Record of Decision for the Gulf of Mexico Outer Continental Shelf Central Planning Area Oil and Gas Lease Sale 247 (December 2016)

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. Under the *Outer Continental Shelf Oil & Gas Leasing Program: 2012-2017* (Five-Year Program), two Gulf of Mexico lease sales were scheduled to be held annually – one in the Western Planning Area (WPA) and one in the CPA. Proposed CPA Lease Sale 247 is the fifth and final lease sale in the CPA under the Five-Year Program and will provide qualified bidders the opportunity to bid on blocks in the Gulf of Mexico OCS in order to explore, develop, and produce oil and natural gas.

The potential environmental effects of this proposed oil and gas lease sale (CPA Lease Sale 247) were also evaluated in the following National Environmental Policy Act (NEPA) documents:

(1) *Gulf of Mexico OCS Oil and Gas Lease Sales: 2012-2017; Western Planning Area Sales 229, 233, 238, 246, and 248; Central Planning Area Lease Sales 227, 231, 235, 241, and 247; Final Environmental Impact Statement* (2012-2017 WPA/CPA Multisale EIS);

(2) *Gulf of Mexico OCS Oil and Gas Lease Sales: 2013-2014; Western Planning Area Lease Sale 233; Central Planning Area Lease Sale 231; Final Supplemental Environmental Impact Statement* (WPA 233/CPA 231 Supplemental EIS);

(3) *Gulf of Mexico OCS Oil and Gas Lease Sales: 2015-2017; Central Planning Area Lease Sales 235, 241, and 247; Final Supplemental Environmental Impact Statement* (CPA 235/241/247 Supplemental EIS);

(4) *Gulf of Mexico OCS Oil and Gas Lease Sales: 2016 and 2017; Central Planning Area Lease Sales 241 and 247; Eastern Planning Area Lease Sale 226; Final Supplemental Environmental Impact Statement* (CPA 241/EPA 226 Supplemental EIS); and

(5) *Gulf of Mexico OCS Oil and Gas Lease Sales: 2017; Central Planning Area Lease Sale 247; Final Supplemental Environmental Impact Statement* (CPA 247 Supplemental EIS).

The CPA 247 Supplemental EIS supplements, tiers from, and incorporates by reference information in the above NEPA documents.

2. DECISION

The Department of the Interior (DOI) has selected Alternative A, which is identified as the Bureau of Ocean Energy Management's (BOEM) preferred alternative in the CPA 247

Supplemental EIS. For proposed CPA Lease Sale 247, DOI will offer for lease all available unleased blocks in the CPA for oil and gas operations with the following exceptions:

(1) whole and partial blocks deferred by the Gulf of Mexico Energy Security Act of 2006; and

(2) blocks that are adjacent to or beyond the United States' Exclusive Economic Zone in the area known as the northern portion of the Eastern Gap.

The available unleased blocks within the CPA that BOEM will offer for leasing in proposed CPA Lease Sale 247 are listed in the document entitled, "List of Blocks Available for Leasing," which is included in the Final Notice of Sale for CPA Lease Sale 247. The proposed CPA lease sale area encompasses about 63 million acres (ac) of the total CPA area of 66.45 million ac. As of October 2016, approximately 47.72 million ac of the proposed CPA lease sale area are available for lease. The estimated amount of resources projected to be developed as a result of proposed CPA Lease Sale 247 is 0.460-0.894 billion barrels of oil and 1.939-3.903 trillion cubic feet of gas.

BOEM considered the oil and gas resource potential in the CPA and the likelihood of industry to develop those oil and gas resources in the context of social, economic, and environmental values, impacts, and concerns. As Assistant Secretary, Land and Minerals Management, I have concluded that Alternative A meets the purpose and need for the proposed action, balances regional and national policy considerations, and includes measures to minimize potential environmental and socioeconomic impacts. I have also concluded that Alternative A is subject to adequate environmental safeguards and is consistent with the maintenance of competition and other national needs.

