



BUDGET The United States
Department of the Interior
JUSTIFICATIONS

and Performance Information
Fiscal Year 2013

**BUREAU OF
OCEAN ENERGY
MANAGEMENT**

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**BUREAU OF OCEAN ENERGY MANAGEMENT
FY 2013 PERFORMANCE BUDGET**

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FY 2013 PERFORMANCE BUDGET
Bureau of Ocean Energy Management
Director's Preface

“...BOEM and BSEE will carry out our oversight missions with greater efficiency and effectiveness, helping to expand safe and responsible offshore energy development and supporting job-creation and investment in coastal communities...”

- Secretary of the Interior Ken Salazar

In response to the *Deepwater Horizon* explosion and resulting oil spill in the Gulf of Mexico, the Administration has undertaken the most aggressive and comprehensive reforms to offshore oil and gas regulation and oversight in U.S. history. These reforms included significant structural changes to our offshore energy development regime, including the creation of three new entities with distinct focused missions that are designed to provide strong safety oversight and responsible management for the Nation's offshore energy resources.

Prior to FY 2011, the Minerals Management Service (MMS) had jurisdiction over offshore energy activities. MMS was severely under-resourced and saddled with multiple, sometimes conflicting missions that included responsibility for leasing, environmental reviews, safety oversight, and the collection of revenue from offshore operations.

On May 19, 2010, Secretary Salazar signed a secretarial order directing the establishment of three new entities in place of MMS – each with clear and distinct missions: the Bureau of Ocean Energy Management (BOEM), the Bureau of Safety and Environmental Enforcement (BSEE), and the Office of Natural Resources Revenue (ONRR). ONRR was formally established on October 1, 2010, and the reorganization was completed on October 1, 2011. In the interim, the responsibilities of BOEM and BSEE were administered by the Bureau of Ocean Energy Management, Regulation and Enforcement (BOEMRE).

Now, BOEM is charged with managing the Nation's offshore resources in a balanced way that promotes efficient and environmentally responsible energy development through oil and gas leasing, renewable energy development, and a commitment to rigorous, science-based environmental review and study.

BOEM's organizational structure is designed to advance each of the elements of its mission. The national functions are grouped into three offices headquartered in the Greater Washington area and focus on strategic resource development, environmental analysis and applied science, and renewable energy development. Additionally, BOEM has three regional offices that handle a number of key agency responsibilities. This structure is summarized below.

The **Office of Strategic Resources** is committed to managing offshore resources to help meet the Nation's energy and resource needs by developing programs to provide access to, and fair return to the American taxpayer for, offshore energy and mineral resources through strategic planning and resource and economic evaluation. This includes: development of the Five-Year

Outer Continental Shelf (OCS) Oil and Gas Leasing Program; assessment of mineral resource potential, tracking of inventories of oil and gas reserves, and development of production projections; and economic evaluation to ensure the receipt of fair value through lease sales and lease terms.

The **Office of Renewable Energy Programs** aims to advance a sustainable OCS renewable energy future through interactive site planning and environmentally responsible operations and energy generation. Among other things, this office supports Secretary Salazar's "Smart from the Start" initiative to facilitate siting, leasing, and construction of new projects, spurring the responsible development of offshore wind resources off the Atlantic coast.

The **Office of Environmental Programs** conducts and oversees applied science and environmental assessments at every stage of the offshore energy development planning process – for both conventional and renewable energy activities – in order to inform decisions for environmentally responsible ocean energy and mineral development. This office is led by the Chief Environmental Officer, a new position established in FY2012 to oversee the integration of BOEM's rigorous scientific analysis with resource development decision-making.

BOEM has three **regional offices** – Gulf of Mexico, Pacific and Alaska – which are located in New Orleans, Louisiana; Camarillo, California; and Anchorage, Alaska, respectively. The regional offices are integrated into the national programs and are integral to oil and gas resource evaluations, environmental studies and assessments, leasing activities, review of exploration and development plans, fair market value determinations, and geological and geophysical permitting.

Since the establishment of BOEM on October 1, 2011, the agency has made significant progress toward achieving a number of important priorities, including:

- **Developing the next Five-Year Oil and Gas Leasing Program.** In November, BOEM issued the Proposed Outer Continental Shelf Oil and Gas Leasing Program for 2012-2017, which makes more than 75 percent of undiscovered technically recoverable oil and gas resources estimated in federal offshore areas available for exploration and development, while advancing an innovative, regionally-tailored approach to offshore oil and gas leasing designed to take into account the particular resource potential, environmental and social concerns, and infrastructure condition of each planning area.
- **Conducting rigorous scientific and environmental analysis to support all stages of the OCS Lands Act process—from pre-sale planning through exploration and development.** Recently, BOEM held Western Gulf of Mexico Lease Sale 218, after conducting additional environmental analyses following the *Deepwater Horizon* oil spill. BOEM recently completed a similar analysis with respect to the Central Gulf of Mexico Planning Area and intends to conduct a consolidated lease sale in that area in June 2012. BOEM also completed an extensive supplemental environmental analysis for the Chukchi Sea Planning Area that addressed key issues including the potential effects of a hypothetical, very large oil spill, which led to the Secretary's affirmation of Chukchi Sea Lease Sale 193. At the post-lease stage, BOEM currently conducts site-specific environmental assessments on all deepwater exploration and development plans.

- **Ensuring fair return and providing incentives for diligent development.** BOEM lease terms include a range of fiscal and drilling requirements to ensure that taxpayers receive fair value and encourage operators to undertake diligent development, consistent with the Administration's *Blueprint for a Secure Energy Future*. Recent changes made in these terms include raising the minimum bid level from \$37.50 per acre to \$100 per acre in water depths of 400 meters or greater and promulgating policies that will reduce the time a lease can be held without drilling activity by up to three years in water depths of 400 to 1,600 meters. The higher minimum bid level strengthens the bidding process and hence supports goal of ensuring a fair return. It also discourages bidders from acquiring tracts with the main intention to hold them undrilled for many years. Lessees who meet the shorter drilling time frames earn three additional years to commence development and production as an added incentive for timely drilling. This new policy encourages lessees to more diligently explore and develop their leases, or relinquish them sooner for reoffering.
- **Conducting efficient and thorough reviews of exploration and development plans.** Consistent with strengthened environmental analyses, BOEM is committed to ensuring that its process for reviewing and approving plans is rigorous, efficient, and transparent to industry. BOEM works collaboratively with industry throughout the review of plans, with the goals of ensuring that operators comply with BOEM's heightened operational and environmental standards and that the review process is efficient.
- **Establishing a basis for renewable energy leasing and development.** On April 19, 2011, Secretary Salazar announced the approval of the Cape Wind Associates' Construction and Operations Plan (COP). The Secretary signed the Cape Wind lease in 2010, and it is the first offshore commercial wind lease in the United States. Recently, BOEM has taken a number of important steps towards lease sales in FY 2013 and beyond, including: developing a commercial lease form and conducting an analysis to determine auction formats; completing an Environmental Assessment to support leasing in wind energy areas off the Mid-Atlantic coast; and issuing Calls for Information and Nominations to gauge interest in the areas offshore Rhode Island, Massachusetts, Maryland and Virginia. BOEM also took important steps in the review for a potential Mid-Atlantic Wind Energy Transmission Line, which would enable up to 7,000 megawatts of wind turbine capacity to be delivered to the electric grid.

In fiscal years 2012 and 2013, BOEM will continue to build on recent accomplishments and advance core priority initiatives that are central to its mission and programmatic responsibilities. Over the course of FY 2012, BOEM will work to:

- **Finalize the Five-Year OCS Oil and Gas Leasing Program for 2012 – 2017.** BOEM is in the process of preparing a Five-Year Program for 2012-2017. The draft released in November 2011 constitutes the Proposed Program (or Proposed Plan) developed for public review before the Secretary of the Interior may take final action to approve the new Five-Year Program for 2012-2017. In finalizing the Proposed Program, BOEM will consider and respond to public comments; continue to enhance analyses of economic, social, and environmental factors; and further refine its regionally-tailored strategy for leasing. BOEM

expects the Program to receive final approval in FY 2012, with FY 2013 activities focusing on implementation.

- **Conduct the remaining lease sales under the current (2007-2012) Five-Year Program and hold the first sale under the new program.** BOEM is on track to hold a consolidated Central Gulf of Mexico Lease Sale in June 2012. This, combined with Western Gulf of Mexico Lease Sale 218, will fulfill our goal of holding the Western and Central Gulf of Mexico lease sales postponed as a result of the *Deepwater Horizon* oil spill before the expiration of the current Five-Year Program. This will be the last sale under the 2007-2012 Five-Year Program and, like Sale 218, incorporates new analyses since *Deepwater Horizon*, as well as new lease terms to ensure fair return and encourage diligent development. The first sale under the new 2012-2017 Program is scheduled take place at the beginning of FY 2013, in November 2012.

For FY 2013, BOEM is requesting an operating level of \$164.1 million, which includes \$101.4 million in offsetting collections (\$98.8 million from rental receipts and \$2.6 million from cost recovery fees). This is an increase of \$3.3 million above the 2012 enacted level and reflects modest increases for renewable energy auction support services, environmental studies, and fixed costs. This request is consistent with the direction set forth in the FY 2012 Budget for BOEM's predecessor-agency, BOEMRE. The BOEM FY 2013 request will support critical ongoing efforts and important initiatives, including:

- **Integrating science and decision-making through research and rigorous analytical standards.** The reorganization included establishment of a new office of Environmental Programs, led by the Chief Environmental Officer. This office establishes an umbrella organization that integrates applied scientific research and information with the environmental analyses that BOEM conducts in support of programmatic decisions. This structure facilitates top-quality research by talented scientists from a range of disciplines, as well as targeted scientific study to support policy needs and priorities.
- **Strengthening environmental review processes.** BOEM is committed to setting high standards for analyses conducted in compliance with the National Environmental Policy Act (NEPA) and other governing statutes, and this budget request continues ongoing efforts to strengthen these processes. BOEM is conducting a comprehensive review of its application of NEPA in order to develop a framework designed to ensure that environmental risks are thoroughly analyzed, appropriate protective measures are implemented, and the process is transparent and well-understood within the Federal government and by stakeholders. This review includes an assessment of the use of categorical exclusions. In the interim, BOEM is requiring that site-specific environmental assessments, as opposed to the categorical exclusion reviews performed in the past, be conducted for all new and revised exploration and development plans in deepwater.
- **Continuing to rigorously and efficiently process exploration and development plans.** BOEM will continue to work to ensure that operators are complying with rigorous operational and environmental standards and that BOEM's plan review process is efficient and transparent to operators. For example, BOEM now designates specific plan coordinators

to ensure consistency throughout the review process and is currently developing electronic systems to make the process and the status more transparent and user-friendly.

- **Advancing the Secretary's "Smart from the Start" initiative.** First included in the FY 2011 President's Budget Request, this initiative aims to facilitate efficient and environmentally responsible siting, leasing, and construction of new wind energy projects in the Atlantic. The FY 2013 request will continue these efforts and support ongoing collaboration between BOEM, State task forces, industry, and stakeholders and a continued focus on environmental assessment, while developing formats and processes for renewable energy lease auctions. BOEM expects to hold the first competitive lease sales for offshore wind in late 2012.
- **Developing the first Geological and Geophysical (G&G) Programmatic Environmental Impact Statement (PEIS) for areas in the Mid- and South-Atlantic.** BOEM is committed to conducting thorough, scientific reviews that will facilitate a better understanding of potential conventional and renewable resources in the Atlantic, which will help inform future decisions regarding leasing. This PEIS will evaluate potential environmental effects of multiple G&G activities, such as seismic surveys, that will be conducted to inform future decisions regarding oil, natural gas, and renewable energy development on the OCS in the Mid- and South-Atlantic planning areas. Completion of this study is anticipated in FY 2013.
- **Demanding integrity and accountability.** During the transition, BOEMRE created the Investigations and Review Unit (IRU), which is composed of professionals with law enforcement backgrounds or technical expertise who promptly respond to allegations or evidence of misconduct and unethical behavior by Bureau employees. The IRU will also pursue allegations of misconduct against oil and gas companies involved in offshore energy projects when there is credible evidence that rules and regulations have been violated. The Unit is currently operating under BSEE and will work to identify BOEM- and BSEE-specific roles and responsibilities and assign staff to individual BOEM and BSEE units. Once the BOEM unit has been established, it will report directly to the Office of the Director.

Requests for funding increases are limited, reflecting difficult tradeoffs given the state of the economy and tight fiscal constraints. BOEM's FY 2013 request reflects a careful analysis of the resources needed to develop the new agency's capacity and to execute its functions carefully, responsibly, and efficiently. Consistent with the overall contours of BOEM's FY 2013 request, these targeted increases are critical to advancing Administration priorities that are vital to BOEM's mission.

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FY 2013 PERFORMANCE BUDGET
 Bureau of Ocean Energy Management
General Statement

The Bureau of Ocean Energy Management manages the development of the Nation’s offshore energy and mineral resources in an environmentally and economically responsible way. Its functions include offshore leasing, resource evaluation, review and administration of oil and gas exploration and development plans, renewable energy development, National Environmental Policy Act (NEPA) analysis, and environmental studies.

<p><u>Bureau of Ocean Energy Management Mission</u></p> <p><i>The mission of the Bureau of Ocean Energy Management is to manage development of the nation’s offshore energy and mineral resources in an environmentally and economically responsible way.</i></p>
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While BOEM manages offshore energy and mineral resource development, its sister agency BSEE is responsible for safety and environmental enforcement with respect to offshore oil and gas operations, including permitting and inspections. Figure 1 delineates the separation of BOEM and BSEE responsibilities, with the BOEM functions detailed below.

Figure 1: Concept, Mission, and Function



Leasing. BOEM is responsible for both conventional and renewable energy leasing policies and programs. For conventional energy, this applies to all OCS leasing and development issues for oil, gas and other marine minerals. This includes developing a Five-Year Outer Continental Shelf Leasing Program and designing individual oil and gas lease sales in a way that makes oil and gas resources available, protects communities and the environment, ensures fair value to the American taxpayer, and provides incentives for diligent development of leases. On the renewable side, BOEM manages offshore leasing for renewable energy and alternate-use projects.

Plan Administration. BOEM conducts in-depth reviews of Exploration Plans (EPs), Development and Production Plans, and Development Operation Coordination Documents (DOCs) to ensure that plan activities are conducted in accordance with applicable laws, regulations, and lease terms. BOEM is committed to ensuring that its process for reviewing and approving plans is rigorous, efficient, and transparent to industry. BOEM works collaboratively with industry throughout the review of plans, with the goals of ensuring that operators comply with rigorous operational and environmental requirements and that the review process is efficient.

Environmental Science and Environmental Assessment. These functions are discussed in greater detail in the Environmental Assessment activity chapter. One of the cornerstones for the reorganization was to increase the emphasis on sound environmental science as a basis for resource development decisions.

Economics. BOEM conducts economic, statistical, engineering, and cost-benefit analyses for bureau and Departmental energy and minerals programs. The objective is to evaluate, recommend, design, and implement policies and legislative proposals relating to lease terms, bidding systems, auction designs, rulemaking, revenue forecasts, post-sale bid adequacy determinations, and revenue sharing with the States. This work involves broad interfaces with other bureaus and offices within the Department, with other Federal departments, and with Congressional energy resource committees.

Resource Evaluation. BOEM's resource evaluation program includes: fair market value determination, which is focused on thoroughly assessing the oil and gas potential and associated economic value of OCS tracts offered for lease; resource assessment, which is focused on identifying geologic plays on the OCS that offer the highest potential for hydrocarbon resources; reserves inventory, or the identification of resources that can be extracted using current technology; and acquisition and analysis of geological and geophysical data, as well as permitting of G&G activity to ensure that pre-lease exploration, prospecting, and scientific research operations in Federal waters do not interfere with each other, with lease operations, or with other uses of the area.

Renewable Energy. This function is discussed in greater detail in the Renewable Energy activity chapter. Renewable energy and alternate-use projects can include wind, wave energy, and hydrogen generation projects, as well as projects that make alternative use of existing oil and natural gas platforms in Federal waters. BOEM's renewable energy program is committed to advancing Secretary Salazar's "Smart from the Start" initiative, which aims to facilitate efficient and environmentally responsible siting, leasing, and construction of new wind energy projects in the Atlantic.

Certain BOEM and BSEE functions remain closely linked and interdependent. Both agencies are committed to ongoing interagency coordination, and by design, the reorganization process focused on identifying areas of overlap where coordination is particularly critical.

