

**STATEMENT OF
ABIGAIL ROSS HOPPER
DIRECTOR, BUREAU OF OCEAN ENERGY MANAGEMENT
UNITED STATES DEPARTMENT OF THE INTERIOR
BEFORE THE
COMMITTEE ON ENERGY AND NATURAL RESOURCES
UNITED STATES SENATE**

MAY 19, 2016

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

The Outer Continental Shelf Lands Act (OCSLA) requires BOEM to propose a schedule of lease sales every five years. This is referred to as the "Five Year Program." As specified by Section 18 of the OCSLA, preparation and approval of an Oil and Gas Leasing Program is based on the Secretary of the Interior's consideration of a number of factors and the balancing of the potential for environmental damage, discovery of oil and gas, and adverse impact on the coastal zone, to determine the size, timing, and location of lease sales. The Five Year Program is designed to allow for diligent development of U.S. offshore oil and gas resources, which remains an important component of our domestic energy portfolio and contributes significantly to the Nation's economic output. The sales considered in the Proposed Program include sales in offshore areas where there is high industry interest, currently existing leases, and known or anticipated hydrocarbon potential.

Leasing Under the 2012-2017 OCS Oil and Gas Leasing Program

As BOEM prepares the Five Year Program for 2017-2022, it continues to implement the current Program for 2012-2017. Offshore leasing activity under the current Program reflects the Administration's overall approach to ensuring safe and environmentally responsible oil and gas resource development. This includes leasing in the Gulf of Mexico (GOM), where resources and industry interest are most extensive, and where mature infrastructure exists to support oil and gas activities. BOEM has held ten lease sales in the GOM under the current Program, generating a little over \$3 billion in bonus payments.

Three sales remain on the current Program lease sale schedule, with two sales in the GOM: Western GOM Sale 248 in 2016, and Central GOM Sale 247 in 2017; and one offshore Alaska: Cook Inlet Sale 244 in 2017.

The 2017–2022 OCS Oil and Gas Leasing Program

BOEM is in the process of developing the 2017–2022 OCS Oil and Gas Leasing Program. In June 2014, the Department published a Request for Information and Comments (RFI) and received approximately 500,000 comments. On January 29, 2015, the Department published the 2017–2022 OCS Oil and Gas Leasing Draft Proposed Program (DPP) and simultaneously published a Notice of Intent to Prepare a draft Programmatic Environmental Impact Statement (PEIS). During the 60-day comment period for the DPP, BOEM received over one million comments and held 23 public meetings in communities across the country. The critical information received from the public was integrated into the scientific, environmental and social analysis that informs the Secretary’s decision-making. On March 15, 2016, BOEM announced the Proposed Program and the Draft PEIS. BOEM subsequently hosted 12 meetings in Alaska and the Gulf of Mexico region, and one in Washington D.C. The comment period for the Draft PEIS closed on May 2, 2016, with over 300,000 comments received. The comment period for the Proposed Program closes on June 16, 2016. After reviewing the comments and conducting further analysis, BOEM anticipates releasing the Proposed Final Program and Final PEIS in late 2016.

Proposed Program

OCSLA prescribes the method by which the Department develops each Five Year Program. Publication of the 2017–2022 Proposed Program is the second proposal in a three-proposal process to develop the 2017–2022 Program. The 2017-2022 Proposed Program schedules 13 potential lease sales—10 sales in the GOM and three offshore Alaska.

As part of the Administration’s energy strategy, the Proposed Program continues the tailored leasing strategy set forth in the current 2012–2017 Program that takes into account regional differences in developing the proposed lease sale schedule. Section 18 of OCSLA requires that the Federal government take into consideration eight factors as the Five Year Program is developed. These considerations are: the geographical, geological, and ecological characteristics of the planning areas; finding a balance between the benefits of oil and gas development and environmental risks among regions; the location of areas considered for leasing with respect to regional and national energy markets and needs; the location of areas considered for leasing with respect to other uses of the sea and seabed; the interest expressed by potential oil and gas producers; the laws, goals, and policies of affected states; the environmental sensitivity and marine productivity of the areas; and environmental and predictive information. In order to develop a nationwide program, region-specific considerations were also taken into account, including information about resource potential; the status of resource development and infrastructure to support oil and gas activities and emergency response capabilities; recognition of regional interests and concerns; and the need to balance the development of offshore oil and gas resources with protection of the marine, coastal, and human environments. Further, for preparation of the Proposed Program, BOEM gave significant consideration to the substantial stakeholder engagement and public comments that stemmed from publication of the DPP.

Alaska

In Alaska, the 2017-2022 Proposed Program continues to take a balanced approach to development, utilizing the targeted leasing strategy set forth in the 2012–2017 Program by identifying one potential sale each in the Beaufort Sea (2020), Cook Inlet (2021), and Chukchi Sea (2022) Planning Areas. As a result of comments received on the DPP, including Governor Walker’s request for an earlier Beaufort Sale, BOEM is considering moving the Beaufort Sea sale to 2019.

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

Atlantic

After an extensive public input process, the sale that was proposed in the DPP in the Mid- and South Atlantic area has been removed from the program. Many factors were considered in the decision to remove this sale from the 2017-2022 Program including: significant potential conflicts with other ocean uses, such as the Department of Defense and commercial interests; current market dynamics; and opposition from many coastal communities.

Gulf of Mexico

The Proposed Program includes ten sales in the Gulf of Mexico - one of the most productive basins in the world - where resource potential and industry interest are high, and oil and gas infrastructure is well established. The proposal includes a new approach to lease sales by proposing two annual lease sales that include the combined Western, Central, and Eastern Gulf of Mexico not subject to moratoria. To provide greater flexibility for investment in the Gulf, this shifts from the traditional approach of one sale in the Western Gulf and a separate sale in the Central Gulf each year. BOEM will review comments received on this approach, and if the traditional approach is preferred, BOEM can revert back to the traditional separate planning area model for sales in the 2017-2022 Five Year Program.

Pacific

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

Conclusion

The Five Year Program is an important component of the Administration’s comprehensive energy strategy. The 2017-2022 Proposed Program has led to a significant outpouring of public interest from a wide array of stakeholders. BOEM takes this input very seriously, and we are

working hard to consider the feedback we receive, and to integrate comments into our Proposed Final Program and Final PEIS.

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