BOEM analyzed and considered the environmental impacts of Alternative A. As noted in the CPA 247 Supplemental EIS, environmental resources could be negatively impacted to varying degrees by routine activities (e.g., anchor placement) and accidental events. Possible adverse impacts from expected OCS oil- and gas-related activities and reasonably foreseeable accidental events include wetland, coastal, and benthic/pelagic habitat degradation; behavioral changes to fish, sea turtles, marine mammals, and birds; individual mortality of species; and changes in air and water quality. The CPA 247 Supplemental EIS acknowledges that a low-probability catastrophic spill could have significant impacts on the environment; however, such a spill has an extremely low probability of occurrence and is not reasonably expected to result from this proposed CPA lease sale.

BOEM analyzed and considered the environmental impacts of Alternative A, as presented in the 2012-2017 WPA/CPA Multisale EIS, WPA 233/CPA 231 Supplemental EIS, CPA 235/241/247 Supplemental EIS, CPA 241/EPA 226 Supplemental EIS, and CPA 247 Supplemental EIS. The impact conclusions related to routine activities and accidental events are summarized in the "Summary" sections of these NEPA documents. BOEM has considered all comments received on the EISs and prepared responses to those comments.

The Notice of Availability of the Final CPA 247 Supplemental EIS was published in the *Federal Register* on September 16, 2016 (81 FR 63804). Three comments were submitted on the Final Supplemental EIS. The Center for Biological Diversity submitted a comment letter reiterating concerns regarding BOEM's consideration of lifecycle greenhouse gas emissions. In response to comments, lifecycle greenhouse gas emissions have been addressed in a new technical report prepared by BOEM and in the addendum attached to this Record of Decision. The second comment letter was from the United States Environmental Protection Agency (USEPA). The USEPA expressed concerns regarding air quality analyses, greenhouse gas emissions, climate change, well stimulation activities, cumulative impacts to coastal areas, and environmental justice. Finally, the third comment letter was from the Alabama Historical Commission requesting further coordination prior to any proposed activities that could potentially result in seafloor disturbance in Alabama coastal waters. The comments received did not present any new information that substantially affected the analyses presented in the CPA 247 Supplemental EIS or would change impact conclusions.

To minimize the environmental impacts that could occur from OCS oil- and gas-related activities following a lease sale, BOEM imposes mitigating measures that have proven to be effective in the past in mitigating similar impacts. Mitigating measures are described below in Section 5. Since the *Deepwater Horizon* explosion, oil spill, and response, BOEM and the Bureau of Safety and Environmental Enforcement (BSEE) have raised standards for offshore drilling safety and environmental protection to prevent and reduce the risk of oil spills and have improved the Federal Government's and industry's ability to respond in the unlikely event of another large oil spill. While offshore exploration and development cannot be made risk free, OCS oil- and gas-related activities can be conducted safely and responsibly with strong regulatory oversight and appropriate measures to protect human safety and the environment.

The decision to hold proposed CPA Lease Sale 247 plays an important role in addressing the Nation's demand for domestic energy sources and fosters economic benefits realized through continued oil and gas exploration and development in the CPA. This decision promotes domestic energy production, which can reduce oil imports. Additional benefits flowing from OCS leasing include continued employment, labor income, tax revenues, and other economic impacts; these benefits, though highest in the Gulf of Mexico coastal states, are widely distributed across the United States. Other benefits include the reduced risk of spills from tankers and pipelines needed to transport imported energy resources. Moreover, revenue sharing with applicable coastal states and political subdivisions can help mitigate risks and costs assumed by the states and communities of the Gulf of Mexico region.

After considering the benefits and potential costs evaluated in the 2012-2017 WPA/CPA Multisale EIS, WPA 233/CPA 231 Supplemental EIS, CPA 235/241/247 Supplemental EIS, CPA 241/EPA 226 Supplemental EIS, and CPA 247 Supplemental EIS, I have concluded that it is in the Nation's best interest to hold proposed CPA Lease Sale 247 in the manner described herein.

