Record of Decision for the Gulf of Mexico Outer Continental Shelf Central Planning Area Oil and Gas Lease Sale 241 (March 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 241 is the fourth 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 NEPA documents which contain discussion or evaluation of the potential environmental effects of this proposed oil and gas lease sale (CPA Lease Sale 241) are:

(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), and

(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).

The CPA 241/EPA 226 Supplemental EIS supplements, tiers from, and incorporates by reference information in the 2012-2017 WPA/CPA Multisale EIS, WPA 233/CPA 231 Supplemental EIS, and CPA 235/241/247 Supplemental EIS.

2. DECISION

The Department of the Interior (DOI) has selected Alternative A, defined as the Proposed Action and the Bureau of Ocean Energy Management's (BOEM) preferred alternative in the CPA 241/EPA 226 Supplemental EIS. For proposed CPA Lease Sale 241, DOI will offer for lease for oil and gas operations all unleased blocks in the CPA 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 unleased blocks within the CPA that BOEM will offer for leasing in proposed CPA Lease Sale 241 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 241. The proposed CPA lease sale area encompasses about 63 million acres (ac) of the total CPA area of 66.45 million ac. As of January 2016, approximately 44.167 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 241 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 241/EPA 226 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 minor impacts to air and water quality. The CPA 241/EPA 226 Supplemental EIS acknowledges that a 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. The impact conclusions related to routine activities and accidental events are summarized in the "Summary" sections of the 2012-2017 WPA/CPA Multisale EIS, WPA 233/CPA 231 Supplemental EIS, CPA 235/241/247 Supplemental EIS, and CPA 241/EPA 226 Supplemental EIS.

The Notice of Availability and the announcement of the Final Supplemental EIS were published in the *Federal Register* on September 4, 2015 (80 FR 53563), posted on BOEM's website, and mailed to interested parties. The 30-day public review period ended on October 3, 2015. BOEM received three comments on the Final Supplemental EIS. One comment was from a private citizen opposing OCS oil- and gas-related activities and did not provide any substantive information that would alter or update conclusions made in the CPA 241/EPA 226 Supplemental EIS. One comment was received from the Florida Department of State, Division of Historical

Resources, stating their concurrence that the proposed lease sale will have no impacts on historic properties. The other comment letter was from the United States Environmental Protection Agency (USEPA). The comments from the USEPA voiced concerns regarding alternatives, air quality analyses, greenhouse gas emissions, climate change, and well stimulation activities. The comments received did not present any new information that would alter the analyses presented in the CPA 241/EPA 226 Supplemental EIS or change the resource impact conclusions. BOEM has considered all comments received on the EIS and responded to those comments in the Final EIS.

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 further 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 241 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.[1] This decision promotes domestic energy production and could reduce oil imports. Benefits flowing from OCS leasing include continued employment, labor income, tax revenues, and other economic impacts, and 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 the transportation of imported energy resources through the reduced need for tankers or pipelines transporting oil internationally. 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, and CPA 241/EPA 226 Supplemental EIS, I have concluded that it is in the Nation's best interest to hold proposed CPA Lease Sale 241 in the manner described herein.

[1] Recently, Congress lifted the United States' ban on exports of crude oil, including exports of oil produced on the OCS (Consolidated Appropriations Act, 2016, Pub. L. 114-113 [2015]). This recent enactment does not present a significant change in circumstances that would change any of BOEM's conclusions in the *Final Supplemental Environmental Impact Statement for the Gulf of Mexico Outer Continental Shelf Oil and Gas Central Planning Area Lease Sales 241 and 247 and Eastern Planning Area Lease Sale 226* because Gulf Coast refineries are designed to refine oil production from the Gulf Coast and it is most likely that this production would remain in the region to be refined.

3. ALTERNATIVES FOR PROPOSED CPA LEASE SALE 241

Other Alternatives Analyzed in the 2012-2017 WPA/CPA Multisale EIS, WPA 233/CPA 231 Supplemental EIS, CPA 235/241/247 Supplemental EIS, and CPA 241/EPA 226 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 241 decision. The incremental negative impacts of the selected action are 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 significant negative environmental impacts of their own, such as increased risk of spills from the transportation of alternate oil supplies over long distances. Therefore, I did not select Alternative C because of the need for domestic energy sources and because the economic benefits resulting from oil and gas exploration and development outweigh the potential environmental impacts of the proposed action.