BUREAU BUDGET STRUCTURE

In FY 2012, the Department of the Interior completed the reorganization of BOEMRE to BOEM and BSEE. As part of this effort, it was necessary to also reorganize the Bureau's budgetary resources. To accomplish this, 2011 funds were realigned from BOEMRE activities to the activities within the new Bureaus. The Crosswalk (Table 3) at the end of this section details this budgetary realignment, from which the 2012 budget request (recast) and enacted appropriation were built. Using this crosswalk from the old budget structure to new ones enabled BOEM to develop a baseline on which to build the FY 2013 budget request.

In the new configuration, budget activities for BOEM are funded through the Ocean Energy Management (OEM) account and support resource evaluation, planning, and leasing of the Nation's offshore energy and mineral resources in an appropriately balanced way that promotes economic development, energy independence, and environmental protection. The OEM account is comprised of the following activities:

Renewable Energy. This activity funds renewable energy leasing activities for the OCS, including program development and implementation; environmental analysis, assessment, and compliance work in support of competitive and noncompetitive leasing actions; review of site assessment and construction and operations plans; consultation with State and local governments, Federal agencies, Tribes, and other stakeholders; and development of a multipurpose marine cadastre. The renewable energy activity supports the "Smart from the Start" initiative described above.

Conventional Energy. Activities funded through Conventional Energy include: OCS oil and gas leasing, including developing the Five-Year Oil and Gas Program; surveying OCS boundaries; implementing the lease sale process; administering leases; and reviewing exploration and development plans. Resource evaluation is a critical component of the program that provides the information needed to support program decision making. This includes technical and economic analysis; tract evaluation; assessment and modeling; conservation of resources; reserves inventories; geological and geophysical data acquisition; and fair market value determinations. Also funded through Conventional Energy are coastal and marine spatial planning and activities involving marine minerals other than oil and gas.

Environmental Assessment. This activity funds environmental analyses such as Environmental Impact Statements and Environmental Assessments needed to assess potential environmental impacts of proposed actions in accordance with National Environmental Policy Act (NEPA) and related regulations. It also supports applied research through the environmental studies program, designed to support policy priorities and ensure that environmental reviews conducted in support of policy decisions incorporate rigorous scientific analysis.

General Support Services. This activity funds shared support services for the bureau. These expenses relate to administrative services including finance, human resources, procurement, facilities, information management, and equal employment services; rental and security of office space; workers' compensation and unemployment compensation; voice and data communications; centrally-provided services funded by the Department's Working Capital Fund; annual building maintenance contracts; mail services; and printing costs. BOEM will obtain some of these services from BSEE through a reimbursable service agreement.

Executive Direction. This activity funds bureau-wide leadership, direction, management, coordination, communications strategies, outreach, and regulatory development. It includes functions such as budget, congressional and public affairs, policy analysis, and regulations. The Office of the Director is funded within this subactivity and is responsible for providing general policy guidance and overall leadership within BOEM. The Director's Office also oversees administrative direction and coordination by providing for oversight of all administrative activities within BOEM.

These activities reflect BOEM's organizational structure as outlined in the Preface and displayed in Figure 2 at the end of this section.

Functions and funds within these activities are divided among Program Offices at headquarters and Regional Offices in the field. Headquarters and regional offices work together to implement BOEM's various activities, and the same categories of activities describe the functions of all BOEM offices. In addition, critical relationships with other Federal agencies, State and local governments, environmental and other interest groups, the general public, and the oil and gas and renewable energy industries enable the Regions to coordinate development to fulfill BOEM's resource management responsibilities.

FY 2013 PERFORMANCE BUDGET REQUEST

Funding for BOEM is requested through the Ocean Energy Management appropriation account. The OEM appropriation is partially offset by a portion of OCS rental collections and cost recovery fees.

In FY 2013, BOEM requests a discretionary operating account level of \$164.1 million, an increase of \$3.3 million over the 2012 enacted level and \$3.1 million over the 2011 operating level, as shown in Table 1. The BOEM request includes \$98.8 million from offsetting rental collections and \$2.6 million from cost recovery fees.

Table 1 : Summary of BOEM Budget Request

	2011 Actual*	2012 Enacted	2013 Request	2013 Change from 2012
Total, Ocean Energy Management	161,013	160,778	164,105	+3,327
Offsetting Collections				
Rental Receipts	-60,512	-98,993	-98,791	+202
Cost Recovery Fees	-2,787	-2,089	-2,613	-524
Total, Offsetting Collections	-63,299	-101,082	-101,404	-322
OCS Connect Rescission	-12,500			
Net Appropriation	85,214	59,696	62,701	+3,005
Full Time Equivalents (FTE)				
Total Direct FTE	460	498	498	+0
Total Reimbursable FTE	68	74	74	+0
Total FTE	528	572	572	+0

* FY 2011 figures are estimates based on the 2011 operating plan of the OEM account under BOEMRE, at which time BOEM activities were combined with BSEE. The rescission reflects the BOEM portion of the \$25 million rescission included in the first FY 2011 Continuing Resolution (P.L. 11-242, Sec. 128). FTE levels reflect actual full-time equivalents derived from end of year accounting data.

FY 2013 BUDGET HIGHLIGHTS

Requests for funding increases are limited, reflecting difficult tradeoffs given the state of the economy and tight fiscal constraints. The BOEM FY 2013 request reflects a careful analysis of the resources needed to develop the new agency's capacity and to execute its functions carefully, responsibly, and efficiently. The request includes small increases for renewable energy auction support services, environmental studies, and fixed costs. Table 2 below shows the following proposed changes relative to the 2012 enacted level.

Table 2: FY 2013 Analysis of Budgetary Changes

Bureau of Ocean Energy Management			
Analysis of Budgetary Changes			
Subactivity	Program Change	(\$000)	FTE
BOEM FY 2012 ENACTED -- NET APPROPRIATION		59,696	572
Renewable Energy	Auction Support Services	+1,296	0
Environmental Assessment	Environmental Studies	+700	0
Bureau-Wide	Fixed Cost Increases	+1,453	0
Bureau-Wide	Revised Offsetting Collections Estimate	-322	0
General Support Services	Administrative Reduction	-122	0
FY 2013 Changes		+3,005	0
BOEM FY 2013 REQUEST -- NET APPROPRIATION		62,701	572

Renewable Energy Auction Support Services (+\$1,296,000; +0 FTE). In order to achieve the Secretary's renewable energy goal outlined in the "Smart from the Start" initiative, BOEM must accelerate the auction schedule of potential wind leases. Because it is not yet equipped with the technical support or expertise to manage these auctions, BOEM will contract those services and purchase wind resource data.

Environmental Studies (+\$700,000; +0 FTE). The requested increase will enable BOEM to initiate high priority baseline characterization and monitoring studies. With the release of the proposed Five-Year Program, establishing baseline information will become an increasing need in order to ensure a scientific basis for informed and environmentally responsible policy decisions.

Fixed Costs (+\$1,453,000; +0 FTE). Fixed costs in the amount of \$1,453,000 are fully funded in this request. These costs include increases needed to support employee pay, changes in Federal health benefits and Worker's Compensation, rent to the General Services Administration (GSA), and payments to the Department through its Working Capital Fund. All of these are described in greater detail in Appendix A.

Offsetting Collections (-\$322,000; +0 FTE). This requested change reflects a revised estimate of BOEM's 2013 offsetting collections. Estimated lease sales in FY 2013 are projected to generate an additional \$322,000 in cost recoveries.

Administrative Reduction (-\$122,000; +0 FTE). This reduction offsets high-priority increases in the FY 2013 request and will be applied by reducing administrative services within BOEM.

Campaign to Cut Waste. Over the last two years, the Administration has implemented a series of management reforms to curb uncontrolled growth in contract spending, terminate poorly performing information technology projects, deploy state-of-the-art fraud detection tools, focus agency leaders on achieving ambitious improvements in high-priority areas, and open government up to the public to increase accountability and accelerate innovation.

In November 2011, President Obama issued an Executive Order reinforcing these performance and management reforms and the achievement of efficiencies and cost-cutting across the government. This Executive Order identifies specific savings as part of the Administration's Campaign to Cut Waste to achieve a 20 percent reduction in administrative spending from 2010 to 2013. Each agency is directed to establish a plan to reduce the combined costs associated with travel, employee information technology devices, printing, executive fleet efficiencies, and extraneous promotional items and other areas.

The Department of the Interior's goal is to reduce administrative spending by \$207 million from 2010 levels by the end of 2013. To meet this goal, the Department is leading efforts to reduce waste and create efficiencies by reviewing projected and actual administrative spending to allocate efficiency targets for bureaus and Departmental offices to achieve the 20 percent target.

Additional details on the Campaign to Cut Waste can be found at <http://www.whitehouse.gov/the-press-office/2011/11/09/executive-order-promoting-efficient-spending>.

Blueprint for a Secure Energy Future. On March 30, 2011, the Obama Administration released a [*Blueprint for a Secure Energy Future*](#), which outlines the Administration's comprehensive national energy policy. The proposed BOEM budget initiatives are aligned with priorities articulated in the *Blueprint*. BOEM's activities focus on developing and securing America's energy supplies by expanding safe and responsible domestic oil and gas development, while at the same time supporting the development of clean energy alternatives, including renewable resources like wind and marine hydrokinetic energy.

New Energy Frontier Initiative. The President's *Blueprint* identifies the Nation's primary energy challenge as the need to achieve a balance between conventional and renewable energy sources. America's oil and natural gas supplies are critical components of the Nation's energy portfolio. Their development enhances energy security and fuels the Nation's economy. Recognizing that America's oil supplies are limited, the Nation must develop domestic resources safely, responsibly, and efficiently, while taking steps that will ultimately lessen America's reliance on oil and move towards a clean energy economy.

The Secretary's New Energy Frontier initiative is advancing the development of renewable and conventional energy resources on the Outer Continental Shelf. The programmatic increases included in BOEM's 2013 Budget both support this initiative.

- **Renewable Energy** – the increase of \$1.3 million for auction support services will fund critical contract support for lease auctions, as well as the acquisition of wind resource data needed to prepare the sales. With these advancements, BOEM anticipates a substantial increase in leasing activity in 2013 on OCS sites for the commercial generation of renewable energy.
- **Environmental Studies** – the requested increase of \$700,000 will support necessary baseline environmental characterization and monitoring activities in the Gulf of Mexico following the *Deepwater Horizon* incident. These studies will provide critical data regarding physical oceanography, deep sea ecology, social science, and the assessment of coral and chemosynthetic communities to support decision making related to conventional energy leasing programs and permitting activities.

Figure 2: BOEM Organizational Chart

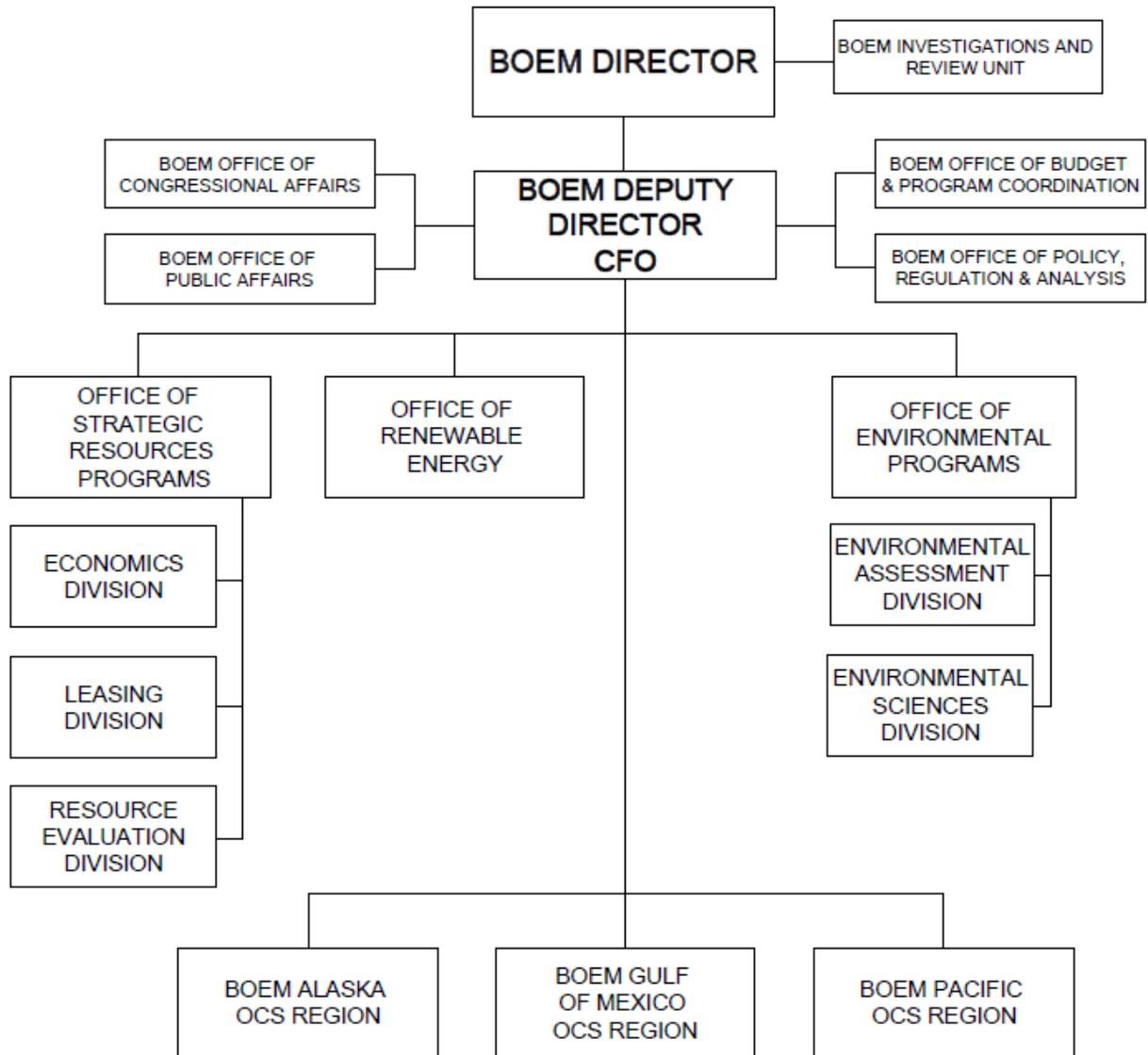


Table 3: Detailed FY 2011 Crosswalk from BOEMRE to BOEM and BSEE

FY 2011 Crosswalk to BOEM and BSEE <i>(dollars in thousands)</i>													
BOEMRE Subactivities		BOEM						BSEE					
		Renewable Energy	Conventional Energy	Env. Assessment	GSS	Exec Dir	Total	Env. Enforcement	Operations, Safety and Regulation	Admin. Operations	GSS	Exec Dir	Total
<u>OEEM</u>	<u>FY 2011</u>												
Renewable Energy	23,192	22,823				369	23,192						0
Leasing & Environment	65,352		13,172	50,253		1,927	65,352						0
Resource Evaluation	35,057		31,573			3,484	35,057						0
Regulatory Program	88,368		1,333				1,333	710	77,850			8,475	87,035
Information Management	20,484	324	2,871	1,636		744	5,575	324	4,673	8,997	0	915	14,909
<u>General Administration</u>							0						0
Executive Direction	5,751					5,751	5,751						2,780
Policy & Mngt Improvement	5,441					2,661	2,661					2,780	9,331
Administrative Operations	21,215					2,948	11,884			9,267		64	19,457
General Support Services	29,665					10,208	10,208						19,457
Total	294,525	23,147	48,949	51,889	19,144	17,884	161,013	1,034	82,523	18,264	19,457	12,234	133,512

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FY 2013 PERFORMANCE BUDGET
Bureau of Ocean Energy Management
Performance Summary and Goal Performance

The FY 2013 budget request provides the resources needed to carry out the mission of the Bureau of Ocean Energy Management, including leasing, resource evaluation, environmental studies and assessment, and the Renewable Energy/Alternate Use program. Additionally, the Renewable Energy/Alternate Use program directly supports the Secretary's Priority Goal for Renewable Energy.

PERFORMANCE MANAGEMENT

The FY 2011-2016 DOI Strategic Plan, in compliance with the principles of the Government Performance and Results (GPR) Modernization Act of 2010, provides a collection of mission objectives, goals, strategies and corresponding metrics that provide an integrated and focused approach for tracking performance across a wide range of DOI programs. While the DOI Strategic Plan for FY 2011–2016 is the foundational structure for the description of program performance measurement and planning for the FY 2013 President's Budget, further details for achieving the Strategic Plan's goals are presented in the DOI Annual Performance Plan and Report (APP&R). Bureau and program specific plans for FY 2013 are fully consistent with the goals, outcomes, and measures described in the FY 2011-2016 version of the DOI Strategic Plan and related implementation information in the APP&R.

