality to sea turtles, in most foreseeable cases, exposure to hydrocarbons persisting in the sea following the dispersal of an oil slick are expected to most often result in sublethal impacts (e.g., decreased health and/or reproductive fitness and increased vulnerability to disease) to sea turtles.

Alabama, Choctawhatchee, St. Andrew, and Perdido Key Beach Mice: An impact from the consumption of beach trash and debris associated with the CPA proposed action on the Alabama, Choctawhatchee, St. Andrew, and Perdido Key beach mice is possible but unlikely. While potential spills that could result from the CPA proposed action are not expected to contact beach mice or their habitats, large-scale oiling of beach mice could result in extinction, and if not properly regulated, oil-spill response and cleanup activities could have a significant impact to the beach mice and their habitat.

Coastal and Marine Birds: The majority of effects resulting from routine activities associated with the CPA proposed action on listed endangered/threatened and nonendangered/nonthreatened coastal and marine birds are expected to be sublethal. These effects include behavioral effects, exposure to or intake of OCS-related contaminants or discarded debris, temporary disturbances, and displacement of localized groups from impacted habitats. Impacts from potential oil spills associated with the CPA proposed action and oil-spill cleanup on birds are expected to be negligible; however, small amounts of oil can affect birds, and there are possible delayed impacts on their food supply.

Gulf Sturgeon: Routine activities in the CPA such as the installation of pipelines, maintenance dredging, potential vessel strikes, and nonpoint-source runoff from onshore facilities would cause negligible impacts and would not deleteriously affect Gulf sturgeon. Indirect impacts from routine activities to inshore habitats are negligible and indistinguishable from direct impacts of inshore activities. The potential impacts from accidental events, mainly oil spills, associated with the CPA proposed action, are anticipated to be minimal. Because of the floating nature of oil and the small tidal range of the Gulf of Mexico, oil spills alone would typically have very little impact on benthic feeders such as the Gulf sturgeon.

Fish Resources and Essential Fish Habitat: Fish resources and essential fish habitat (EFH) could be impacted by coastal environmental degradation, marine environmental degradation, pipeline trenching, and offshore discharges of drilling discharges and produced waters associated with routine activities. The impact of coastal and marine environmental degradation is expected to cause an undetectable decrease in fish resources or in essential fish habitat. Impacts of routine discharges are localized in time and space and are regulated by USEPA permits and would have minimal impact. Accidental events that could impact fish resources and EFH include blowouts and oil or chemical spills. If spills due to the CPA proposed action were to occur in open waters of the OCS proximate to mobile adult finfish or shellfish, the impacts of the spill would depend on the amount spilled, the areal extent of the spill, the distance of the spill from estuaries, and the type and toxicity of oil spilled. Much of the extent of damage to fish populations would be reduced due to the capability of adult fish to avoid the area of a spill.

Commercial Fishing: Routine activities in the CPA, such as seismic surveys and pipeline trenching, would cause negligible impacts and would not deleteriously affect commercial fishing activities. Indirect impacts from routine activities to inshore habitats are negligible and indistinguishable from direct impacts of inshore activities on commercial

fisheries. The potential impacts from accidental events such as a well blowout or an oil spill associated with the CPA proposed action are anticipated to be minimal. Commercial fishermen are anticipated to avoid the area of a well blowout or an oil spill. Large spills may impact commercial fisheries by area closures. The extent of impact depends on the areal extent and length of the closure. The impact of spills on catch or value of catch would depend on the volume and location (i.e., distance from shore) of a spill, as well as the physical properties of the oil spilled.

Recreational Fishing: There could be minor and short-term, space-use conflicts with recreational fishermen during the initial phases of the CPA proposed action. The CPA proposed action could also lead to low-level environmental degradation of fish habitat, which would also negatively impact recreational fishing activity. However, these minor negative effects would be offset by the beneficial role that oil platforms serve as artificial reefs for fish populations. An oil spill would likely lead to recreational fishing closures in the vicinity of the oil spill. Except for a catastrophic spill such as the *Deepwater Horizon*, oil spills should not affect recreational fishing to a large degree due to the likely availability of substitute fishing sites in neighboring regions.