3. ALTERNATIVES FOR PROPOSED CPA LEASE SALE 247

Other Alternatives Analyzed in the 2012-2017 WPA/CPA Multisale EIS, WPA 233/CPA 231 Supplemental EIS, CPA 235/241/247 Supplemental EIS, CPA 241/EPA 226 Supplemental EIS, and CPA 247 Supplemental EIS

Alternative B (Exclude the Unleased Blocks Near Biologically Sensitive Topographic Features) was not selected because the impacts are expected to be nearly the same as those for the selected action. All other aspects of the leasing scenario (e.g., potential mitigating measures) and estimates of resource production are basically the same as for the chosen CPA Lease Sale 247 decision. The incremental contribution of the possible negative impacts of the selected action is expected to be slight, and these negative impacts, compared with those of Alternative B, should be largely mitigated by application of the Topographic Features Stipulation and site-specific mitigating measures, the depths of the topographic features, and water currents in the topographic feature areas. Alternative B would have prevented all OCS oil- and gas-related activity in the blocks subject to the Topographic Features Stipulation, precluding economic benefits of oil and gas that could be developed in these few blocks.

Alternative C (No Action) would be the cancellation of the proposed CPA lease sale. Alternative C was not selected because the needed domestic energy sources and the subsequent positive economic impacts from exploration and production, including employment, would not be realized. Furthermore, revenue would not be collected by the Federal Government nor subsequently disbursed to the States. Although other sources of energy may substitute for lost production, these sources may have different significant negative environmental impacts of their own, such as the increased risk of spills from the transportation of alternate oil supplies over long distances. Alternative C does not address the need for domestic energy sources, and the economic benefits resulting from the proposed action outweigh the potential environmental impacts of the proposed action. Additionally, if the proposed CPA lease sale were to be cancelled, the overall near-term level of OCS oil- and gas-related activity in the CPA would be reduced by only a small percentage. Not holding a single lease sale would not significantly change the overall activity levels in the CPA (i.e., for those authorized under previous lease sales) and the associated environmental impacts in the near term; however, the incremental contribution of the proposed CPA lease sale to the cumulative effects would be avoided.

4. ENVIRONMENTALLY PREFERABLE ALTERNATIVE

I have identified Alternative C, defined as the No Action Alternative in the CPA 247 Supplemental EIS, as the environmentally preferable alternative. The No Action Alternative is considered environmentally preferable because not holding an individual lease sale could delay the timing of, and potentially reduce, certain OCS oil- and gas-related activities and resulting environmental effects in the Gulf of Mexico. However, significant OCS oil- and gas-related activity would be expected to continue under existing leases, and the decision to not hold a single lease sale would result in only slightly less cumulative OCS oil- and gas-related activity. In the short term, assuming OCS oil- and gas-related activities remain confined to acreage currently leased, OCS operators would likely reevaluate their exploration, delineation, and development strategies and reallocate resources accordingly.

As discussed previously, Alternative C would not promote the purposes of the Outer Continental Shelf Lands Act to advance expeditious and orderly development of OCS mineral resources, subject to environmental safeguards, in a manner that is consistent with the maintenance of competition and other national needs, and therefore it was not selected. Consideration of these factors weighs in favor of the selected alternative. This decision is reinforced by potential negative environmental impacts of substitute energy sources (e.g., risks from tankers transporting imported oil) and the Secretary of the Interior's ability to impose measures to mitigate impacts of proposed CPA Lease Sale 247.

5. MITIGATING MEASURES

As part of the decision to hold proposed CPA Lease Sale 247, all practicable means to avoid or minimize environmental harm from the selected alternative at the lease sale stage are being adopted. In addition, post-lease activities (e.g., exploration and development plans), which may be expected as a result of proposed CPA Lease Sale 247, will undergo additional environmental review and may include additional project-specific mitigating measures applied as conditions of individual plan approvals. The various mitigations adopted for the lease sale, and those that may be applied during post-lease reviews, are summarized below.