Within the DOI Strategic Plan for FY 2011–2016, BOEM is aligned under the second mission area: *Sustainably Manage Energy, Water, and Natural Resources*. Specifically, the Renewable Energy functions support Strategy Two: *Develop renewable energy potential*. The specific GPR measure, *Number of megawatts of approved capacity authorized on public land and the OCS for renewable energy development while ensuring full environmental review*, is a cumulative measure that tracks the cumulative number of approved megawatts (MW) based on the total capacity of the equipment to be installed, as specified in an approved Construction and Operations Plan. The Conventional Energy activities support Strategy Three: *Manage conventional energy development*. The GPR measure, *Number of offshore lease sales held consistent with the Secretary's Five-Year Oil and Gas Program*, tracks the quantity of lease sales conducted during the current Five-Year Program. Environmental studies, assessments, and other activities conducted by BOEM support both strategies.

BOEM's GPR measures, supporting bureau measures, and their respective results are included at the end of this section.

RENEWABLE ENERGY PRIORITY GOAL

BOEM supports the Renewable Energy High Priority Goal: *Increase the approved capacity for production of energy from domestic renewable resources to support a growing economy and protect our national interests while reducing our dependence on foreign oil and climate-changing greenhouse gas emissions. By September 30, 2013, increase approved capacity authorized for renewable (solar, wind, and geothermal) energy resources affecting Department of the Interior managed lands, while ensuring full environmental review, by at least 11,000 Megawatts.*

Bureau Contribution. BOEM primarily supports the Renewable Energy Goal through its Office of Renewable Energy Programs, which advances a sustainable OCS renewable energy future through interactive site planning and environmentally responsible operations and energy generation. Support of Secretary Salazar's "Smart from the Start" initiative to facilitate siting, commercial and limited leasing, and construction of new projects will spur the responsible development of offshore wind resources, consistent with this Priority Goal. Currently, the Cape Wind Energy Project off the coast of Massachusetts is the only permitted OCS renewable energy project contributing to this High Priority Goal. No other OCS renewable energy projects are expected to have a construction plan approved by the 2013 end date for this goal.

BOEM management closely monitors the renewable energy program. One of the mechanisms used to monitor the renewable energy initiative and BOEM's contribution toward the renewable energy Priority Goal is through performance metrics. The Department employs a set of internal measures and milestones to monitor and track achievement of the Priority Goal. Progress is reported and reviewed throughout the year by the Department to identify and address any need for enhanced coordination or policy measures to address barriers to the achievement of the Priority Goal. Performance information is based on the President's Budget request level of \$29.0 million in FY 2013 for the BOEM renewable energy activities (including renewable energy studies and assessments funded through the Environmental Assessment activity). Table 4 identifies BOEM's performance measures and metrics, and further information is contained within the FY 2013 DOI APP&R.

Implementation Strategy. The first step in the renewable energy leasing process is to identify a proposed lease area and determine whether or not there is competition for that area. If BOEM determines that there is competition, it will undertake a public consultation and decision process including environmental analyses such as those required by NEPA. During FY 2011, BOEM completed one NEPA document, and two additional NEPA documents are anticipated to be completed during FY 2012. The funding in the 2013 Request will enable BOEM to complete seven NEPA documents. BOEM tracks the number of formal actions it publishes in the Federal Register to initiate the leasing process for renewable energy (i.e., Requests for Interest). During FY 2011, BOEM initiated four Renewable Energy leasing processes in Maryland, Massachusetts, New Jersey, and Rhode Island. BOEM anticipates initiating seven leasing or grant processes in FY 2012 and another two in FY 2013.

BOEM will issue two types of leases for renewable energy activities - *commercial leases* for development and power generation or transmission and *limited leases* for resource assessment and technology testing. To issue commercial leases, BOEM must conduct a multi-step process

entailing information gathering, consultation with interested and affected parties, NEPA review and compliance, and analysis in light of other applicable Federal requirements for each affected state.

Limited Leases. The number of leases issued is highly dependent upon the amount of interest and demand for the leases, and this economic uncertainty can lead to variability in the issuance of leases from year to year. BOEM issued no limited leases for testing and data collection on the OCS during FY 2011, and it does not currently anticipate issuing any limited leases during FY 2012. However, with the funding requested, BOEM anticipates being able to issue two new limited leases during FY 2013.

Commercial Leases. BOEM continues to make strides on renewable energy leasing activities. The FY 2012 request described the Department's efforts on the Cape Wind Energy Project. In November 2010, Secretary Salazar signed the nation's first non-competitive lease for commercial wind energy development on the OCS for the Cape Wind Energy Project. In April 2011, the Cape Wind Energy Project Construction and Operations Plan (COP) was approved and announced by the Secretary with an approved capacity of 468 megawatts (MW). The Bureau reported the approval of the COP toward the Renewable Energy Priority Goal metric, which focuses on the number of megawatts (MW) of approved capacity for renewable energy development and tracks the cumulative number of approved MW based on the total capacity of the equipment to be installed, as specified in an approved COP.

BOEM anticipates being able to issue additional commercial leases for the offshore development of renewable energy in the near future after the required public consultation and environmental analyses are completed: one commercial lease during FY 2012 and six commercial leases during FY 2013.

Smart from the Start. On November 23, 2010, Secretary Salazar announced an initiative called "Smart from the Start" to facilitate the siting, leasing, and construction of new projects. The "Smart from the Start" Atlantic Offshore Wind Initiative calls for the identification of areas of the Atlantic OCS that appear most suitable for commercial wind energy activities, while presenting the fewest apparent environmental and user conflicts. These areas are known as Wind Energy Areas (WEAs). In 2011, BOEM, in consultation with other Federal agencies and BOEM's Intergovernmental Renewable Energy Task Forces, identified four WEAs offshore New Jersey, Delaware, Maryland and Virginia. BOEM prepared an environmental assessment (EA) of the potential impacts of issuing renewable energy leases, including reasonably foreseeable consequences associated with site characterization activities such as geophysical, geotechnical, archeological and biological surveys in these mid-Atlantic WEAs. The EA also considered potential environmental impacts associated with site assessment activities such as the installation and operation of meteorological towers and buoys on leases that may be issued in these areas. BOEM will use this EA to inform future leasing decisions in the mid-Atlantic WEAs and to review site assessment plans.

BOEM is currently undergoing a similar process off Rhode Island and Massachusetts. On August 18, 2011, BOEM published the Call for Information and Nominations for Commercial Wind Energy Leasing on the OCS Offshore Rhode Island and Massachusetts (Call) and corresponding Notice of Intent to Prepare an EA (NOI) for an area located within the Area of Mutual Interest,

as described by a Memorandum of Understanding between the Governors of Rhode Island and Massachusetts. The public comments on those notices are currently under review, and BOEM hopes to identify a WEA shortly. The WEA will be considered for leasing and approval of site assessment activities as the proposed action under the National Environmental Policy Act

In December 2011, Secretary Salazar announced a solicitation of competitive interest and invitation for interested stakeholders to comment for the Atlantic Wind Connection project proposal, which would enable up to 7,000 megawatts of wind turbine capacity to be delivered to the electric grid. The unsolicited application for a right-of-way to build a ‘backbone’ for an offshore electrical transmission system is encouraging and signals there is significant interest in developing the infrastructure to support offshore wind development. BOEM opened a public comment period on the potential environmental effects of the proposal, and asked whether other developers are interested in constructing the project. Responses were requested by February 21, 2012.

Federal/State Task Forces. BOEM recognizes the importance of coordinating and consulting with local and Federal stakeholders to develop a comprehensive renewable energy program for the OCS. During FY 2011, BOEM supported ten Federal/State Task Forces for Renewable Energy development (in New York, New Jersey, Virginia, Rhode Island, Massachusetts, Maryland, Delaware, Maine, Oregon, and North Carolina). In FY 2012 and FY 2013, BOEM will continue to support these existing state taskforces and plans to support new stakeholder collaboratives each year, such as the Atlantic Wind Consortium.

Additional discussion of these metrics can be found in the Renewable Energy activity chapter and its Performance Overview Table.

Table 4 : Goal Performance Table

Goal Performance Table												
Note: Performance and Cost data may be attributable to multiple activities and subactivities. n/a - Data not available												
Target Codes: SP- Strategic Plan measures HPG- High Performance Goal BUR - Bureau specific measure UNK- Prior year data unavailable TBD- Targets have not yet been developed NA- Long-term targets are inappropriate to determine at this time												
Type Codes: C - Cumulative Measures A - Annual Measures F - Future Measures												
Mission Area 2: Sustainably Manage Energy, Water, and Natural Resources												
Goal 1: Secure America's Energy Resources												
Supporting Performance Measures	Type	2007 Actual	2008 Actual	2009 Actual	2010 Actual	2011 Plan	2011 Actual	2012 Plan	FY 2013 President's Budget	Change from 2012 to 2013 Plan	Long-term Target 2016	
Strategy 2: Develop renewable energy potential												
Increase the approved capacity for production of energy from domestic renewable resources to support a growing economy and protect our national interests while reducing our dependence on foreign oil and climate-changing greenhouse gas emissions (Cumulative) (HPG/SP)	C/F	N/A	N/A	N/A	N/A	N/A	468 MW	468 MW (cum.)	468 MW (cum.)	0 MW	2,750 MW (cum.)	
Contributing Programs Renewable Energy												
Comments The number of megawatts of approved capacity for renewable energy development is one the Department's High Priority Goals. This metric tracks the cumulative number of approved megawatts based on the total capacity of the equipment to be installed, as specified in an approved Construction and Operations Plan (COP). On November 1, 2010, BOEM issued its first commercial lease for the existing Cape Wind project off the coast of Massachusetts and in April 2011 approved its COP for a project that could generate up to 468 megawatts of renewable energy. BOEM has also initiated a total of four leasing processes in Maryland, Massachusetts, New Jersey and Rhode Island. Once the required public consultation and environmental analyses are completed, Site Assessment Plans (SAPs) along with Construction and Operation Plans (COPs) can be submitted for review and approval, the next of which will likely occur in FY 2014.												
Number of Offshore Renewable Energy leasing or ROW/RUE grant processes initiated (e.g., first public notice issued, Requests for Interest, Calls) (BUR)	C/F	N/A	N/A	0	1	6	4	7	2	5	TBD	
Contributing Programs Renewable Energy												
To enable renewable energy development on the OCS, BOEM must conduct a multi-step process entailing information gathering, consultation with interested and affected parties, NEPA review and compliance, and analysis in light of other applicable federal requirements for each affected state. The first step in each decision process will identify a proposed lease area and determine whether there is competition for that area. If BOEM determines there is competitive interest, it will undertake a public consultation and decision process. This metric counts the number of formal actions BOEM publishes in the Federal Register to initiate the leasing process for renewable energy. In April 2010, BOEM issued the first Request For Interest (RFI) for offshore renewable energy development off the coast of Delaware. During FY 2011, BOEM initiated Renewable Energy leasing processes in Maryland, Massachusetts, New Jersey, and Rhode Island. BOEM currently anticipates initiating another 7 leasing or grant processes in FY 2012 and an additional 2 in FY 2013.												
Comments NOTE: The Renewable Energy metrics presented are subject to revision as the Program matures. Projected costs for this performance measure include all funding associated with renewable energy performance. FY 2012 will be a baseline year for performance costs due to the reorganization of BOEMRE into two separate bureaus and the major changes anticipated for program operations.												

Goal Performance Table (continued)											
Supporting Performance Measures	Type	2007 Actual	2008 Actual	2009 Actual	2010 Actual	2011 Plan	2011 Actual	2012 Plan	FY 2013 President's Budget	Change from 2012 to 2013 Plan	Long-term Target 2016
Total Number of unique Federal/State Task Forces for Renewable Energy development supported during the Fiscal Year (BUR)	C/F	0	0	0	7	10	10	12	13	1	TBD
Renewable Energy											
BOEM recognizes the importance of coordinating and consulting with local and federal stakeholders to develop a comprehensive renewable energy program for the OCS. This metric quantifies the number of unique cooperative planning and leasing efforts undertaken with relevant federal agencies and affected state, local, and tribal governments. BOEM has actively sought and will continue to solicit stakeholder input through collaborative partnerships with federal agencies, state governments and other affected stakeholders.											
During FY 2010 BOEM established and held initial Federal/State Task Force meetings with seven states (i.e., Delaware, Rhode Island, Massachusetts, New Jersey, Virginia, Maryland, and Maine). During FY 2011, BOEM supported Federal/State Task Forces for Renewable Energy development with ten states (i.e., NY, NJ, VA, MA, RI, MD, DE, ME, OR, NC). In FY 2012 and FY 2013, BOEM will continue to support the existing 10 state taskforces as well as establish new ones and support other stakeholder collaboratives such as the West Coast Governors' Agreement on Ocean Health (WCGA), the California Working Group on Renewable Energy, and the Hawaii Clean Energy Initiative.											
NOTE: The Renewable Energy metrics presented are subject to revision as the Program matures.											
Total number of renewable energy leases or grants issued (competitive or noncompetitive; limited or commercial) (BUR)	C/F	N/A	N/A	0	4	3	1	1	11	10	TBD
Number of limited leases for renewable energy testing and data collection (BUR)	C/F	N/A	N/A	0	4	1	0	0	2	2	TBD
Number of commercial leases for the development of renewable energy (BUR)	C/F	N/A	N/A	0	0	2	1	1	6	5	TBD
Number of right-of-way/right-of-use and easement grants issued for offshore renewable energy transmission (BUR)	C/F	N/A	N/A	N/A	0	0	0	0	3	3	TBD
Renewable Energy											
In the first quarter of FY 2011, BOEM issued its first commercial renewable energy lease for the existing Cape Wind project off the coast of Massachusetts. To facilitate the siting, leasing, and construction of new renewable energy projects during FY 2011 Secretary Salazar announced an initiative called "Smart from the Start." This initiative is expected to significantly reduce the time required for developers to obtain a commercial lease, without sacrificing the Department's legal and environmental responsibilities. As the leasing processes initiated in FY 2010 and 2011 proceed, BOEM anticipates there will be the potential to issue two limited leases for research during FY 2013, and one commercial lease for energy development during FY 2012 and six commercial leases during FY 2013.											
NOTE: The Renewable Energy metrics presented are subject to revision as the Program matures.											