Recreational Resources: Routine OCS actions in the CPA can cause minor disturbances to recreational resources, particularly beaches, through increased levels of noise, debris, and rig visibility. Oil spills most likely to result from the CPA proposed action would be small, of short duration, and not likely to impact Gulf Coast recreational resources. Should an oil spill occur and contact a beach area or other recreational resource, it would cause some disruption during the impact and cleanup phases of the spill. Except for a catastrophic spill such as the *Deepwater Horizon*, these effects are likely to be small in scale and of short duration.

Archaeological Resources (Historic and Prehistoric): The greatest potential impact to an archaeological resource as a result of routine activities associated with the CPA proposed action would result from direct contact between an offshore activity (e.g., platform installation, drilling rig emplacement, and dredging or pipeline project) and a historic or prehistoric site. The archaeological survey and archaeological clearance of sites required prior to an operator beginning oil and gas activities on a lease are expected to be highly effective at identifying possible offshore archaeological sites; however, should such contact occur, there would be damage to or loss of significant and/or unique archaeological information. It is expected that coastal archaeological resources would be protected through the review and approval processes of the various Federal, State, and local agencies involved in permitting onshore activities.

It is not very likely that accidental events, such as a large oil spill, associated with the CPA proposed action would occur and contact coastal prehistoric or historic archaeological sites. Should a spill contact a prehistoric archaeological site, damage might include loss of radiocarbon-dating potential, direct impact from oil-spill cleanup equipment, and/or looting resulting in the irreversible loss of unique or significant archaeological information. The major effect from an oil-spill impact on coastal historic

archaeological sites would be visual contamination, which would be temporary and reversible.

Land Use and Coastal Infrastructure: The CPA proposed action would not require additional coastal infrastructure, with the exception of possibly one new gas processing facility and one new pipeline landfall, and it would not alter the current land use of the analysis area. The existing oil and gas infrastructure is expected to be sufficient to handle development associated with the CPA proposed action. There may be some expansion at current facilities, but the land in the analysis area is sufficient to handle such development. There is also sufficient land to construct a new gas processing plant in the analysis area, should it be needed. Accidental events such as oil or chemical spills, blowouts, and vessel collisions would have no effects on land use. Coastal or nearshore spills, as well as vessel collisions, could have short-term adverse effects on coastal infrastructure, requiring the cleanup of any oil or chemicals spilled.

Demographics: The CPA proposed action is projected to affect the demography of the analysis area minimally. Population impacts from the CPA proposed action are projected to be minimal (<1% of total population) for any economic impact area in the Gulf of Mexico region. The baseline population patterns and distributions, as projected and described in Chapter 3.3.5.4 of the Multisale EIS, are expected to remain unchanged as a result of the CPA proposed action. The increase in employment is expected to be met primarily with the existing population and available labor force, with the exception of some in-migration (some of whom may be foreign), which is projected to move into focal areas such as Port Fourchon, Louisiana. Accidental events associated with the CPA proposed action, such as oil or chemical spills, blowouts, and vessel collisions, would have likely no effects on the demographic characteristics of the Gulf Coast communities.

Economic Factors: The CPA proposed action is expected to generate less than a 1 percent increase in employment in any of the coastal subareas, even when the net employment impacts from accidental events are included. Most of the employment related to the CPA proposed action is expected to occur in Louisiana. The demand would be met primarily with the existing population and labor force.

Environmental Justice: Environmental justice implications arise indirectly from onshore activities conducted in support of OCS exploration, development, and production. Because the onshore infrastructure support system for OCS-related industry (and its associated labor force) is highly developed, widespread, and has operated for decades within a heterogeneous Gulf of Mexico population, the CPA proposed action is not expected to have disproportionately high or adverse environmental or health effects on minority or low-income people. The CPA proposed action would help to maintain ongoing levels of activity rather than expand them. With the exception of a catastrophic accidental event, such as the *Deepwater Horizon* explosion and oil spill, the impacts of oil spills, vessel collisions, and chemical/drilling fluid spills are not likely to be of sufficient duration to have adverse and disproportionate long-term effects for low-income and minority communities in the analysis area.