Lease Stipulations – The CPA 247 Supplemental EIS describes all lease stipulations, which are included in the Final Notice of Sale Package. The 10 lease stipulations for proposed CPA Lease Sale 241 are the Topographic Features Stipulation; the Live Bottom (Pinnacle Trend) Stipulation; the Military Areas Stipulation; the Evacuation Stipulation; the Coordination Stipulation; the Blocks South of Baldwin County, Alabama, Stipulation; the Protected Species Stipulation; the United Nations Convention on the Law of the Sea Royalty Payment Stipulation; the Below Seabed Operations Stipulation; and the Stipulation on the Agreement between the United States of America and the United Mexican States Concerning Transboundary Hydrocarbon Reservoirs in the Gulf of Mexico. The stipulations will be added as lease terms where applicable and will therefore be enforceable as part of the lease.

Existing Conditions of Approval – There are other post-lease conditions of approval that have been developed through previous experience and post-lease environmental analyses. Many of these mitigating measures have already been adopted and incorporated into existing OCS plans and permits in accordance with regulations and/or guidelines governing OCS exploration, development, and production activities. For example, additional mitigating measures may require surveys to detect and avoid archaeological sites and biologically sensitive areas such as topographic features and chemosynthetic communities. BOEM and BSEE incorporate the applicable conditions of approval into plans and permit applications. All plans for site-specific, OCS oil- and gas-related activities (e.g., exploration and development plans, pipeline applications, and structure-removal applications) also go through additional BOEM and/or BSEE review and approval to ensure compliance with established laws and regulations.

BOEM and BSEE have developed a list of over 120 Conditions of Approval that are often applied to plan or permit approvals. Appendix A of the CPA 241/EPA 226 Supplemental EIS provides a list and description of standard post-lease mitigating measures that may be required by BOEM or BSEE as a result of plan and permit review processes for the Gulf of Mexico OCS Region. These conditions of approval include hazard survey reviews, inspection requirements, notifications, post-approval submittals, and safety precautions. Many of these conditions of approval clarify existing mitigation requirements included in regulations, lease instruments, or site-specific reviews. The conditions cover such areas as air quality, archaeological resources, artificial reef material, chemosynthetic communities, the Flower Garden Banks, topographic features, hard bottoms, military warning areas, hydrogen sulfide, drilling hazards, remotely operated vehicle surveys, geophysical survey reviews, and general safety concerns. Also, BOEM and/or BSEE may also apply nonrecurring conditions of approval that are developed on a case-by-case basis during the plan or permit approval process.

Mitigation Monitoring and Adaptation – The BOEM and BSEE continually assess compliance and effectiveness of mitigating measures, where appropriate, to allow the Gulf of Mexico OCS Region to adjust mitigation if needed. A primary focus of this effort is requiring post-approval submittal of information within a specified timeframe or after a triggering event that is tracked by BOEM and/or BSEE (e.g., end of operations reports for plans, construction reports for pipelines, and removal reports for structure removals).

Enforcement – The BSEE has the authority to inspect operations and enforce the conditions of any lease terms, including stipulations, as well as the conditions of any plan approval under 30 CFR part 250 subpart N. The BOEM may also refer potential violations to BSEE for investigation and potential enforcement. The BSEE may impose penalties or other remedies on any lessee or any operator that fails to comply with the terms of a lease, including stipulations and other mitigating measures, and conditions of any post-lease plan approvals or permits.

6. CONCLUSION

For the reasons provided above, I have decided that proposed CPA Lease Sale 247 will be held on March 22, 2017, and will offer for lease all unleased blocks in the proposed CPA lease sale area, with the exception of whole and portions of blocks deferred by the Gulf of Mexico Energy Security Act of 2006 and blocks that are adjacent to or beyond the United States' Exclusive Economic Zone in the area known as the northern portion of the Eastern Gap (Alternative A in the CPA 247 Supplemental EIS).

for JMS

Date: 12.19.16

Janice M. Schneider
Assistant Secretary
Land and Minerals Management

ADDENDUM: Consideration of BOEM's Greenhouse Gas Emissions Technical Report: ***OCS Oil and Natural Gas: Potential Lifecycle Greenhouse Gas Emissions and Social Cost of Carbon***

On August 1, 2016, the Council on Environmental Quality (CEQ) released the "Final Guidance for Federal Departments and Agencies on the Consideration of Greenhouse Gas Emissions and the Effects of Climate Change in National Environmental Policy Act Reviews" (Council on Environmental Quality, 2016). This guidance encouraged agencies to quantify greenhouse gas (GHG) emissions where possible, or, where tools, methodologies, or data inputs are unavailable, to use a qualitative approach. The CEQ guidance gives discretion to the agency to determine the approach that is most feasible and encourages agencies to make use of traditional tools and practices such as incorporation by reference and programmatic or broad-based studies.