Goal Performance Table (continued)											
Supporting Performance Measures	Type	2007 Actual	2008 Actual	2009 Actual	2010 Actual	2011 Plan	2011 Actual	2012 Plan	FY 2013 President's Budget	Change from 2012 to 2013 Plan	Long-term Target 2016
Number of NEPA documents (EIS/EAs) finalized for Renewable Energy (BUR) Contributing Programs	C/F	N/A	N/A	3	1	2	1	2	7	5	TBD
OEMM-Renewable Energy											
<p>Comprehensive environmental analyses are an essential but lengthy part of the overall OCS lease planning process. The number of ongoing Environmental Impact Statements (EISs) or Environmental Assessments (EAs) will be highly dependent on the level of interest in potential leasing areas and whether the lease issuance process will be competitive or non-competitive. For a non-competitive process, the financial burden of conducting the environmental assessment is borne by the applicant. In a competitive process, BOEM will fund the EA or EIS. In April 2010, the BOEM completed a supplemental Environmental Assessment on the Cape Wind Energy Project after receiving additional information following the publication of its Final EIS in 2009. During FY 2012, BOEM anticipates finalizing an additional 2 NEPA documents.</p>											
NOTE: The Renewable Energy metrics presented are subject to revision as the Program matures.											
Strategy 3: Manage conventional energy development											
Number of offshore lease sales held consistent with the Secretary's Five-Year Oil and Gas Program (SP) Contributing Programs	C/F	2	5	2	1	0	0	2*	3**	1	4**
Conventional Energy											
<p>This measure counts lease sales conducted under the OCS Oil and Gas Leasing Program as defined in the Secretary's Five-Year Program. In April 2009, the DC Circuit Court remanded the 2007-2012 OCS oil and gas leasing program and required the Interior Department to "conduct a more complete comparative analysis of the environmental sensitivity of different areas." Based on a revised environmental sensitivity analysis, the Secretary announced a Preliminary Revised Program (PRP) in March of 2010 that did not allow for additional lease sales to be held in the Beaufort Sea and Chukchi Sea planning areas under the 2007-2012 OCS Program and the President removed Bristol Bay from leasing consideration through 2017. In May 2010, the Secretary cancelled Western Gulf of Mexico Sale 215 to determine whether baseline environmental information utilized in the multi-sale Environmental Impact Statement conducted for this lease sale needed revision following the Deepwater Horizon oil spill.</p> <p>At the same time, he cancelled Mid-Atlantic Sale 220 to allow more time for consultation with the Department of Defense, and develop and implement measures to improve the safety of oil and gas development, provide greater environmental protection, and reduce the risk of catastrophic events. Collectively, these decisions resulted in the removal of five Alaska lease sales from the 5-Year Program (two in 2010 and three in 2011) and the cancellation of one Gulf of Mexico sale in 2010 and one sale in the Mid-Atlantic in FY 2012. For these reasons, only one of the four planned sales was held in FY 2010. In December 2010, the Secretary announced his Revised Program (RP) for the Outer Continental Shelf Oil and Gas Leasing Program 2007-2012. The court approved the RP and the supplemental environmental analyses in the Gulf of Mexico are complete; BOEM will ensure successful implementation within statutory requirements.</p> <p>* Lease sales resumed in FY 2012. Western Gulf of Mexico Sale 218 was held on December 14, 2011 and Central Gulf of Mexico Sale 216/222 is scheduled for June 2012. ** On November 8, 2011 the Secretary announced the Proposed Outer Continental Shelf (OCS) Oil and Gas Leasing Program for 2012-2017; the final Program is still being finalized. The Proposed Program includes three sales for FY 2013—Western Gulf of Mexico Sale 229 (scheduled for November 2012), Central Gulf of Mexico Sale 227 (historically Central Gulf of Mexico Sales occur in March), and Western Gulf of Mexico Sale 233 (historically Western Gulf of Mexico Sales occur in August). Cook Inlet Special Interest Sale 244 is scheduled to occur in FY 2014, if there is enough industry interest. FY 2016 targets four sales—one each in the Eastern (Sale 226), Central (Sale 241), and Western (Sale 248) Gulf of Mexico, and one in the Chukchi Sea Sale 237).</p>											
Comments											

Goal Performance Table (continued)											
Supporting Performance Measures	Type	2007 Actual	2008 Actual	2009 Actual	2010 Actual	2011 Plan	2011 Actual	2012 Plan	FY 2013 President's Budget	Change from 2012 to 2013 Plan	Long-term Target 2016
Percent of available offshore oil and gas resources offered for leasing compared to what was planned in the Secretary's Five-Year Program (BUR)	C/F	84.2% (228.5/271.3)	Original 2007-2012 Program 99.1% (559.4/564.3)	Original 2007-2012 Program Target: 79.8% (450.5/564.3)	Revised 2007-2012 Program (Dec. 2010) Target: 79.8% (450.5/564.3)	2011 Plan	2011 Actual	2012 Plan	Original 2012-2017 Program Target: 98.9% (436.6/441.6)	Change from 2012 to 2013 Plan	Long-term Target 2016
Percent of available OCS acres offered for leasing during the Five-Year Program compared to what was planned for leasing (BUR)	C/F	67.3% (386.1/573.8)	2007-2012 Revised Leasing Program Target: 81.9% (418.7/511.3)	2007-2012 Revised Leasing Program Target: 81.9% (418.7/511.3)	2007-2012 Revised Leasing Program Target: 81.9% (418.7/511.3)	2011 Plan	2011 Actual	2012 Plan	Original 2012-2017 Program Target: 97.3% (592.9/609.5)	Change from 2012 to 2013 Plan	Long-term Target 2016
Contributing Programs	Conventional Energy										
Comments	<p>For each Five-Year Program, BOEM identifies OCS program areas that will be considered for future leasing through individual sales. Acreage with few estimated technically recoverable resources is excluded from the acreage that is planned to be offered under the 5-Year Program and the targets assume that only the most prospective acreage will be offered. For the Revised 2007-2012 OCS Oil and Gas Leasing Program, the acreage planned to be offered is projected to contain 98% of Undiscovered Technically Recoverable Resources available and encompass 91% of the total acreage available for leasing. This means that approximately 9% of the acreage available for leasing was determined to contain insufficiently technically recoverable resources. If all the sales scheduled in the Revised 5-Year Program for a specific year were held, meaning no major deferrals of acreage planned to be offered, the available resources offered would be 100%.</p> <p>The current Five-Year Program includes "special interest sales," two in Cook Inlet, a process originally designed for the remote areas of Alaska that contain prospects for oil and gas, but are currently considered to have high risk, high costs, and lower industry interest. If industry does not express an interest in the Call for Information for Special Sales, presale work does not continue and the sale is not held. None of the scheduled special interest sales were held.</p>										
Percent of available OCS oil and gas resources offered in each year's lease sales (BUR)	C/F	35.6%* (19.5/ 54.7)	98.9% (161.2/ 162.9)	100% (77.9977/99)	71% (55.55/78.04)	N/A**	N/A**	71.8% (78.0/108.6)	99.04% (103.2/104.2)	TBD***	99.1% (107.9/108.9)
Contributing Program	Conventional Energy										
Percent of available OCS acres offered in each year's lease sales (BUR)	C/F	35% (44.6/ 127.3)	88% (175.2/ 198.5)	99.9% (91.3591/42)	69% (62.57/90.91)	N/A**	N/A**	66.0% (92.6/141.3)	98.4% (121.6/123.6)	TBD***	94.8% (150.0/158.3)
Contributing Programs	Conventional Energy										
Comments	<p>These measures count the resources (in BBOE - billion barrels of oil equivalent) and acreage offered through lease sales scheduled under the Secretary's 5-Year OCS Oil and Gas Leasing Program. Targets for the 2007-2012 OCS Oil and Gas Leasing Program assume that the most prospective acreage will be offered and are based on the Secretary's Revised Program that was released on December 1, 2010. No lease sales were held in FY 2011, therefore, the percentage of available acres and resources offered are 0. In FY 2012, two lease sales were scheduled. Western Gulf of Mexico Sale 218 was held on December 14, 2011, and combined Sale 216/222, Central Gulf of Mexico, is scheduled for June 2012.</p> <p>* FY2012 will be a baseline year for performance costs due to the reorganization of BOEMRE into two separate bureaus and the major changes anticipated for program operations. ** No lease sales were held during FY 2011. *** On November 8, 2011 the Secretary announced the Proposed Outer Continental Shelf (OCS) Oil and Gas Leasing Program for 2012-2017; the Program is still being finalized.</p>										

Goal Performance Table (continued)												
Supporting Performance Measures	Type	2007 Actual	2008 Actual	2009 Actual	2010 Actual	2011 Plan	2011 Actual	2012 Plan	FY 2013 President's Budget	Change from 2012 to 2013 Plan	Long-term Target 2016	
Percent of Environmental Studies Program (ESP) projects rated "Moderately Effective" or better by BOEM internal customers (BUR)	A	100% (13/13)	85% (29/34)	91% (20/22)	91% (10/11)	85%	91% (21/23)	85%	85%	0%	TBD	
Percent of ESP Projects delivered on time (BUR)	A	54% (7/13)	74% (25/34)	91% (20/22)	56% (6/11)	60%	61% (14/23)	60%	60%	0%	TBD	
<p>Contributing Programs</p> <p>Environmental Assessment</p> <p>These measures evaluate the effectiveness and timeliness of the ESP's projects. During FY 2012 and FY 2013, BOEM anticipates conducting a number of oceanographic, environmental, and social science studies. Studies are planned to investigate the interactions between birds and offshore facilities; the distribution of whales, fish and pinnipeds; air quality, ocean currents, and modeling efforts; and social science effects and long-term monitoring post-Deepwater Horizon that are not addressed through other efforts. Planned studies will inform both the offshore Renewable Energy and the Conventional Energy programs.</p>												
<p>Comments</p> <p>Performance results for these metrics are sensitive to the number and types of projects evaluated. The proposed targets for FY 2012 and FY 2013 are based on multi-year trends in the results as well as the impact of recent events on the studies program and the nature of planned studies. Complex studies that involve multiple disciplines and the intensive type of field work required to complete these studies are subject to unpredictable changes that affect planned timing, e.g., Arctic weather conditions or equipment availability.</p> <p>In addition to supporting the DOI Strategy to manage conventional energy development, these measures also support the DOI Strategy to develop renewable energy potential.</p>												
Percent of leases drilled annually for the first time - 5 Year Leases (BUR) (calendar year)	A	4.8% (86/1,778)	4.7% (71/1,526)	2.5% (38/1,547)	1.3% (15/1,155)	2.0%	1.3% (11/870)	2.5%	2.5%	0.0%	0.05	
<p>Contributing Program</p> <p>Conventional Energy</p> <p>The number of drilling rigs currently in use on shallow water leases (typically 5-year leases) in the Gulf of Mexico has decreased in recent years and significantly dropped from FY 2008 when oil and natural gas prices were at record high levels. This decrease helps explain why the percent of 5-year leases drilled for the first time in FY 2009 was greatly reduced from the results achieved over the prior few years. In FY 2010 and 2011, there was a further reduced percentage because the approval times for shallow water exploration plans increased after additional environmental and safety reviews and requirements that were added following the Deepwater Horizon explosion. The increased approval times can impact drilling schedules because rig contracts are often put in place years in advance and scheduled rigs may be diverted to other projects outside the Gulf if plans have not been approved.</p>												
<p>Comments</p> <p>As operators adjust to the new requirements and rigs return to the area, drilling rates should start to recover to higher levels in FY 2013; however, it is unlikely that shallow water rates will return to pre-2009 levels unless the economics of oil and gas exploration in the Gulf of Mexico change significantly.</p>												
Percent of leases drilled annually for the first time - 8/10 Year Leases (BUR)(calendar year)	A	1.2% (42/3,536)	1.2% (38/3,277)	0.8% (36/4,652)	0.3% (14/4,501)	0.9%	0.2% (7/3,658)	0.3%	0.4%	0.1%	1.0%	
<p>Contributing Program</p> <p>Conventional Energy</p> <p>Following the Deepwater Horizon explosion and spill, Secretary Salazar directed BOEM to suspend the drilling of wells using subsea blowout preventers (BOPs) or surface BOPs on a floating facility. He also suspended approval of pending and future applications for permits to drill wells using subsea BOPs or surface BOPs on a floating facility. These suspensions, were in place until October 12, 2010 and were primarily applicable to deepwater operations with 78/10 year lease terms. As a result, the percentage of 78/10 year leases drilled for the first time was significantly reduced in FY 2010 and still lower than originally planned in FY 2011 and FY 2012. Assuming that the majority of operators are able to comply with new safety requirements as they are developed, BOEM anticipates returning to recent levels in FY 2013.</p>												
<p>Comments</p> <p>NOTE: Beginning with Sale 213 held in 2010, the primary term for leases in water depths of 400 meters to 1,600 meters changed. The primary term for leases in 400 meters to less than 800 meters changed from an initial 8-year term with a requirement that drilling commence within the first 5 years of the term, to an initial 5-year term which would be extended to 8 years only if exploratory drilling was commenced during the initial term. The primary term for leases in 800 meters to less than 1,600 meters changed from a 10-year (unconditional) primary lease term to a 7-year primary lease term that would be extended to 10 years, again only if exploratory drilling commenced.</p>												

Goal Performance Table (continued)											
Supporting Performance Measures	Type	2007 Actual	2008 Actual	2009 Actual	2010 Actual	2011 Plan	2011 Actual	2012 Plan	FY 2013 President's Budget	Change from 2012 to 2013 Plan	Long-term Target 2016
Percent of high bids on leases accepted or rejected within 60 days (BUR) Contributing Programs	A	69% (259/374)	41.2% (898/2,181)	65.3% (431/660)	56% (264/472)	N/A*	N/A*	55%	60%**	5%	60%**
<p>Conventional Energy</p> <p>The 60-day target was originally set for lease sales with fewer than 600 tracts receiving bids in the Gulf of Mexico Region or 90 tracts in the Alaska Region. The original 2007-2012 5-year Program included a 500 percent expansion of acreage for Alaska and a 10 percent increase in the Gulf of Mexico, which increased the number of tracts receiving bids. Additionally, in the Gulf of Mexico deep water, many leased tracts with 10-year lease terms expire and are made available in subsequent lease sales. This additional acreage can result in some sales being above the baselines of 600 and 90 tracts receiving bids. In FY 2008, GOMR Sales 205 and 206 had 723 and 615 tracts receiving bids respectively, and Alaska Sale 193 resulted in 488 tracts receiving bids. The higher number of tracts being bid upon, coupled with the increased amount of geological and geophysical data that must be incorporated into current FMV evaluations, lowered the percentage of bids BOEM was able to evaluate within 60 days in FY 2008. FY 2009 results include evaluations that BOEM performed for BLM's National Petroleum Reserve- Alaska.</p>											
<p>Comments</p> <p>* No lease sales were held during FY 2011. ** On November 8, 2011 the Secretary announced the Proposed Outer Continental Shelf (OCS) Oil and Gas Leasing Program for 2012-2017; the Program is still being finalized.</p>											
Percent of tracts with high bids rejected in the previous lease sale receiving acceptable high bids the next time the tracts are made available (BUR) (FY) Contributing Programs	A	33% (1/3)	51.9% (14/27)	17.1% (6/35)	42% (8/19)	N/A*	N/A*	55%	50%**	-5%	50%**
<p>Conventional Energy</p> <p>This metric compares the bidding results received on rejected tracts from a previous sale the first time these tracts are made available again. High bids for tracts are rejected as inadequate if they do not meet BOEM's threshold of an acceptable bid based on our economic evaluation. Between FY 2007 and 2010, approximately 35 percent of the rejected tracts received acceptable bids in subsequent sales. The number of variables that affect this measure (i.e., predicted oil and gas and associated price paths, predicted costs associated with exploring and developing the leases, changes in royalty rates, royalty relief or other incentives, etc.) makes the percentage that will be rejected difficult to predict.</p>											
<p>Comments</p> <p>* No lease sales were held during FY 2011. ** On November 8, 2011 the Secretary announced the Proposed Outer Continental Shelf (OCS) Oil and Gas Leasing Program for 2012-2017; the Program is still being finalized.</p>											

Goal Performance Table (continued)											
Supporting Performance Measures	Type	2007 Actual	2008 Actual	2009 Actual	2010 Actual	2011 Plan	2011 Actual	2012 Plan	FY 2013 President's Budget	Change from 2012 to 2013 Plan	Long-term Target 2016
Maintain the ratio of 1.8 to 1 (+/-0.4) of accepted high bids to BOEM's estimated value (BUR)	C/F	2.1 to 1	2.49 to 1	1.7 to 1	1.8 to 1	N/A*	N/A*	1.8 to 1 (+/- 0.4)	1.8 to 1 (+/- 0.4)	0%	1.8 to 1 (+/- 0.4)
Contributing Programs											
Conventional Energy											
BOEM's current tract evaluation procedure is designed to assure that the government receives fair value for leased tracts. This measure compares the accepted high bid on each tract to the government's estimated value for that tract. Industry corporate strategy with respect to acquiring specific acreage could lead to a company raising its bid above this analytical value to improve their chances of winning the lease. BOEM estimates are based on a discounted cash flow analysis of a tract and are not designed to predict the high bid. Therefore, the value of this indicator should always be greater than one to achieve fair value for OCS leases. The annual target ratio of 1.8 to 1 means that on average, the industry bids received are expected to be \$1.80 (+/- 0.4) for every dollar of the estimated value for each tract. This target was set using several years of historical bid data and is reviewed annually to confirm its validity.											
* No lease sales were held during FY 2011.											
Blocks/Tracts Evaluated (BUR)	A	18,645*	8,341	11,287	8,233	9,300	24,870*	9,300	9,300	0	9,300
Contributing Programs											
Conventional Energy											
To determine the potential resources on the OCS and the fair market value of those resources, BOEM must conduct detailed evaluations of the blocks and tracts offered for lease each year as well as conduct regular resource assessment activities. On average BOEM currently evaluates approximately 9,300 individual blocks/tracts annually; however, special evaluations (e.g., regional evaluations for hydrates) may increase that number significantly in some years.											
* The higher than expected numbers for FY 2007 and for FY 2011 result from the lease sales held in those Fiscal Years. In FY 2007 one lease sale was conducted in the Western GOM, while in FY 2011 no lease sales were conducted. Evaluation of tracts for fair-market determination on lease sales require intensive detailed mapping of small areas; in years with one or no sales these same interpreters cover immense areas with Regional maps used in support of resource inventory and preparation for future sales. Additionally, the National Assessment was also completed during FY 2011.											
Comments											

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Bureau of Ocean Energy Management
Bureau Budget Tables
(Dollars in Thousands)

Tables provided here display 2011 dollar amounts that reflect estimates for the OEM account under BOEMRE in the 2011 Operating Plan (before BOEM and BSEE were separated). Tables also present FTE levels from the Financial Business Management System (FBMS) that reflect actual paid hours for BOEM employees accrued during FY 2011, and FTE estimates for 2012 and 2013 build upon this information.