Soft Bottoms: The routine activities associated with the CPA proposed action that would impact soft bottoms generally occur within a few hundred meters of platforms, and the greatest impacts are seen close to the platform communities. Although localized impacts to comparatively small areas of the soft-bottom benthic habitats would occur, the impacts would be on a relatively small area of the seafloor compared with the overall area of the seafloor of the CPA (268,922 square kilometers; 103,831 square miles). The CPA proposed action is not expected to adversely impact the entire soft-bottom environment because the local impacted areas are extremely small compared with the entire seafloor of the Gulf of Mexico.

Diamondback Terrapins: The routine activities of the CPA proposed action are unlikely to have significant adverse effects diamondback terrapins. Impacts on diamondback terrapins from smaller accidental events are likely to affect individual diamondback terrapins in the spill area, but are they unlikely to rise to the level of population effects (or significance) given the probable size and scope of such spills. Due to the distance of most terrapin habitat from offshore OCS-energy-related activities, impacts associated with activities occurring as a result of the CPA proposed action are not expected to impact terrapins or their habitat.

6. MITIGATION

The NEPA process is intended to help public officials make decisions that are based on an understanding of environmental consequences of a proposed Federal action and its alternatives and to take actions that protect, restore, and enhance the environment.

Lease stipulations included for analysis in the 2012 SEIS were developed as the result of scoping efforts over a number of years for the continuing OCS Program in the Gulf of Mexico. Several lease stipulations are proposed for CPA Lease Sale 216/222 that were evaluated in the 2012 SEIS as potential mitigation measures including: the Topographic Features Stipulation; the Live Bottom (Pinnacle Trend and Low Relief) Stipulation; the Military Areas Stipulation; the Evacuation Stipulation; the Coordination Stipulation; the Blocks South of Baldwin County, Alabama, Stipulation; and the Protected Species Stipulation. These mitigation measures are summarized below.

Topographic Features Stipulation – The Topographic Features Stipulation protects the biota of the topographic features from adverse effects due to routine oil and gas activities, including physical damage from anchoring and rig emplacement and the potential toxic and smothering effects from muds and cuttings discharges. The Topographic Features Stipulation has been included in leases since 1973 and has effectively prevented damage to the biota of these banks from routine oil and gas activities. Monitoring studies have demonstrated that the shunting requirements of the stipulation are effective in preventing the drilling mud and cuttings from impacting the biota of the banks. The topographic highs on and near these blocks are often associated with salt domes, which are attractive areas for hydrocarbon exploration. Blocks with the topographic features have been offered for lease with a stipulation that has proven effective in protecting sensitive biological resources.

Live Bottom (Pinnacle Trend and Low Relief) Stipulation – The Live Bottom (Pinnacle Trend) Stipulation covers a small portion of the northeastern CPA lease sale area that is characterized by a pinnacle trend, which is classified as a live bottom under the stipulation. The Live Bottom (Low Relief) Stipulation defines low-relief areas as seagrass communities, areas that contain biological assemblages consisting of sessile invertebrates living upon and attached to naturally occurring hard or rocky formations with rough, broken, or smooth topography, as well as areas where a hard substrate and vertical relief may favor the accumulation of turtles, fish, or other fauna. BOEM developed the stipulation to protect biological resources in the Pinnacle Trend and low relief in response to concerns that disturbing any of the series of topographic irregularities might adversely affect biological communities that have developed on the surfaces of the features and that might affect the habitat they provide for pelagic fishes. The stipulation requires avoidance of the features during the placement of oil and gas structures and the laying of pipelines. The stipulation has been adopted in CPA lease sales since 1990 and has been effective in protecting the features and resident biological communities from damage.