In November 2016, after the CPA Supplemental EIS was published and during preparation of this Record of Decision, BOEM finalized and published a new technical report: *OCS Oil and Natural Gas: Potential Lifecycle Greenhouse Gas Emissions and Social Cost of Carbon* (GHG Technical Report). The GHG Technical Report can be found on BOEM's website at https://www.boem.gov/OCS-Report-BOEM-2016-065/. The GHG Technical Report includes estimates of GHG emissions from the production, processing, storage, transportation, and consumption of OCS oil and gas resources under various leasing scenarios, including potential GHG emissions from OCS leasing in the Gulf of Mexico (GOM) during the 2012-2017 OCS Oil and Gas Program (Five-Year Program). BOEM quantifies the lifecycle, or combined upstream and downstream, GHG emissions for OCS oil and gas resources relying on production estimates, end-use consumption patterns, and emissions factors.

While the estimates generated in the GHG Technical Report are subject to a number of assumptions and uncertainties, these estimates serve as a proxy for assessing the potential contribution of OCS oil and gas leasing to global climate change. The results indicate that emissions from the current and upcoming Five-Year Programs are similar in magnitude to the emissions from the energy substitutions predicted under the no action alternative and contribute a relatively small proportion to the existing inventory of domestic greenhouse gas emissions. This is due in large part to the assumed substitution of more GHG-intensive oil and gas sources in the absence of a new OCS leasing program. In addition, consistent with this 2012-2017 program analysis, the report assumes current laws and policies. Future policy changes aimed at reducing U.S. GHG emissions could affect the assumptions underlying this analysis. The results of this report do not significantly alter conclusions derived in the CPA 247 Supplemental EIS regarding climate change, or contribute to a different choice among alternatives considered.

The GHG Technical Report supports the CPA 247 Supplemental EIS conclusion that changes in global GHG emissions related to consumption of OCS oil or gas products would be negligible because there would be limited change in domestic energy demand, and that demand would be met by other energy sources that also contribute GHG emissions (Industrial Economics, Inc., 2012). Therefore, even cancelling an individual proposed lease sale (the no action alternative) would not have a noticeable effect on global GHG emissions. The analysis does not speculate about any possible climate change policy interventions or new technological solutions, which could potentially implicate demand or supply, price, or modes of domestic or global substitution.

The CEQ regulations at 40 CFR § 1502.9 provide that a supplemental EIS may be required if (i) the agency makes substantial changes in the proposed action that are relevant to environmental concerns or (ii) there are significant new circumstances or information relevant to environmental concerns and bearing on the proposed action or its impacts. The action proposed in the CPA 247 Supplemental EIS was not substantially changed in a manner that would change the potential environmental impacts. The new information presented in the GHG Technical Report does not identify any significant adverse environmental impacts not previously considered. Because the new information contained in the GHG Technical Report does not significantly alter the conclusions made in the CPA 247 Supplemental EIS or the previous analyses from which it tiers, BOEM determined that revising or supplementing the CPA 247 Supplemental EIS is not warranted, nor is a supplemental EIS warranted at this time.

References

Council on Environmental Quality. 2016. Final guidance for federal departments and agencies on the consideration of greenhouse gas emissions and the effects of climate change in National Environmental Policy Act reviews. 34 pp. Internet website: https://www.whitehouse.gov/administration/eop/ceq/initiatives/nepa/ghg-guidance.

Industrial Economics, Inc. 2012. Energy alternatives and the environment. U.S. Dept. of the Interior, Bureau of Ocean Energy Management, Herndon, VA. OCS Study BOEM 2012-021. 69 pp.

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