Table 5 : Account and Subactivity Detail

Account/Subactivity	FY 2011 Actual ^{1/}	2012 Enacted PL 112-74 ^{2/}	FY 2013 Request ^{3/}
Ocean Energy Management			
Renewable Energy	23,147	22,685	24,046
<i>Auction Support Services</i>			<i>[+1,296]</i>
Conventional Energy	48,949	47,245	47,612
Environmental Assessment	51,889	62,016	62,938
<i>Environmental Studies</i>			<i>[+700]</i>
General Support Services	19,144	12,785	13,345
<i>Administrative Reduction</i>			<i>[-122]</i>
Executive Direction	17,884	16,047	16,164
Total, OEM	161,013	160,778	164,105
Offsetting Rental Receipts	-60,512	-98,993	-98,791
Cost Recovery Fees	-2,787	-2,089	-2,613
Total, Offsetting Collections	-63,299	-101,082	-101,404
OCS Connect Rescission	-12,500		
NET TOTAL, BOEM	85,214	59,696	62,701
Full Time Equivalents (FTE)			
Total Direct FTE	460	498	498
Total Reimbursable FTE ^{4/}	68	74	74
Total, FTE	528	572	572

^{1/} The rescission amount shown here reflects the BOEM portion of the \$25 million rescission of prior-year balances included in the first FY 2011 Continuing Resolution (P.L. 11-242, Sec. 128).

^{2/} The 2012 Omnibus, PL 112-74, included an across-the-board reduction of 0.16%, which is reflected in the subactivity amounts in the table.

^{3/} Changes in 2013 include +\$1.45 million in fixed costs and an additional \$322,000 in offsetting collections. The revised offsetting collections amount reflects an updated rental receipts estimate based upon certain economic assumptions.

^{4/} Full Time Equivalent (FTE) is a standardized unit representing the average time worked of one full-time employee over one year. Here, the term "reimbursable" refers to FTEs paid for using offsetting collections.

Table 6 : Budget at a Glance

	2011 Actual	2012 Enacted	2013 Fixed Costs	Auction Support Services	Environmental Studies	Administrative Reduction	Change in Offsetting Collections	FY 2013 Request
Ocean Energy Management								
Renewable Energy	23,147	22,685	+65	+1,296				24,046
Conventional Energy	48,949	47,245	+367					47,612
Environmental Assessment	51,889	62,016	+222		+700			62,938
General Support Services	19,144	12,785	+682			-122		13,345
Executive Direction	17,884	16,047	+117					16,164
Total, OEM	161,013	160,778	+1,453	+1,296	+700	-122		164,105
Offsetting Collections								
Rental Receipts	-60,512	-98,993					+202	-98,791
Cost Recovery Fees	-2,787	-2,089					-524	-2,613
Total, Offsetting Collections	-63,299	-101,082	+0	+0	+0	+0	-322	-101,404
OCS Connect Rescission	-12,500							
Net Appropriation	85,214	59,696	+1,453	+1,296	+700	-122	-322	62,701

Table 7 : Summary of Requirements

	2011 Actual		2012 Enacted		Fixed Costs & Related Internal Transfers		Program Changes (+/-)		2013 President's Budget		Changes from 2012	
	FTE	Amount	FTE	Amount	Fixed Costs & Related	Internal Transfers	FTE	Amount	FTE	Amount	FTE	Amount
Ocean Energy Management												
Renewable Energy	33	23,147	48	22,685	+65	0	0	+1,296	48	24,046	0	+1,361
Direct Appropriation	28	13,609	42	7,454					42	8,764		
Offsetting Collections	5	9,538	6	15,231					6	15,282		
Conventional Energy	247	48,949	272	47,245	+367	0	0	0	272	47,612	0	+367
Direct Appropriation	214	34,582	236	24,301					236	24,594		
Offsetting Collections	33	14,367	36	22,944					36	23,018		
Environmental Assessment	184	51,889	165	62,016	+222	0	0	+700	165	62,938	0	+922
Direct Appropriation	164	22,699	144	15,403					144	16,159		
Offsetting Collections	20	29,190	21	46,613					21	46,779		
General Support Services	0	19,144	0	12,785	+682	0	0	-122	0	13,345	0	+560
Direct Appropriation	0	13,314	0	3,476					0	4,018		
Offsetting Collections	0	5,830	0	9,309					0	9,327		
Executive Direction	64	17,884	87	16,047	+117	0	0	0	87	16,164	0	+117
Direct Appropriation	54	13,510	76	9,062					76	9,166		
Offsetting Collections	10	4,374	11	6,985					11	6,998		
Total	528	161,013	572	160,778	+1,453	0	0	+1,874	572	164,105	0	+3,327
Offsetting Collections		-63,299		-101,082				-322		-101,404		-322
Rental Receipts		-60,512		-98,993				+202		-98,791		+202
Cost Recovery Fees		-2,787		-2,089				-524		-2,613		-524
OCS Connect Rescission		-12,500										
Net Appropriation, BOEM	528	85,214	572	59,696	+1,453	0	0	+1,552	572	62,701	0	+3,005

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FY 2013 PERFORMANCE BUDGET
 Bureau of Ocean Energy Management
Renewable Energy Activity

Table 8: Renewable Energy Activity Budget Summary

		2012 Enacted	Fixed Costs (+/-)	Program Changes (+/-)	2013 Budget Request	Change from 2012 (+/-)
Renewable Energy	(\$000)	22,685	+65	+1,296	24,046	+1,361
	FTE	48	0	-	48	-

SUMMARY OF PROGRAM CHANGES

Program Changes	Amount (\$000)	FTE
Fixed Costs	+65	0
Auction Support Services	+1,296	0
Total:	+1,361	0

JUSTIFICATION OF PROGRAM CHANGES

The FY 2013 President's Budget requests an increase of \$1.36 million for BOEM's renewable energy activities. This increase is comprised of:

Fixed Costs (+ \$65,000; +0 FTE). This budget request fully funds fixed costs for Renewable Energy activities.

Auction Support Services (+ \$1,296,000; +0 FTE). The Secretary's "Smart from the Start" initiative has greatly accelerated the timing of potential wind lease sales by shifting the detailed environmental impact statement (EIS) process until after the issuance of renewable energy leases, instead of before the lease sale. As a result of this accelerated auction schedule, BOEM requests additional funds for contract services for renewable energy auction support and for the purchase of wind resource data.

Accommodating the efficient development of offshore wind projects across adjacent lease blocks will necessitate a different and more sophisticated auction format than that used for oil and gas leasing. Renewable energy auctions need to be configured to ensure that each winning bidder obtains a sufficient number of contiguous tracts on which to develop an economically viable wind energy project. In the case of oil and gas leasing, an economically viable project can be accommodated on a single offshore block, by acquiring adjacent blocks in future sales, or through provision of traditional unitization agreements among companies whose leases overlie the same geologic prospect. Similar options generally are not available for wind energy projects.

The anticipated auction format will consist of a simultaneously ascending multiple round approach. The requested funding will enable BOEM to acquire the services and expertise to implement the new auction procedures by providing a mock auction training session for qualified bidders, arranging for suitable bid submission procedures, evaluating the eligibility of bids between rounds, assessing the effects on the sale results from bidders exercising bid-exit strategies, and optimizing final sale results using previous round bids to sell tracts not awarded at the end of the last bidding round. BOEM will also acquire services to provide back-up capabilities, verification of final results, and documentation of bids in all rounds, in conjunction with a secure bidding environment that guarantees confidentiality of bidding information during the auction.

BOEM will need to assess the wind resource in the proposed wind energy areas in conjunction with lease sales earlier than previously anticipated. While BOEM gains experience with these data and evaluates developing capabilities to conduct these resource assessments internally, BOEM will need to purchase wind resource data for the potential sale areas in advance of lease sales. This request anticipates the need for two area purchases in FY 2013.

This funding will enable BOEM to meet the Secretary's plan to accelerate the timing of potential wind lease sales and will expedite its ability to facilitate renewable energy production on the Outer Continental Shelf, which will benefit both the economy and the energy security of the nation. Complex auction formats have numerous logistical and security issues to accompany their procedural complexities. Contracting these services will ensure an effective and efficient auction process in FY 2013.

PROGRAM OVERVIEW

The Outer Continental Shelf has significant potential as a source of new domestic energy generation from renewable energy resources. Section 388 of the Energy Policy Act of 2005 gave the Secretary of the Interior the authority to issue leases, easements, and rights-of-way on the OCS for activities that produce or support production, transportation, or transmission of energy from sources other than oil and gas. Section 388 also authorized the Secretary to permit OCS activities that repurpose facilities currently or previously used for activities authorized under the Outer Continental Shelf Lands Act. Renewable energy and alternate use projects may include wind, wave energy, and hydrogen generation projects, as well as projects that make alternative use of existing oil and natural gas platforms in Federal waters.

In 2009, President Obama and Secretary Salazar announced a framework of regulations that would allow the Renewable Energy Program to manage offshore renewable energy activities and alternate uses of the OCS in order to ensure orderly, safe and environmentally responsible renewable energy development and provide for a fair return for use of OCS lands. Also in 2009, the Minerals Management Service and the Federal Energy Regulatory Commission (FERC) signed a Memorandum of Understanding (MOU) that provides for joint regulation of potential OCS commercial wave and ocean current projects. Following the reorganization of the MMS,

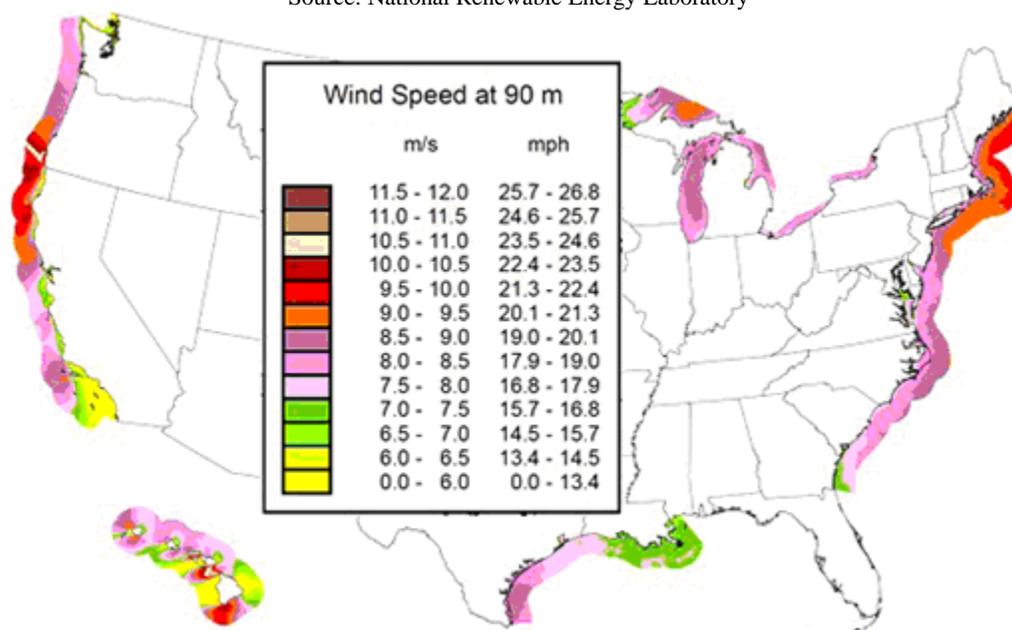
the Renewable Energy Program under the Bureau of Ocean Energy Management continues to support these activities on the OCS.

In the foreseeable future, BOEM anticipates development of renewable energy on the OCS from three general sources:

1. *Offshore Wind Energy.* Offshore wind turbines are being used in a number of countries to harness the energy of the moving air over the oceans and convert it to electricity. Offshore winds tend to flow at higher sustained speeds than onshore winds, making turbines more efficient. As seen in Figure 3 below, offshore wind speeds along the Atlantic and Pacific coasts indicate those areas as having the greatest potential for offshore wind energy production.

Figure 3: Offshore Wind Speeds in Coastal Areas

Source: National Renewable Energy Laboratory



In 2011, the Department of the Interior and the Department of Energy announced a National Offshore Wind Strategy with a scenario for achieving 10 gigawatts of wind capacity in the OCS and Great Lakes by 2020 (although potential renewable energy development in the Great Lakes is not regulated by BOEM). Offshore Atlantic winds alone have the technical potential to produce an estimated 1,000 gigawatts of energy; the Strategy seeks to harness a small portion of this potential by driving down the cost of offshore wind production to make it competitive with other electricity generation sources.

2. *Ocean Wave Energy (Hydrokinetic).* There is tremendous energy in ocean waves, and technology and project developers are evaluating existing and developing wave technology to capture this energy. Wave power devices extract energy directly from the surface motion of ocean waves. A variety of technologies have been proposed to capture

that energy, and some of the more promising designs are undergoing demonstration testing. West coast states (California, Oregon and Washington) and Hawaii have all received attention from developers as sites for wave parks, and proposals are expected to be submitted in FY 2012 and 2013.

3. *Ocean Current Energy (Hydrokinetic)*. Ocean currents also contain an enormous amount of energy that can be captured and converted to a usable form. Some of the ocean currents on the OCS are the Gulf Stream, Florida Straits Current, and California Current. At this time, the area with the greatest potential for ocean current energy development is the Florida coast. Technology is still at an early stage of development, but it is likely that submerged water turbines similar to wind turbines would be employed to extract energy from ocean currents.

➤ **Leasing**

As required by the Energy Policy Act, BOEM will issue renewable energy leases and grants on a competitive basis unless it determines that no competitive interest exists. Leases and grants are generally issued through a competitive sale, but if it is determined that no competitive interest exists, then BOEM may proceed with the non-competitive lease or grant negotiation process. In either case, the developer must submit and receive approval of appropriate plans or FERC license applications prior to moving forward with their proposed activities. At the end of the lease or grant term, the developer must decommission facilities in compliance with BOEM regulations.

Atlantic Region:

As of December 2011, BOEM has issued five renewable energy leases on the OCS since establishing the regulatory framework governing the Renewable Energy Program in 2009. BOEM executed four short-term wind resource assessment leases in 2009 for areas offshore New Jersey and Delaware and a commercial lease for the Cape Wind Energy Project offshore Massachusetts in 2010.

Additionally, BOEM has initiated the renewable energy planning and leasing process offshore a number of coastal states. As part of this process, BOEM has established intergovernmental task forces in states that have expressed interest in commercial development of offshore renewable energy in order to facilitate coordination and consultation and assist government decision-making for leasing proposals on the OCS. The role of each task force is to collect and share relevant information that will be useful to BOEM during its decision-making process. BOEM intergovernmental task forces have been established in Maine, Massachusetts, Rhode Island, New York, New Jersey, Delaware, Maryland, Virginia, North Carolina, South Carolina, Oregon and Hawaii. These task force meetings have been extremely productive and have helped identify areas of significant promise and interest for offshore development, in addition to providing early identification, and steps toward resolution, of potential conflicts.

BOEM has completed an Environmental Assessment for wind energy areas offshore the mid-Atlantic coast that will allow for commercial leasing to occur in 2012 and 2013.

Pacific Region:

The Pacific Regional Office has received interest in commercial and research leases for wind and wave projects offshore Oregon, California and Hawaii. While the lease block grid has already been created for Hawaii, the work of generating the offshore boundaries, such as the Submerged Lands Act boundary, will require most of 2012 to complete. It is anticipated that the final mapping products will be available in mid-2013.

➤ **Rights-of-Way**

In addition to issuing leases, BOEM also has the authority to issue right-of-way grants that allow developers to build electricity transmission lines between renewable energy installations and to connect to the onshore electrical grid. BOEM received a right-of-way request for a proposed transmission line running from Virginia to New York on the Atlantic OCS and has issued a public notice to determine whether competitive interest exists in moving forward with that potential project. BOEM has also received a right-of-way grant request for an area off the coast of Rhode Island and expects additional requests in the near future, including one to allow transmission through Federal waters between some islands in Hawaii. The Pacific Region is working with Hawaii and DOE on programmatic issues associated with the inter-island cable as part of a Programmatic EIS on Hawaii wind energy.