Military Areas Stipulation – The Military Areas Stipulation has been applied to all blocks leased in military areas since 1977 and reduces potential impacts, particularly with regard to safety. However, the stipulation does not reduce or eliminate the actual physical presence of oil and gas operations in areas where military operations are conducted. The stipulation contains a “hold harmless” clause (holding the U.S. Government harmless in case of an accident involving military operations) and requires lessees to coordinate their activities with appropriate local military contacts.

Evacuation Stipulation – The Evacuation Stipulation would apply to any lease in the easternmost portion of the CPA lease sale area. This stipulation was developed in consultation with the U.S. Department of Defense to address specific potential use conflict issues between oil and gas operations and military operations in the Gulf of Mexico. An evacuation stipulation has been applied to all blocks leased in this area since 2001. This stipulation would provide for the evacuation of personnel and the shut-in of operations during any events conducted by the military that could pose a danger to ongoing oil and gas operations. It is expected that these measures would serve to eliminate dangerous conflicts between oil and gas operations and military operations.

Coordination Stipulation – The Coordination Stipulation would apply to any lease in the easternmost portion of the CPA lease sale area. This stipulation was developed in consultation with the U.S. Department of Defense to address specific potential use conflict issues between oil and gas operations and military operations in the Gulf of Mexico. The coordination stipulation has been applied to all blocks leased in this area since 2001. This stipulation would provide for the review of pending oil and gas operations by military authorities, and it could result in delaying oil and gas operations if military activities have been scheduled in the area that may put oil and gas operations, equipment, and personnel at risk.

Blocks South of Baldwin County, Alabama, Stipulation – The Blocks South of Baldwin County, Alabama, Stipulation would be included only on leases south of and within 15 mi (24 km) of Baldwin County, Alabama. For several years, the Governor of Alabama has expressed opposition to new leasing south and within 15 mi (24 km) of Baldwin County, but has requested that, if the area is offered for lease, a lease stipulation to reduce the potential for visual impacts be applied to all new leases in this area. Prior to the decision in 1999 on the Final Notice of Sale for Sale 172, the Gulf of Mexico OCS Regional Director, in consultation with the Geological Survey of Alabama/State Oil and Gas Board, developed a lease stipulation to be applied to any new leases within the 15-mi (24-km) area to mitigate potential visual impacts. The stipulation specifies requirements for consultation that lessees must follow when developing plans for fixed structures. The Blocks South of Baldwin County, Alabama, Stipulation has been continually adopted in annual CPA lease sales since 1999.

Protected Species Stipulation – The Protected Species Stipulation has been applied to all blocks leased in the Gulf of Mexico since December 2001. This stipulation was developed in consultation with the U.S. Department of Commerce, National Oceanic and Atmospheric Administration (NOAA), National Marine Fisheries Service (NMFS), and the U.S. Department of the Interior, Fish and Wildlife Service (FWS) in accordance with Section 7 of the Endangered Species Act and is designed to minimize or avoid potential adverse impacts to Federally protected species.

Mitigating measures in the form of lease stipulations are added to the lease terms and are therefore enforceable as part of the lease. In addition, each exploration and development plan, as well as any pipeline applications that may result from the proposed CPA lease sale, will undergo a NEPA review, and additional project-specific mitigating measures are routinely applied as conditions of plan approval. BOEM has the authority to monitor operators' compliance with these conditions and to refer violations to the Bureau of Safety and Environmental Enforcement (BSEE), which has the authority to inspect operations and enforce the conditions of any lease terms, including stipulations, as well as the conditions of plan or permit approvals and other measures. Also, under 30 CFR 250 Subpart N, BSEE may seek penalties or other remedies against any lessee or any operator that fails to comply with the conditions of a lease, including any stipulations.