Other Alternatives and Deferrals Considered but Not Analyzed in the 2012-2017 WPA/CPA Multisale EIS, WPA 233/CPA 231 Supplemental EIS, CPA 235/241/247 Supplemental EIS, and CPA 241/EPA 226 Supplemental EIS

Several other alternatives, including areal or temporal deferrals, were initially considered for possible analysis in the 2012-2017 WPA/CPA Multisale EIS. These alternatives included the following: exclude deep water and limit leasing to shallow waters; delay leasing until additional data on drilling safety is available; do not allow drilling in areas with strong ocean currents such as the Loop Current; delay leasing until the state of the Gulf of Mexico environmental baseline is known; and identify and protect sensitive ecosystems.

As explained in Chapter 2.2.1.2 of the 2012-2017 WPA/CPA Multisale EIS, BOEM determined that the suggested alternatives and deferrals did not merit detailed analysis or lacked the specificity required to engage in meaningful analysis. For example, one commenter requested that BOEM broadly analyze an alternative to identify and protect sensitive ecosystems. BOEM had already included in the prior NEPA analyses and CPA 241/EPA 226 Supplemental EIS an alternative (Alternative B–Exclude the Unleased Blocks Near Biologically Sensitive

Topographic Features, described above) designed to protect certain sensitive ecological features. Sensitive topographic features are features that are known and mapped and that have been protected by the application of the Topographic Features Stipulation since 1973, which BOEM also considered as a mitigation in the CPA 241/EPA 226 Supplemental EIS. Therefore, a more generalized alternative considering sensitive ecosystems would not necessarily reduce the identified impacts of the proposed action further than the alternatives and mitigation that BOEM fully analyzed. During scoping for this Supplemental EIS, the National Park Service requested that BOEM develop an alternative that excludes unleased blocks within 15 miles (24 kilometers) of the Gulf Islands National Seashore. This alternative was not analyzed in detail for several reasons, including the recently established Information to Lessees and Operators for the subject area, the relatively unforeseeable purchase of leases that could not be mitigated using subsea and other technologies, and the ability of BOEM and BSEE to iteratively identify and protect sensitive environmental and cultural resources (including coastal areas) during the plan and permit review processes.

4. ENVIRONMENTALLY PREFERABLE ALTERNATIVE

I have identified Alternative C, defined as the No Action Alternative in the CPA 241/EPA 226 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. Significant OCS oil- and gas-related activity would however, be expected to continue under existing leases, and the decision to not hold a single lease sale would equate to 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. In contrast, deferring multiple Gulf of Mexico lease sales, for example, for 5 years, could have a discernible effect and reduce the overall level of OCS oil- and gas-related activity at some point in the future. As stated previously, Alternative C was not selected because it 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. 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 241.

5. MITIGATING MEASURES

As part of the decision to hold proposed CPA Lease Sale 241, all means to avoid or minimize environmental harm from the selected alternative that are practicable 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 241, 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 241/EPA 226 Supplemental EIS describes all lease stipulations that 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 each 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 permits. 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 standard measures that are applied to plans or permits as Conditions of Approval. 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 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 – BOEM and BSEE continually assess compliance and effectiveness of mitigating measures, where appropriate, to allow the Gulf of Mexico OCS Region Office 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 post-lease plans, construction reports for pipelines, and removal reports for structure removals).

Enforcement – Under 30 CFR part 250 subpart N, 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. BOEM may also refer potential violations to BSEE for investigation and potential enforcement. BSEE may impose penalties or other remedies on any lessee or any operator or contractor that fails to comply with the terms of a lease, including stipulations, and conditions of plans of approval.

6. CONCLUSION

For the reasons provided above, I have decided that proposed CPA Lease Sale 241 will be held on March 23, 2016, 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 241/EPA 226 Supplemental EIS for proposed CPA Lease Sale 241).

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Date 2-9-16