➤ **Payments**

As required by the Energy Policy Act, BOEM has established payment terms to ensure fair return to the U.S. Treasury for the rights conveyed by OCS renewable energy leases and grants. All lessees and grantees must pay rent, and lessees must pay an operating fee in lieu of rent when commercial electrical generation commences. The operating fee is based on the installed capacity of the wind turbine generators. In 2012, BOEM estimates it will collect more than \$360,000 in payments on OCS renewable energy leases and grants.

2013 PROGRAM PERFORMANCE

BOEM has seen a substantial increase in renewable energy interest and activity since the establishment of the Renewable Energy and Alternative Use Program. Efforts now range from establishing task forces to conducting planning or leasing processes for renewable energy activities offshore all the Atlantic coastal states and offshore Oregon and Hawaii. The Program will continue to advance all of its major activities in FY 2013, building on recent accomplishments as well as milestones expected in FY 2012.

➤ **Program Development and Implementation**

The final Renewable Energy regulatory framework was published on April 29, 2009. Since then, BOEM has published the following guidelines related to renewable energy activities on the OCS:

- Guidelines for the Renewable Energy Framework (July 2009);
- Guidelines for Information Requirements for a Renewable Energy

- Construction and Operations Plan (December 2010);
- Qualification Guidelines to Acquire and Hold Renewable Energy Leases and Grants and Alternate Use Grants (March 2011); and
- Guidelines for Providing Geological and Geophysical, Hazards, and Archaeological Information (April 2011).

In consultation with the National Oceanic and Atmospheric Agency (NOAA) and the U.S. Fish and Wildlife Service (FWS), BOEM is currently developing survey guidelines for biological resources, including benthic habitats, protected species, and avian resources.

➤ **Interim Policy**

In November 2007, the former MMS announced the Interim Policy as a measure to jumpstart resource data collection and technology testing activities on the OCS in advance of the final regulations. In November 2009, four Interim Policy leases were executed, three offshore New Jersey and one offshore Delaware. As a requirement of these Interim Policy leases, a project plan must be submitted that provides details on fabrication methods, engineering specification, inspections, archeological resources, and safety systems for BOEM review. Currently, BOEM is processing two project plans for meteorological buoys offshore New Jersey.

BOEM is currently processing applications for additional leases under the Interim Policy offshore Georgia and Florida. On April 7, 2011, Southern Company submitted an Interim Policy lease application regarding the leasing of three block areas on the OCS for offshore alternative energy resource assessment and technology testing off Georgia. BOEM is currently evaluating a project application submitted by Florida Atlantic University for the purpose of testing equipment designed to use the Florida Current to generate electricity over limited periods.

➤ **Cape Wind Energy Project**

BOEM, through the Energy Policy Act of 2005, assumed responsibility for the Cape Wind Energy project in the Nantucket Sound offshore Massachusetts. In October 2010, the Secretary signed the Cape Wind lease, making it the Nation's first OCS renewable energy commercial lease. The Cape Wind Associates' Construction and Operations Plan (COP) was approved and announced by the Secretary on April 19, 2011. The Bureau reported the megawatts of approved capacity to the Department as its contribution toward the Renewable Energy Priority Goal, based on the total capacity of the equipment to be installed as specified in the approved COP.

BOEM will need to review the Avian and Bat Monitoring Plan (ABMP), Facility Design Report, and Fabrication and Installation Report prior to construction of the commercial wind facility. The updated ABMP was submitted to BOEM on January 5, 2012.

➤ **Coordination and Collaboration**

At the request of Governors along the eastern seaboard as well as Oregon and Hawaii, BOEM established intergovernmental task forces to coordinate and collaborate on renewable energy commercial development activities along the Atlantic and Pacific coasts with affected state,

local, and tribal governments and relevant Federal agencies, as mandated by the Energy Policy Act of 2005. The role of each task force is to share relevant information that will be useful to BOEM during its decision-making process. These efforts enable BOEM to identify and address any major challenges to issuing commercial leases for generation of renewable energy by increasing its visibility and accessibility to major stakeholders. Ten intergovernmental task forces have been established on the Atlantic coast (Maine, Massachusetts, Rhode Island, New York, New Jersey, Delaware, Maryland, Virginia, North Carolina, and South Carolina), one on the Pacific coast (Oregon), and one for Hawaii. To date, nearly 40 task force meetings have been held with 10 different BOEM intergovernmental task forces. BOEM anticipates supporting a total of 13 task forces during FY 2012 and a total of 14 during FY 2013.

In addition, DOI has established MOUs with other Federal agencies to facilitate coordination on OCS renewable energy development, including with the Department of Energy, the U.S. Fish and Wildlife Service, FERC, and NOAA. In 2011, an existing MOU with the U.S. Coast Guard was updated, and additional MOUs are in the process of being established with the Department of Defense and U.S. Army Corps of Engineers.

➤ **Identification of Wind Energy Areas**

On November 23, 2010, Secretary of the Interior Ken Salazar announced the “Smart from the Start” renewable energy initiative to simplify the responsible development of renewable energy resources on the Atlantic OCS. One element of the initiative is the identification and refinement of Wind Energy Areas (WEAs), which are areas on the OCS that appear to be particularly suitable for renewable energy development due to fewer conflicts with other uses. In consultation with other Federal agencies and BOEM’s intergovernmental task forces, BOEM identified Wind Energy Areas on the OCS offshore New Jersey, Delaware, Maryland, and Virginia. In 2012, BOEM expects to identify additional areas offshore Rhode Island, Massachusetts, and North Carolina.

➤ **Issuing Commercial Leases**

The Secretary’s “Smart from the Start” initiative has focused attention on Atlantic wind resources. While it is difficult to determine the exact number of competitive lease sales and noncompetitive lease issuances, BOEM expects to issue commercial leases in FY 2012 and FY 2013 through both competitive and non-competitive processes offshore Atlantic states from Maine to North Carolina. BOEM anticipates issuing one commercial lease during FY 2012 and six commercial leases during FY 2013.

In January 2012, BOEM completed an environmental assessment and consultations for lease issuances offshore New Jersey, Delaware, Maryland and Virginia, so now BOEM can proceed with the renewable energy leasing process for the four WEAs analyzed. BOEM may also be able to proceed with the non-competitive lease negotiation process for the WEA offshore Delaware. BOEM anticipates moving forward with competitive lease sales for the areas offshore New Jersey, Maryland, and Virginia as early as 2012 and is currently working to develop an auction process that will allow the bureau to conduct these competitive lease sales.

Also in January 2012, BOEM published in the *Federal Register* the final commercial renewable energy lease form.

BOEM and FERC responsibilities intersect for marine hydrokinetics, with BOEM issuing commercial marine hydrokinetic leases and FERC issuing licenses for construction and operation. The agencies continue to work together to achieve efficiencies for both the agencies and the applicants. Achieving efficiencies is critical for this nascent industry.

➤ **Review of Renewable Energy Proposals and Applications**

Current interest in OCS renewable energy resources has focused on the Atlantic and Pacific OCS areas, though the exact number and locations of future lease and right-of-way applications has not yet been determined. Due to the level of interest in these areas, BOEM envisions conducting several competitive and noncompetitive leasing and grant issuance processes concurrently. These proposals and applications will require extensive consultation with affected coastal states, local and tribal governments, and regulatory agencies.

BOEM has issued the following planning notices to assess interest in leasing parts of the OCS for renewable energy activities and to initiate the competitive leasing process:

Delaware:

- Request for Interest published - April 2010
- Notice of Proposed Lease Area and Request for Competitive Interest (RFCI) published - January 2011
- Notice of Determination of No Competitive Interest (DNCI) published - April 2011

Maryland:

- Request for Interest published - November 2010
- Call for Information and Nominations – January 2012

Massachusetts: Request for Interest published - December 2010

New Jersey: Call for Information and Nominations published - April 2011

Rhode Island: Call for Information and Nominations published - August 2011

Virginia: Call for Information and Nominations – January 2012

In addition to responses to the planning notices listed above, several companies have approached BOEM with wind, ocean wave, and current energy and subsea power cable project proposals, and states on both coasts and Hawaii have initiated efforts to accommodate offshore renewable energy development (e.g., Maine, Massachusetts, Rhode Island, New York, New Jersey, Delaware, Maryland, Virginia, North Carolina, South Carolina, Oregon, and Hawaii). A total of nine unsolicited applications have been received for renewable energy commercial leases (Rhode Island – 2, New Jersey – 2, Virginia – 2, North Carolina -1, Maine – 1, New York - 1).

A number of states, including Virginia, have submitted requests for renewable energy research leases. State institutions in Oregon and Hawaii have also indicated strong interest in research leases – such strong interest, in fact, that the Oregon and Hawaii task forces in 2012 will focus largely on research lease opportunities. Substantial regulatory, technical, and environmental review associated with these lease applications and individual noncompetitive proposals will be

necessary.

Private companies have approached BOEM with wind power cable project proposals. On March 31, 2011, BOEM received an unsolicited ROW grant application for the Atlantic Wind Connection (AWC), a 680 mile subsea backbone transmission system offshore New York, New Jersey, Delaware, Maryland, and Virginia. BOEM's next step is to determine whether there is competitive interest, a process that currently is underway.

➤ **Environmental Studies**

In June 2011, BOEM held the Atlantic Wind Energy Workshop to share recent and ongoing research with stakeholders, and identify key data needs and prioritize research gaps related to renewable energy on the Atlantic Outer Continental Shelf. In the Atlantic planning areas, the impacts of renewable energy facilities on birds and protocols for baseline information gathering continue to be key needs. Several efforts focus on gathering information about where various bird and marine mammal species occur, when and for how long they are there, and what they are doing while there. Examples include a study using high definition imagery surveys and acoustic surveys to locate and identify animals. Another study is developing and testing standardized protocols for data collection towards baseline studies, and testing a new conceptual framework and approach for applying these data to a cumulative environmental impact evaluation of offshore renewable energy development. A complementary study currently taking place is to identify the most cost effective technologies for the application of advanced spatial survey technologies for the collection of baseline data and post-construction monitoring of environmental impacts from offshore wind and hydrokinetic renewable energy activities. Additional work will provide estimates of pollutant emissions and gauge the vulnerability of seabirds to impacts from the installation of offshore wind energy devices.

The 2011 workshop and responses to planning notices indicate that many stakeholders are concerned about potential impacts of offshore wind development on socioeconomic resources. An ongoing study is producing baseline data through the development of socioeconomic profiles for the coastal counties that are particularly sensitive to potential impacts to the tourism and recreation sectors of their economies.

In September 2012, the Pacific Region is holding a BOEM OCS Renewable Energy Studies Workshop to identify studies that have been conducted and data gaps that should be considered by BOEM and other agencies in planning for offshore renewable energy proposals. Additional information about environmental studies is located within the performance section of the Environmental Assessment activity.

➤ **Technology Assessment and Research Studies**

Recently awarded projects continue to build on the lessons learned in Europe while focusing on the unique operating environment of the U.S. OCS. The international structural design standards have been reviewed and research gaps have been identified that include the anticipated effects of hurricanes and open-ocean breaking waves, as well as the structural integrity of floating wind turbines under reasonably-foreseeable ocean conditions. Much is known about the

meteorological and oceanographic conditions in the Gulf of Mexico, but this data needs to be obtained for the Atlantic and Pacific regions to ensure that these new structures are designed to the appropriate parameters. Planned studies in FY 2012 will delve deeper into these issues, as well as explore the recent electrical cable and structural grouting failures in Europe.

➤ **Multipurpose Marine Cadastre**

The Energy Policy Act of 2005 also directs the Secretary of the Interior, together with other agencies, to establish an OCS Mapping Initiative to assist in decision making related to renewable energy uses on the OCS. This initiative, also called the Multipurpose Marine Cadastre, is a multiyear endeavor that requires joint planning, interaction, and commitment by Federal, state, local, territorial, and tribal entities working through public and private partnerships. BOEM has been working cooperatively with other Federal agencies to develop this information system, which is a repository of data, such as the legal extent of authorities, and physical and cultural information in a common reference framework. This work is being facilitated through the efforts of the Federal Geographic Data Committee-Marine Boundary Working Group. This tool is providing the geospatial framework needed for the broader coastal and marine spatial planning initiative called for in the President's National Ocean Policy Framework. A "User Needs" workshop occurred on February 1, 2011, after which the 2011/2012 work plan was developed. The FY 2011 funds were allocated to NOAA based on costs of updates, new tools, data, and partnership developments. During FY 2012 and FY 2013, BOEM will continue supporting the Multipurpose Marine Cadastre activities through collaborative work with other entities.

➤ **Fair Return Estimation Support**

During FY 2012 and FY 2013, BOEM plans to acquire modeling capabilities and external expert advice on the following four areas in support of its mission to obtain a fair return on areas leased in support of renewable energy projects: 1) financial modeling to enable estimation of appropriate project-specific operating fees; 2) auction support services to provide expertise for initial competitive lease sales; 3) a wind resource assessment study to quantify the characteristics of the wind resource for purposes of setting an initial capacity factor for projects in the Delaware wind energy area; and 4) probabilistic renewable energy project simulation modeling capability to translate wind and hydrokinetic energy resource estimates into estimated capacity factors.

The following table presents the Renewable Energy Activity Performance Overview.

Table 9 : Performance Overview – Renewable Energy

Performance Overview - Renewable Energy										
Note: Performance and Cost data may be attributable to multiple activities and subactivities.										
Mission Area 2: Sustainably Manage Energy, Water, and Natural Resources										
Goal 1: Secure America's Energy Resources										
Supporting Performance Measures	2007 Actual	2008 Actual	2009 Actual	2010 Actual	2011 Plan	2011 Actual	2012 Plan	FY 2013 President's Budget	Change from 2012 to 2013 Plan	Long-term Target 2016
Strategy 2: Develop renewable energy potential										
Increase the approved capacity for production of energy from domestic renewable resources to support a growing economy and protect our national interests while reducing our dependence on foreign oil and climate-changing greenhouse gas emissions (Cumulative) (HPG/SP)	N/A	N/A	N/A	N/A	N/A Baseline Year	468 MW	468 MW (cum.)	468 MW (cum.)	0 MW	2,750 MW (cum.)
<i>Comments</i>	The number of megawatts of approved capacity for renewable energy development is one the Department's High Priority Goals. This metric tracks the cumulative number of approved megawatts based on the total capacity of the equipment to be installed, as specified in an approved Construction and Operations Plan (COP). On November 1, 2010, BOEM issued its first commercial lease for the existing Cape Wind project off the coast of Massachusetts and in April 2011 approved its COP for a project that could generate up to 468 megawatts of renewable energy. BOEM has also initiated a total of four leasing processes in Maryland, Massachusetts, New Jersey and Rhode Island. Once the required public consultation and environmental analyses are completed, Site Assessment Plans (SAPs) along with Construction and Operation Plans (COPs) can be submitted for review and approval, the next of which will likely occur in FY 2014.									
Number of Offshore Renewable Energy leasing or ROW/RUE grant processes initiated (e.g., first public notice issued, Requests for Interest, Calls) (BUR)	N/A	N/A	0	1	6	4	7	2	5	TBD
<i>Comments</i>	To enable renewable energy development on the OCS, BOEM must conduct a multi-step process entailing information gathering, consultation with interested and affected parties, NEPA review and compliance, and analysis in light of other applicable federal requirements for each affected state. The first step in each decision process will identify a proposed lease area and determine whether there is competition for that area. If BOEM determines there is competitive interest, it will undertake a public consultation and decision process. This metric counts the number of formal actions BOEM publishes in the Federal Register to initiate the leasing process for renewable energy. In April 2010, BOEM issued the first Request For Interest (RFI) for offshore renewable energy development off the coast of Delaware. During FY 2011, BOEM initiated Renewable Energy leasing processes in Maryland, Massachusetts, New Jersey, and Rhode Island. BOEM currently anticipates initiating another 7 leasing or grant processes in FY 2012 and an additional 2 in FY 2013.									
Total Number of unique Federal/State Task Forces for Renewable Energy development supported during the Fiscal Year (BUR)	0	0	0	7	10	10	13	14	1	TBD
<i>Comments</i>	BOEM recognizes the importance of coordinating and consulting with local and federal stakeholders to develop a comprehensive renewable energy program for the OCS. This metric quantifies the number of unique cooperative planning and leasing efforts undertaken with relevant federal agencies and affected state, local, and tribal governments. BOEM has actively sought and will continue to solicit stakeholder input through collaborative partnerships with federal agencies, state governments and other affected stakeholders. During FY 2010 BOEM established and held initial Federal/State Task Force meetings with seven states (i.e., Delaware, Rhode Island, Massachusetts, New Jersey, Virginia, Maryland, and Maine). During FY 2011, BOEM supported Federal/State Task Forces for Renewable Energy development with ten states (i.e., NY, NJ, VA, MA, RI, MD, DE, ME, OR, NC). In FY 2012 and FY 2013, BOEM will continue to support the existing 10 state taskforces as well as establish new ones and support other stakeholder collaboratives such as the West Coast Governors' Agreement on Ocean Health (WCGA), the California Working Group on Renewable Energy, and the Hawaii Clean Energy Initiative.									
NOTE: The Renewable Energy metrics presented are subject to revision as the Program matures.										