Existing Mitigating Measures - There are mitigating measures that have been proposed, identified, evaluated, or developed through previous lease sale NEPA review and analysis. Many of these mitigating measures have been adopted and incorporated into regulations and/or guidelines governing OCS exploration, development, and production activities. All plans for OCS activities (e.g., exploration and development plans, pipeline applications, and structure-removal applications) go through rigorous BOEM review to ensure compliance with established laws and regulations. Existing mitigating measures must be incorporated and documented in plans submitted to BOEM. Operational compliance of these mitigating measures is now enforced through BSEE's Environmental Enforcement Division (e.g., onsite inspection program and through review of as-built records) during and after completion of operations.

Mitigating measures are a standard part of BOEM's program to ensure that the operations are conducted in an environmentally sound manner (with an emphasis on minimizing any adverse impact of routine operations on the environment). For example, mitigating measures ensure site clearance procedures that eliminate potential snags to commercial fishing nets and that, as appropriate, may require surveys to detect and avoid archaeological sites and biologically sensitive areas such as pinnacles, topographic features, and chemosynthetic communities.

Some mitigating measures are applied to OCS operations through cooperative agreements or efforts with industry and various state and Federal agencies. These mitigating measures include NMFS's Observer Program to protect marine mammals and sea turtles during explosive removals, labeling operational supplies to track possible sources of debris or equipment loss, development of methods of pipeline landfall to eliminate impacts to beaches or wetlands, and beach cleanup events.

Site-specific mitigating measures are also applied by BOEM or BSEE, as appropriate, during plan and permit reviews. Many of these site-specific mitigating measures are being required frequently, so a list of "standard" mitigating measures was developed. There are currently over 120 standard mitigating measures. The wording of a standard mitigation is developed by BOEM or BSEE in advance and may be applied whenever conditions warrant. Standard mitigation text is revised as often as is necessary (e.g., to reflect changes in regulatory citations, agency/personnel contact numbers, and internal policy). Site-specific mitigation "categories" include the following: air quality; archaeological resources; artificial reef material; chemosynthetic communities; Flower Garden Banks; topographic features; hard bottoms/pinnacles; military warning areas and Eglin Water Test Areas; hydrogen sulfide; drilling hazards; remotely operated vehicle surveys; geophysical survey reviews; and general safety concerns. Site-specific mitigation "types" include the following: advisories; conditions of approval; hazard survey reviews; inspection requirements; notifications; post-approval submittals, and safety precautions. In addition to standard mitigating measures, BOEM or BSEE may also apply nonrecurring mitigating measures that are developed on a case-by-case basis. Therefore, BOEM has adopted all practicable means to avoid or minimize environmental harm from the selected alternatives at the lease sale stage. Additional mitigating measures that are determined on a case-by-case basis to be appropriate at the plan review stage and at the permitting stage may also be adopted.

BOEM and BSEE continually evaluate the effectiveness of mitigating measures. A primary focus of this effort is requiring post-approval submittal of information to BOEM within a specified timeframe after a triggering event that is tracked by BSEE (e.g., end of operations reports for plans, construction reports for pipelines, and removal reports for structure removals). BSEE, through its Environmental Enforcement Program, will be responsible for environmental inspection and enforcement and ensuring evaluation of the effectiveness of mitigating measures and environmental monitoring programs and take enforcement actions to ensure industry compliance with required mitigation.

7. CONSULTATION AND COORDINATION

Coastal Zone Management Act

The CPA proposed action is considered to have reasonably foreseeable coastal effects in the coastal zone and is subject to a Federal Consistency Determination (CD). A consistency review was performed and CD's for the affected States of Louisiana, Mississippi, Alabama, and Florida were prepared prior to proposed CPA Lease Sale 216/222. BOEM reviewed each state's Coastal Management Plan (CMP) and analyzed the potential impacts as outlined in the 2012 SEIS, new information, and applicable studies as they pertain to the enforceable policies of each CMP. The Coastal Zone Management Act (CZMA) requires that Federal actions that are reasonably likely to affect any land or water use or natural resource of the coastal zone be "consistent to the maximum extent practicable" with relevant enforceable policies of the state's federally approved coastal management program (15 CFR 930 Subpart C).