Performance Overview - Renewable Energy (continued)										
Supporting Performance Measures	2007 Actual	2008 Actual	2009 Actual	2010 Actual	2011 Plan	2011 Actual	2012 Plan	FY 2013 President's Budget	Change from 2012 to 2013 Plan	Long-term Target 2016
Total number of renewable energy leases or grants issued (competitive or noncompetitive; limited or commercial) (BUR)	N/A	N/A	0	4	3	1	1	11	10	TBD
Number of limited leases for renewable energy testing and data collection (BUR)	N/A	N/A	0	4	1	0	0	2	2	TBD
Number of commercial leases for the development of renewable energy (BUR)	N/A	N/A	0	0	2	1	1	6	5	TBD
Number of right-of-way/right-of-use and easement grants issued for offshore renewable energy transmission (BUR)	N/A	N/A	N/A	0	0	0	0	3	3	TBD
<i>Comments</i>	<p>In the first quarter of FY 2011, BOEM issued its first commercial renewable energy lease for the existing Cape Wind project off the coast of Massachusetts. To facilitate the siting, leasing, and construction of new renewable energy projects, during FY 2011 Secretary Salazar announced an initiative called "Smart from the Start." This initiative is expected to significantly reduce the time required for developers to obtain a commercial lease, without sacrificing the Department's legal and environmental responsibilities. As the leasing processes initiated in FY 2010 and 2011 proceed, BOEM anticipates there will be the potential to issue two limited leases for research during FY 2013, and one commercial lease for energy development during FY 2012 and six commercial leases during FY 2013.</p> <p>NOTE: The Renewable Energy metrics presented are subject to revision as the Program matures.</p>									
Number of NEPA documents (EIS/EAs) finalized for Renewable Energy (BUR)	N/A	N/A	3	1	2	1	2	7	5	TBD
<i>Comments</i>	<p>Comprehensive environmental analyses are an essential but lengthy part of the overall OCS lease planning process. The number of ongoing Environmental Impact Statements (EISs) or Environmental Assessments (EAs) will be highly dependent on the level of interest in potential leasing areas and whether the lease issuance process will be competitive or non-competitive. For a non-competitive process, the financial burden of conducting the environmental assessment is borne by the applicant. In a competitive process, BOEM will fund the EA or EIS. In April 2010, the BOEM completed a supplemental Environmental Assessment on the Cape Wind Energy Project after receiving additional information following the publication of its Final EIS in 2009. During FY 2012, BOEM anticipates finalizing an additional 2 NEPA documents.</p> <p>NOTE: The Renewable Energy metrics presented are subject to revision as the Program matures.</p>									

FY 2013 PERFORMANCE BUDGET
 Bureau of Ocean Energy Management
Conventional Energy Activity

Table 10: Conventional Energy Activity Budget Summary

		2012 Enacted	Fixed Costs (+/-)	Program Changes (+/-)	2013 Budget Request	Change from 2012 (+/-)
Conventional Energy	(\$000)	47,245	+367	-	47,612	+367
	FTE	272	0	-	272	-

SUMMARY OF PROGRAM CHANGES

Program Changes	Amount (\$000)	FTE
Fixed Costs	+367	0
Total:	+367	+0

JUSTIFICATION OF PROGRAM CHANGES

The FY 2013 President's Budget requests an increase of \$367,000 for BOEM's Conventional Energy activities. The increase is requested to fully fund fixed costs for this activity. A more detailed description of these fixed costs is provided in the General Statement section.

PROGRAM OVERVIEW

The Bureau of Ocean Energy Management plays a key role in securing ocean energy for the Nation. It manages access to the energy and mineral resources of the Outer Continental Shelf to help meet the energy demands and mineral needs of the Nation while balancing such access with the protection of the human, marine, and coastal environments. As of December 1, 2011, BOEM administers 6,592 active oil and gas leases on approximately 36 million OCS acres. Production from these leases will generate billions of dollars in revenue for the Federal Treasury and State governments while supporting thousands of jobs. In calendar year 2010, OCS leases offshore California, Alaska, and in the Gulf of Mexico provided 589.5 million barrels of oil and 2,300 billion cubic feet of natural gas, accounting for about 30 percent of domestic oil production and 10 percent of domestic natural gas production. Energy revenues generated from BOEM leasing actions and collected by the Office of Natural Resources Revenue are a significant source of revenue for the U.S. Federal Government.

LEASING AND PLANS

Leasing Program activities include planning the Five-Year OCS Oil and Gas Leasing Program, mapping and surveying OCS boundaries, implementing the lease sale process, administering leases, and reviewing exploration and development plans. These activities enable the bureau to meet its performance goals for the number of lease sales held, the timeliness of these sales, and the acreage offered through these sales.

➤ Five-Year OCS Oil and Gas Leasing Program

Under the OCS Lands Act, the Secretary of the Interior has the responsibility to “prepare and periodically revise, and maintain an oil and gas leasing program” in order to “best meet national energy needs” and taking a range of important considerations into account.

The Five-Year Program establishes a schedule of potential lease sales over the five-year period and is designed to achieve the careful balance required under the OCS Lands Act to ensure that “management of the Outer Continental Shelf shall be conducted in a manner which considers economic, social, and environmental values of the renewable and nonrenewable resources contained in the Outer Continental Shelf, and the potential impact of oil and gas exploration on other resource values of the Outer Continental Shelf and the marine, coastal, and human environments.”

In November 2011, the Department of the Interior published the Proposed OCS Oil and Gas Leasing Program for 2012-2017 (Proposed Program), which BOEM has prepared pursuant to the OCS Lands Act. The Proposed Program includes **15 potential lease sales in six offshore areas** where there are currently active leases and exploration and where there is known or anticipated hydrocarbon potential. This strategy makes **more than 75%** of the undiscovered technically recoverable oil and gas resources estimated on the OCS available for development.

The Proposed Program is designed to advance safe and responsible domestic energy exploration and production by offering substantial acreage for lease in regions with known potential for oil and gas development. It is tailored to specific regional considerations including resource potential, condition of infrastructure including oil spill response capabilities, state interests and concerns, and the need for a balanced approach to our use of natural resources. The Proposed Program is informed by lessons learned from the *Deepwater Horizon* tragedy and reforms that have been implemented to make offshore drilling safer and more environmentally responsible, and to ensure that we are better prepared in case a blowout or oil spill occurs.

The Proposed Program is consistent with the Obama Administration’s *Blueprint for a Secure Energy Future*, which aims to promote domestic energy security and reduce oil imports by a third by 2025 through a comprehensive national energy policy. BOEM is on track to finalize the next Five-Year Program for submission to the President and to Congress in FY 2012.

➤ Oil and Gas Lease Sales

The Proposed Program schedules lease sales in six offshore areas where there are currently leases and/or activity. Over the next five years, these six planning areas are best situated to support lease sales with the potential to lead to responsible oil and gas exploration, development, and production. Twelve of the fifteen scheduled lease sales are within the Gulf of Mexico – which remains the area of greatest interest and known potential, and where the infrastructure supporting the oil and gas industry, including subsea containment and oil spill response resources, is the most mature and well developed. The Gulf of Mexico currently supplies more than a quarter of the Nation’s oil production, and the Central and Western Gulf remain the two offshore areas of highest resource potential and industry interest. The table below shows the tentative schedule of lease sales contained in the Proposed Program for 2012-2017.

Table 11 : Lease Sale Schedule in Proposed Program for 2012-2017

Year	Area	Sale No.*
2012	Western	229
2013	Central	227
	Western	233
	Cook Inlet	244**
2014	Eastern	225***
	Central	231
	Western	238
2015	Central	235
	Beaufort	242
	Western	246
2016	Eastern	226
	Central	241
	Chukchi	237
	Western	248
2017	Central	247

*Numbers listed here are not in numerical order. Sale numbers are chosen as an administrative tool to identify individual proposals, and once a number has been assigned to a sale under a Draft Proposed Program (DPP), it cannot be reused in any subsequent revisions of that Five-Year Plan.

**Cook Inlet is listed as a special interest sale. See the description of that process in the text that follows concerning the Alaska areas.

***Sales in the Eastern Gulf of Mexico only include those areas that are not currently subject to moratorium under the Gulf of Mexico Energy Security Act of 2006.

➤ Plan Review

BOEM conducts in-depth reviews of Exploration Plans (EP), Development and Production Plans (DPP), and Development Operation Coordination Documents (DOCD) and processes them for approval within required time frames to ensure that planned activities are conducted in accordance with applicable laws, regulations, and lease terms. BOEM works collaboratively with industry to help ensure that the review process is rigorous, efficient, and transparent. For example, BOEM now designates specific plan coordinators to ensure consistency throughout the

review process and is currently developing electronic systems to make the process and the status more transparent and user-friendly.

In conducting plan reviews, which include environmental analyses required by NEPA, BOEM examines a broad spectrum of issues and resources including shallow drilling hazards, resource conservation, supplemental bonding, worst case discharge analysis, air quality, water quality, archaeological concerns, environmental resource concerns, and military issues. While BOEM’s review of existing NEPA processes is ongoing, site-specific environmental assessments, as opposed to the categorical exclusion reviews performed in the past, are being conducted for all new and revised exploration and development plans in deepwater.

These analyses provide information that is needed to support plan decisions, including the development of approval conditions to help protect communities and the environment. BOEM Regional Directors, working closely with the Office of Strategic Resources and the Office of Environmental Programs, coordinate and manage the plan review process between the Conventional Energy activity and the Environmental Assessment activity. BOEM also coordinates its review of plans with BSEE, as well as with states that have approved Coastal Zone Management Programs and with other appropriate State and Federal agencies.

Gulf of Mexico Region: In FY 2013, the Gulf of Mexico Region anticipates reviewing/processing 500 EPs and 600 DOCDs. Table 12 below includes all plan submittals – initial, supplemental, revised, modifications, amendments, and post approval – received from 2006-2011, plans received in FY 2012 to date, and plans estimated to be received in FY 2013.

Table 12 : EPs and DOCDs anticipated in the Gulf of Mexico Region in FY 2013

Year	Type	Number
2006	DOCD	427
2006	EP	537
2007	DOCD	667
2007	EP	528
2008	DOCD	444
2008	EP	516
2009	DOCD	350
2009	EP	619
2010	DOCD	431
2010	EP	408
2011	DOCD	837
2011	EP	907
2012	DOCD	198
2012	EP	169
2013	DOCD	500
2013	EP	600

The increase in 2011 is due to heightened standards on information requirements on EPs and DOCDs in the OCS.

BOEM also reviews and processes all right-of-use and easement (RUE) applications. RUEs are granted to operators to construct or maintain platforms and other installations or to drill wells at OCS sites on which the operator does not have an OCS lease. In FY 2013, the Gulf of Mexico Region anticipates 30 RUE requests. This projection includes ten applications for deferred activity from post-Macondo during 2010-2012.

Alaska Region: In 2011, the Alaska Region conditionally approved Exploration Plans from Shell Gulf of Mexico Inc. for multiple year / multiple well activities in the Beaufort and Chukchi Seas. A second multiple year / multiple well plan in the Chukchi Sea Planning area is anticipated from ConocoPhillips Inc. in the second quarter of FY 2012.

These plans require additional environmental coordination with FWS and NOAA to ensure compliance with the Endangered Species Act. The Region also consults with NOAA on marine mammals and essential fish habitat, with the State Historic Preservation Offices on archaeology and historic preservation requirements, and with local Tribes that could potentially be affected.

Pacific Region: The last lease sale in the Pacific Region was held in 1984. Proposed activities on the existing 43 leases periodically require an update to Development and Production Plans, and the Region is expected to review and take action on approximately five such updates during FY 2013. Federal Platform Irene, offshore Pt. Arguello, has, in the past, been proposed for use in development of State reserves in the Tranquillon Ridge field, if a state lease can be gained. If this proposal resurfaces in 2013, the region will require review and revision to the existing Federal DPP.

➤ **Mapping and Boundary**

The Secretary of the Interior is charged by law with the administration of offshore submerged lands on the Outer Continental Shelf for minerals leasing purposes. Various court decisions, treaties, legislation, policies, and procedures guide the boundary making process on the OCS. These require the area of the offshore submerged lands of the OCS to be subdivided into parcels referred to as OCS Blocks. Furthermore, no submerged lands may be offered for lease that are not owned by the Federal Government, and no submerged Federally-owned lands may be offered for lease or sale by either a foreign country or a coastal State of the United States. For this reason, accurate offshore lease boundary lines are a foundational requirement for all BOEM offshore leasing activities.

The BOEM Mapping and Boundary Branch performs mathematical offshore boundary location computations and is responsible for producing and maintaining the official marine cadastre for the Federal OCS areas of the United States. The Mapping and Boundary Branch has completed the marine cadastre of the OCS for the Gulf of Mexico, Atlantic Ocean, Pacific Ocean of the contiguous U.S., and most of Alaska. In 2011, to prepare for expected renewable energy activities, work began on creating maps of the OCS surrounding the eight principal islands of Hawaii.

➤ **Marine Minerals**

The BOEM Marine Minerals Program is responsible for the policy and guidance for the development of all OCS minerals other than oil, gas, and sulphur under Section 8(k) of the OCS Lands Act. Under this program, BOEM works with Federal, State and local entities to issue leases for OCS sediment resources, such as clay, silt, sand, and gravel size particles and shells, found on or below the surface of the seabed on the OCS. In addition, the Alaska OCS Region has had inquiries for the offshore Nome area concerning possible leasing for offshore gold recovery. The Resource Evaluation Division will be exploring this through geological and geophysical (G&G) data acquisition (bottom sampling) during the course of fiscal years 2012 and 2013.

Public Law 103-426, enacted in 1994, allows BOEM to convey, on a noncompetitive basis, the rights to OCS sediment resources for shore protection, beach or wetlands restoration projects, or for use in construction projects funded or authorized by the Federal Government. BOEM is responsible for ensuring that the issuance of negotiated leases for the use of OCS sand resources does not result in adverse environmental impacts to the marine, coastal, or human environment. Each negotiated lease requires a NEPA analysis, including endangered species and essential fish habitat consultations, as well as coastal consistency and archaeological resource reviews. BOEM is also required by law to coordinate biological consultations with NOAA Fisheries and U.S. Fish and Wildlife Service. In FY 2013, BOEM estimates that it will be asked to provide OCS sand for eleven public works/wetlands protection projects, of which seven are along the Atlantic and four are in the Gulf of Mexico.

➤ **Coastal Marine Spatial Planning**

Coastal and marine spatial planning (CMSP) is an important tool for implementing ecosystem based management, which is at the heart of the integrated resource management approach promoted by the President's National Ocean Policy. As the only agency authorized to grant renewable energy, marine mineral, and oil and gas leases on the OCS, BOEM plays a pivotal role in the CMSP process. The Bureau is the Department lead for coordinating CMSP efforts, and it is the Federal co-lead in the Mid-Atlantic region and likely in the Alaska region as well. It is also significantly engaged in other regions with interest in developing energy and mineral resources on the OCS: the Northeast, South Atlantic, Gulf of Mexico, West Coast, and Hawaii.

As a Federal co-lead, BOEM coordinates overall Regional Planning Body responsibilities on behalf of Federal partners and provides administrative, personnel, and financial support as needed to move the CMSP initiative forward. In addition, BOEM facilitates data and information availability, provides research on potential environmental impacts of new technologies, and identifies conflict resolution and avoidance strategies. The Bureau also supports CMSP-focused studies in coordination with other Federal agencies through collaborative groups such as the National Oceanographic Partnership Program.

The regional CMSP processes are designed to enhance regulatory efficiency through improved coordination and collaboration, as well as improved long-term stewardship of ocean and coastal resources.

➤ **Multipurpose Marine Cadastre**

The Multipurpose Marine Cadastre is an integrated marine information system that provides authoritative and regularly updated ocean information, including offshore boundaries, infrastructure, human use, energy potential, and other data sets. The marine cadastre is a comprehensive spatial data infrastructure whereby rights, restrictions, and responsibilities in the marine environment are assessed, administered, and managed. The marine cadastre includes the lease block grids and various offshore boundaries, which provide the base for nearly all of the BOEM offshore maps and leasing processes. The cadastre enables BOEM to define, describe, analyze, and account for every acre/hectare of Federal offshore submerged lands. This system is not only a critical component of BOEM mission activity, but it is also an essential tool for external users seeking to determine suitability of ocean uses, such as energy siting, and real-time data that can be accessed in the national viewer or downloaded from its original source.