Based on the analyses, BOEM's Director made an assessment of consistency, which was sent to each state. On March 2, 2012, the State of Louisiana reviewed the CD and the 2012 SEIS and determined that the CPA lease sale, as proposed, was consistent with the Louisiana Coastal Resources Program. By letter dated March 7, 2012, the State of Florida stated it does not object to the consistency determination for the proposed lease sale. No response, or request for an extension, was received from the States of Mississippi or Alabama on or before the due date of March 8, 2012; therefore, concurrence is presumed for the States of Mississippi and Alabama.

Endangered Species Act of 1973

The Endangered Species Act of 1973 as amended (ESA) (16 U.S.C. 1631 et seq.), established a national policy designed to protect and conserve threatened and endangered species and the ecosystems upon which they depend.

The ESA formal consultation with NMFS for the proposed Gulf of Mexico lease sales in the 2007-2012 Five-Year Program, including proposed CPA Lease Sale 216/222, was concluded with receipt of the Biological Opinion on June 29, 2007. The Biological Opinion concludes that the proposed lease sales and associated activities in the Gulf of Mexico in the 2007-2012 Five-Year Program are not likely to jeopardize the continued existence of threatened and endangered species under NMFS jurisdiction or destroy or adversely modify designated critical habitat.

FWS and the former Minerals Management Service (MMS) consulted informally, per FWS guidance on CPA and WPA lease sales in the 2007-2012 Five-Year Program. On September 14, 2007, MMS received a letter of concurrence from FWS to conclude the informal consultation.

Following the *Deepwater Horizon* explosion and oil spill, BOEMRE requested re-initiation of ESA consultation with both NMFS and FWS on July 30, 2010. NMFS

responded with a letter to BOEMRE on September 24, 2010. FWS responded with a letter to BOEMRE on September 27, 2010. The reinitiated consultations are not complete at this time, although BOEM, as lead agency, and BSEE are in discussions with both agencies. The existing consultations remain in effect until the reinitiated consultations are completed. BOEM and BSEE have finalized an interim coordination program with NMFS and FWS while consultation is ongoing.

On May 19, 2011, NOAA and BOEMRE signed a Memorandum of Understanding to increase and formalize communication and coordination between the two Federal agencies by outlining specific processes to ensure effective and timely communication of agency priorities and upcoming activities and by identifying and undertaking critical environmental studies and analyses and other provisions. BOEM and NOAA also intend to assess the effects of the entire Gulf of Mexico OCS leasing program through ESA Section 7 consultation and incorporate new oil-spill risk assessments prepared and new information that will be available following the *Deepwater Horizon* explosion and oil spill.

With consultation ongoing, BOEM will continue to comply with all Reasonable and Prudent Measures and the Terms and Conditions under the existing consultations, along with implementing the current BOEM-imposed mitigation, monitoring, and reporting requirements. Based on the most recent and best available information at the time, BOEM will also continue to closely evaluate and assess risks to listed species and designated critical habitat in upcoming environmental compliance documentation under NEPA and other statutes.

Magnuson-Stevens Fishery Conservation and Management Act

Pursuant to section 305(b) of the Magnuson-Stevens Fishery Conservation and Management Act, Federal agencies are required to consult with NMFS on any action that may result in adverse effects to EFH. The NMFS published the final rule implementing the EFH provisions of the Magnuson-Stevens Fisheries Conservation and Management Act (50 CFR 600) on January 17, 2002. Certain OCS activities authorized by BOEM may result in adverse effects to EFH, and therefore, require EFH consultation.

The MMS consulted on a programmatic level by letters dated July 1999 and August 1999 to address EFH issues for certain MMS OCS activities (i.e., plans of exploration and production, pipeline rights-of-way, and platform removals). In March 2000, MMS's Gulf of Mexico OCS Region consulted with NMFS's Southeast Regional Office in preparing a NMFS regional finding for the Gulf of Mexico OCS Region that allows BOEM to incorporate the EFH assessments into NEPA documents. The *Gulf of Mexico OCS Oil and Gas Lease Sales: 2003-2007; Central Planning Area Sales 185, 190, 194, 198, and 201; Western Planning Area Sales 187, 192, 196, and 200, Draft Environmental Impact Statement* (USDOJ, MMS, 2002), initiated in September 2001 by MMS, included an EFH consultation starting in March 2002 with NMFS's Southeast Regional Office for the proposed CPA lease sale. NMFS responded in April 2002, endorsing the implementation of resource protection measures previously developed cooperatively by MMS and NMFS

in 1999 to minimize and avoid EFH impacts related to exploration and development activities in the CPA. NMFS made conservation recommendations in addition to the routine measures to protect EFH. In May 2002, MMS responded to NMFS, acknowledging receipt of the additional conservation recommendations and agreed to follow them. These conservation measures are summarized in NTL 2009-G39, including criteria for the avoidance of designated No Activity Zones around topographic features and of live bottom pinnacle features, as well as identification of activities that may require project specific consultation.

Effective January 23, 2006, NMFS modified the identification and descriptions of EFH. One of the most important changes noted in the amendment is the elimination of the EFH description and identification from waters between 100 fathoms (600 ft; 183 m) and the seaward limit of the U.S. Economic Exclusion Zone.

Further programmatic consultation was initiated and completed for the Five-Year Program's lease sales included in the Multisale EIS. NMFS concurred by letter dated December 12, 2006, that the information presented in the 2003-2007 Draft Multisale EIS satisfies the EFH consultation procedures outlined in 50 CFR 600.920 and as specified in NMFS's March 17, 2000, findings. Provided that BOEM's proposed mitigating measures, NMFS's previous EFH conservation recommendations, and the standard lease stipulations and regulations are followed as proposed, NMFS agrees that impacts to EFH and associated fishery resources resulting from activities conducted under the Five-Year Program's lease sales would be minimal. Following the *Deepwater Horizon* explosion and oil spill, NMFS requested a comprehensive review of the existing EFH consultation in its September 24, 2010, response to a BOEMRE July 30, 2010, letter. In light of this request, BOEM and NMFS have had discussions and are working on a new consultation document for the 2012-2017 Multisale EIS. The existing consultation remains in effect until the reinitiated consultations are completed.

National Historic Preservation Act

In accordance with the National Historic Preservation Act (NHPA) (16 U.S.C. 470), Federal agencies are required to consider the effect of their undertakings on historic properties. The implementing regulations for section 106 of the NHPA (16 U.S.C. 470f), issued by the Advisory Council on Historic Preservation (16 CFR 800), specify the required review process. BOEMRE initiated a request for consultation with the affected Gulf Coast States and Tribal Nations on November 12, 2010, via a formal letter. A timeline of 30 days was provided and two responses were received. The State of Louisiana, in a letter to BOEMRE dated December 16, 2010, indicated that no known historic properties will be affected by this undertaking and that consultation regarding the CPA proposed action is not necessary. The Seminole Tribe of Florida-Tribal Historic Preservation Officer (STOF-THPO) responded to BOEMRE's request for consultation on December 6, 2010. The STOF-THPO indicated that there was no objection to the proposed undertaking at this time. The STOF-THPO requested to review the impending remote-sensing survey reports that are to be conducted over the high-probability zones within the project area. Additionally, STOF-THPO requested to be notified if cultural

resources that are potentially ancestral or historically relevant to the Seminole Tribe of Florida are inadvertently discovered at any point during this process. Neither of these responses requested consultation. No further responses were received beyond the 30-day timeline and no further requests for consultation were received.

This Section 106 consultation is concluded at this time. BOEM will continue to impose mitigating measures and monitoring and reporting requirements to ensure that historic properties are not affected by the proposed undertaking. BOEM will reinitiate the consultation process with affected parties should such circumstances warrant further consultation.

8. DECISION

DOI has selected Alternative A, defined as the Proposed Action and preferred alternative in the Central Planning Area Lease Sale 216/222 Supplemental Environmental Impact Statement (SEIS). Specifically, Alternative A offers all available unleased acreage (about 38.6 million acres) in the CPA except:

- (1) blocks that were previously included within the Gulf of Mexico's Eastern Planning Area and are within 100 mi (161 km) of the Florida coast;
- (2) blocks east of the Military Mission line (86 degrees, 41 minutes West longitude) under an existing moratorium until 2022, as a result of the Gulf of Mexico Energy Security Act of 2006 (December 20, 2006);
- (3) blocks that are beyond the United States Exclusive Economic Zone in the area known as the northern portion of the Eastern Gap; and
- (4) whole and partial blocks that lie within the former Western Gap and are within 1.4 nmi north of the continental shelf boundary between the U.S. and Mexico.

BOEM is offering for lease in proposed CPA Lease Sale 216/222 all blocks and partial blocks listed in the document "List of Blocks Available for Leasing" included in the Final Notice of Sale package for proposed CPA Lease Sale 216/222.

Alternative B was not selected because the impacts are expected to be nearly the same as the proposed action. The incremental contribution of the proposed action is expected to be slight, and negative impacts of the Proposed Action compared to alternative B should be largely mitigated by the implementation of the Topographic Features Stipulation and site-specific mitigating measures, the depths of the features, and water currents in the topographic features areas. Alternative B, if adopted, would prevent any oil and gas activity whatsoever (precluding economic benefits) in the blocks containing topographic features.

Alternative C was not selected because the impacts are expected to be nearly the same as the proposed action. Most OCS platforms are at least 10 mi (16 km) from shore. Therefore, the incremental contribution of the proposed action is expected to be slight,

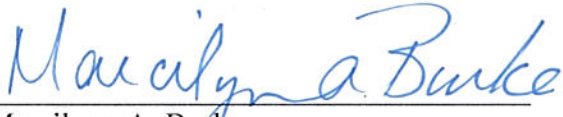
and negative impacts should be restricted by the implementation of the Blocks South of Baldwin County, Alabama, Stipulation. Alternative C, if adopted, would prevent any oil and gas activity whatsoever (precluding economic benefits) in the included blocks.

Alternative D was not selected because BOEM determined that the economic and energy security benefits of exploring and developing the domestic energy resources available in the CPA, including job creation, merit holding a sale in this area. Lost production from cancellation of the sale would likely result in substitution of resources that would also have negative environmental impacts. Moreover, given the long history of exploration and development in this area, as well as significant current activity, the Gulf of Mexico has significant onshore and offshore infrastructure to support oil and gas activity. This infrastructure includes advanced oil spill response capability that has been enhanced since the *Deepwater Horizon* oil spill in accordance with strengthened safety and environmental standards and efforts on the part of industry to comply with new requirements and provide additional resources including, for example, the readiness of equipment necessary to contain a subsea spill.

DOI's selection of the preferred alternative reflects an appropriate balance of orderly resource development with protection of the human, marine, and coastal environments while simultaneously ensuring that the public receives an equitable return for these resources. Notably, the terms of sale will reflect recent administrative reforms to ensure fair return to taxpayers and encourage diligent development. These terms include escalating rental rates to encourage prompt exploration and development of leases, as well as time under the lease if the operator demonstrates a commitment to exploration by drilling a well during the base period. The durational terms of leases are graduated by water depth to account for differences in operating at various water depths. In addition, BOEM recently increased the minimum bid for deep water (≥ 400 m) to \$100 per acre, up from only \$37.50, to ensure that taxpayers receive fair market value for offshore resources and to provide leaseholders with additional impetus to invest in leases that they are more likely to develop.

As described above, the terms of sale also reflect a series of conditions to protect the environment. These conditions include stipulations to protect biologically sensitive resources, mitigate potential adverse effects on protected species, and avoid potential conflicts associated with oil and gas development in the region.

Please indicate your concurrence by signing and dating below:



Marcilynn A. Burke
Acting Assistant Secretary
Land and Minerals Management

Date: 05/09/12

9. REFERENCES

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