In November 2011, the Center for Environmental Innovation and Leadership (CEIL) announced the 2011 winners of the second annual CEIL Awards. BOEM and the NOAA Coastal Services Center won the award for their “success through collaboration” on the Multipurpose Marine Cadastre. The team – cross-disciplinary, cross-functional, and interagency – achieved measurable and replicable outcomes, in part as a result of strong collaboration among team members. BOEM and the NOAA Coastal Services Center have been working together on the Multipurpose Marine Cadastre since 2005. The CEIL Awards recognize military and Federal teams and programs that have demonstrated exemplary performance in integrating environmental stewardship into day-to-day activities and turned sustainability ideas into reality. Awards highlight excellence in developing and implementing innovative environmental programs to improve environmental quality, reduce greenhouse gas emissions, or increase use of renewable energy and bio-preferred products.

The Multipurpose Marine Cadastre is constantly evolving and growing to include relevant issue-driven data. Moving forward, the project team will focus on strengthening biodiversity and human use data and building decision support tools to support coastal and marine spatial planning. A new function that will be available in 2012 is a viewshed analysis tool. Users will be able to determine whether offshore energy facilities, such as wind farms, can be seen from various points on shore. Another scheduled enhancement is an interactive gallery where users can share maps they have created using the Multipurpose Marine Cadastre and collaborate with others on topics of mutual interest. This can be found online at www.marinecadastre.gov.

ECONOMIC EVALUATION

The Economics Division is comprised of a team of interdisciplinary experts that provide economic analyses for the Department of the Interior, other Federal agencies, and Congress. The Division not only supports the conventional oil and gas program, but also renewable energy and mineral leasing. The Division’s efforts contribute significantly to the development of national energy strategies. To accomplish its objectives the Economics Division:

- Works to ensure receipt of fair market value for the rights to explore and produce

offshore energy and mineral resources.

- Conducts analyses to support development of regulations and evaluate policies for lease terms, conditions, and bidding systems for individual oil and gas lease sales, the Five-Year Program, and the renewable energy program.
- Develops and maintains economic and statistical models and databases that are the basis for sale design, resource evaluation, post-sale and operational activities, rulemaking, revenue sharing, and royalty relief programs.
- Reviews and designs policies and methods for forecasting receipts from the offshore energy programs. Accurate receipt estimates enable comparative assessments of the government's share of receipts from its offshore oil and gas program; development of operator diligence requirements; timely and efficient decommissioning of wells and structures; and appropriate evaluation of civil penalties.
- Provides economic analyses and fiscal forecasts for minerals leasing policies, legal and legislative alternatives, and national energy strategies.
- Generates economic assumptions and scenarios for use in post-sale tract evaluations and in applications for royalty relief.

RESOURCE EVALUATION

Resource Evaluation Program activities support all BOEM program areas, both energy and non-energy, through critical technical and economic analyses. The primary program objective is to identify areas of the OCS that are most promising for oil and gas development (including methane hydrates). To accomplish this, BOEM:

- Acquires G&G data;
- Estimates the quantities of undiscovered technically and economically recoverable resources that may exist and the volume of reserves discovered and likely to be produced;
- Forecasts future industry activity levels; and
- Determines the adequacy of high bids received for individual tracts offered for lease.

Economic and statistical analyses are performed that incorporate Resource Evaluation Program data into overall BOEM and Interior leasing policies and program decisions, such as the design of financial terms for lease sales. Program analyses assist in exploration and development plan decisions and help reduce the risk of safety and environmental concerns in offshore development decision-making. Involvement in international activities promotes sound resource evaluation practices around the world.

The Resource Evaluation Program consists of seven major components: Resource Assessment, Reserves Inventory, Fair Market Value Determination, Regulation of Prelease Exploration, G&G Data Acquisition, Worst Case Discharge calculation, and G&G Regulatory Reviews. These components are discussed below.

➤ Resource Assessment

Resource Assessment identifies geologic plays and areas on the OCS that offer the highest potential for the occurrence of oil and natural gas development and production. Following the identification of hydrocarbon plays, Resource Evaluation assesses the play's hydrocarbon potential and its economic viability with the help of complex computer models and methodologies. The assessment process incorporates specific geologic, petroleum engineering, and economic data and information. In addition to the estimation of undiscovered hydrocarbon resources, these studies help identify environmental and operational constraints, and assist in making leasing decisions. Resource estimates and associated development support critical analyses of potential impacts of policy options, legislative proposals, NEPA analyses, and industry activities affecting OCS natural gas and oil activities — both current and future.

The scale of the assessment activities range from large (regional or OCS-wide) to sale-specific, such as individual prospects and lease tracts. In the early stages of this process, the focus is on regional areas, but as more data and information are acquired, the focus shifts to lease sales and prospect-specific areas to be offered for lease, or which are related to a specific issue, (i.e., moratoria, marine sanctuaries, quantitative analysis of legislative proposal). Once a sale area has been identified, the Program produces more detailed mapping and analyses needed to estimate the resource potential of individual prospects within that area. These prospect-specific data, maps, and analyses are also used to determine parameters for post-sale bid analyses in support of fair market value evaluations.

The 2011 Assessment of Undiscovered Technically Recoverable Oil and Gas Resources of the Nation's Outer Continental Shelf was developed to support the 2012-2017 Five Year Program. Assessment activities associated with the Five-Year Program will continue to examine specific plan related issues, such as individual sales.

Gulf of Mexico Region: The Gulf of Mexico Region continues to enhance and refine the analysis provided to support the 2011 Assessment of Undiscovered Technically Recoverable Oil and Gas Resources of the Nation's Outer Continental Shelf. Detailed play descriptions and summaries are being formalized. A recent petrophysical evaluation of approximately 100 Lower Tertiary wells will be used to aid sale-specific assessments for prospects and leases. The mapping and modeling of salt bodies in the deepwater will continue to be developed to aid in identifying subsalt prospects. In conjunction with the salt modeling, basement mapping and sand percentage calculations in specified areas are guiding a developing hydrates assessment update. Work on a resource inventory for the Atlantic OCS and Eastern Gulf of Mexico Planning Areas continues with the Well Folio Project. The focus of the Well Folio Project is to develop and complete a post-drill analysis for each of the wells drilled by compiling information, making observations, and drawing conclusions related to pre-drill objectives, post-drill results, geological implications, and the impact on resource inventory. Resource Evaluation will edit and update the existing Well Folios and two regional reports that were originally produced for the Eastern Gulf nearly a decade ago.

➤ **Reserves Inventory Program**

The Department is required under the OCS Lands Act to “...conduct a continuing investigation...for the purpose of determining the availability of all oil and natural gas produced or located on the Outer Continental Shelf.” In order to meet this requirement, BOEM is required to develop independent estimates of economically recoverable amounts of oil and gas contained within discovered fields by conducting field reserve studies. The reserve estimates are revised periodically to reflect new information obtained from development and production activities.

Reserve studies are critical inputs to resource assessments, the review and approval of royalty relief applications, as analogs for bid adequacy determinations, and in the review of industry plans and requests. The geologic and engineering information also support other program activities within Interior and cooperative efforts with the Department of Energy and its Energy Information Administration.

Gulf of Mexico Region: Reserves Inventory Program responsibilities grew considerably in FY 2012 with the addition of Conservation Information Document (CID) reviews, which verifies that operators commit to producing all economic reservoirs. In FY 2013, the BOEM Gulf of Mexico Region anticipates reviewing approximately 20 new CID submissions and 10 revisions of prior submission. The challenge will be to effectively integrate CID analysis into the Resource Evaluation Program’s workload of field modeling, mapping and maintenance requirements, and workload associated with worst case discharge analysis. The Reserves Inventory Program will also produce a number of publicly available reports including: the 2010 and 2011 *Estimated Oil and Gas Reserves Reports*, which summarize oil and gas reserves and production from Gulf of Mexico discovered fields; the 2013 edition of the *Section 965c Report to Congress*, which outlines the technically recoverable oil and gas resources in the OCS and State waters off the coasts of Texas, Louisiana, Mississippi, and Alabama; and summaries of Gulf of Mexico reservoir sands and discovered fields.

Pacific Region: The Pacific Region will generate its annual *Estimated Oil and Gas Reserves Report* during FY 2013.

➤ **Fair Market Value Determination**

Assuring receipt of fair market value on OCS lands is mandated by the OCS Land Act and remains one of BOEM’s critical responsibilities. Regional offices, with headquarters oversight, perform the functions necessary to thoroughly assess the oil and gas potential and fair market value of OCS tracts offered for lease. Only tracts identified in the Five-Year Program are available for lease. The bid review process incorporates geological and geophysical data along with reserve, resource, engineering, and economic information into a sophisticated discounted cash flow computer model that estimates economic value of the corresponding tract. The goal of that model is to achieve estimates of fair market value on tracts receiving bids.

Alaska Region: The Region’s Resource Evaluation staff continue to provide the Bureau of Land Management with fair market value analysis on National Petroleum Reserve –Alaska lease sales.

Gulf of Mexico Region: Three lease sales in the Proposed Program for 2012-2017, two Western Planning Areas and one Central Planning Area, are tentatively scheduled for FY 2013. Since 1984, bid adequacy determinations have resulted in an average rejection rate of bids of approximately 3.6 percent. Bid adequacy procedures have consistently resulted in higher returns in subsequent sales for tracts that have had bids rejected on fair market value grounds in previous sales. From 1984 through 2010, Resource Evaluation has rejected total high bids of approximately \$597 million. Subsequently, the same blocks were re-offered and drew high bids of \$1.565 billion, for a total net gain of approximately \$968 million.

➤ **Regulation of Prelease Exploration**

Regulation of prelease exploration assures that prelease exploration, prospecting, and scientific research operations in Federal waters do not interfere with each other, with lease operations, or with other uses of the area. The regulations also encourage G&G data acquisition, adequately protecting the investment in data gathering, while assuring access to data to provide competitive balance. Adherence to these regulations ensures that exploration and research activities will be conducted in an environmentally safe manner.

G&G permits, issued by the Resource Evaluation Regional Supervisors, set forth the specific details for each data-gathering activity, which include the area where the data are collected, the timing of the data-gathering activity, approved equipment and methods, required environmental compliance measures, and other similar detailed information relevant to each specific permit.

Gulf of Mexico Region: Resource Evaluation will continue to issue permits for both oil and gas exploration and marine minerals prospecting activities. Permit activity is expected to remain at approximately 40 permits and revisions submitted per year with the majority of the permits issued for deep penetration seismic surveys. The challenge is to balance the increased need for coordination with NEPA and other environmental reviews while providing the permittee with timely access to permits to meet their business operation needs. With the anticipated completion of the Programmatic EIS for G&G in the Mid- and South Atlantic, the Gulf of Mexico Region expects to process G&G permits for these areas in FY 2013.

➤ **Geological and Geophysical Data Acquisition and Analysis**

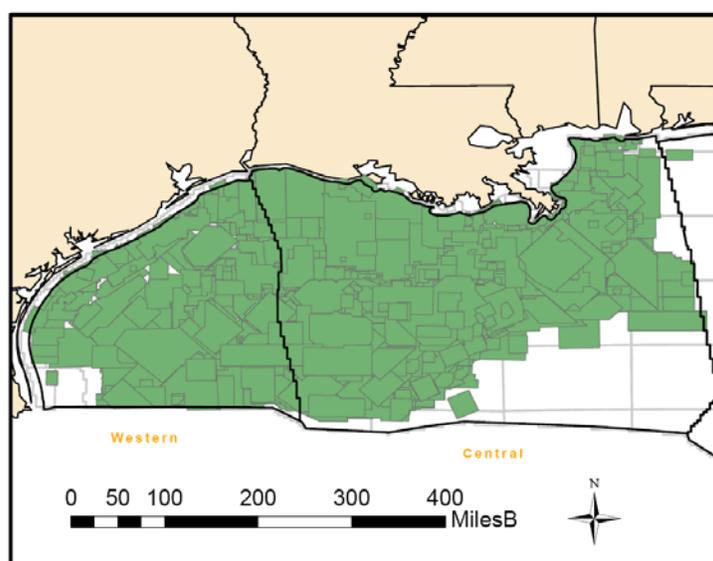
The main objective of acquisition and analysis of G&G data is to identify areas favorable for the accumulation of hydrocarbons and represent the distribution of accumulations through the development of maps and geologic models. Once analyzed, data acquired through G&G surveys help build a more comprehensive petroleum system database, which includes knowledge of the geologic history of an area and its effects on hydrocarbon or strategic/critical minerals generation, distribution, and accumulation within the planning area.

The primary source of the G&G data used by the Resource Evaluation Program is the oil and gas industry, which conducts exploration, development, and production activities on OCS lands. Permittees, lessees, and operators are required by regulations to provide critical G&G data and information to BOEM. The extensive amount of data and information acquired by BOEM is used by BOEM and BSEE geologists, geophysicists, and petroleum engineers to perform a

variety of analyses leading to resource evaluation, reserve inventory, as well as determining fair market value of the leased tracts.

Gulf of Mexico Region: Resource Evaluation continues to acquire and manage critical data needed to support mission functions such as G&G acquisition and analysis. Resource Evaluation currently manages approximately 1,725 three-dimensional surveys, 196 two-dimensional surveys, and other critical data entailing a total volume of 260 Terabytes. Data volumes grow at approximately 5 Terabytes per year. Figure 4 is a map view of the data coverage demonstrating the expanding use of three-dimensional technology by both industry and BOEM to study and evaluate the complex geologic picture of the Gulf of Mexico OCS.

Figure 4: BOEM Seismic Data Coverage in the Gulf of Mexico (2010)



➤ **Worst Case Discharge Determination**

Worst Case Discharge (WCD) for exploratory and development drilling operations is the daily rate of an uncontrolled flow of natural gas and oil from all producible reservoirs into the open wellbore. The package of reservoirs exposed to an open borehole with the greatest discharge potential is considered the worst case discharge scenario. Current regulations require operators and lessees to submit WCD calculated volumes and associated data as part of every Exploration Plan and Development Operations Coordination Document/Development and Production Plan.

Each Region is responsible for WCD verifications and decision documentation associated with plans under their jurisdictions. Resource Evaluation geoscientists and engineers independently verify the validity of the volume calculations, assumptions, and analogs used by the operator for the WCD. The BOEM Worst Case Discharge model outputs are also used by BSEE in oil spill response plans and cap and stack or cap and containment decisions made as part of the Application for Permit to Drill (a BSEE responsibility).

Gulf of Mexico Region: Resource Evaluation made determinations on 179 WCD verifications in

FY 2011. In FY 2012 and FY 2013, at least 180 WCD analyses are expected as the workload is expected to remain level or increase slightly. The Region is also working to develop trend parameters for deepwater exploration and development drilling for critical reservoir and rock properties for the WCD analysis in order to enhance the efficiency of the process while maintaining the regulatory oversight needed to ensure an adequate response to an uncontrolled blowout.

➤ **Geological and Geophysical Regulatory Reviews**

G&G reviews are performed on OCS operators' EPs, DPPs, DOCDs and Applications for Permit to Drill (APD) to evaluate drilling hazards posed by surface and subsurface geologic conditions and man made obstructions (30 CFR 550.201 - 207). In addition, geophysical reviews are performed to evaluate shallow hazards (seafloor and near seafloor) on operators' applications for pipeline rights-of-way and associated permits (30 CFR 250.1007 (5)). G&G reviews include evaluation and verification of operator's interpretations, identification and assessment of potential geohazards in the area affected by exploratory and development drilling, installation of structures, laying pipelines, and other ancillary activities related to the plans. Based on G&G surveys from operators, geoscientists identify and evaluate potential risk of shallow faulting, shallow gas zone, shallow water flows, abnormal pressure zones, lost circulation zones, and other natural and manmade hazards. In addition, geoscientists evaluate potential risk of encountering hydrogen sulfide (H₂S). The G&G reviews provide a detailed evaluation of operator's geohazards analyses and shallow hazards assessment and determine mitigations to be applied to the plan's and permit's approval.

Geoscientists conduct G&G evaluations (broaching analysis) in support of BSEE reviews and approvals of operators' applications for permits to drill wells. The integrity of the well design is evaluated by BSEE and if a determination is made that the well may fail at a certain casing point, a broaching analysis is conducted by geoscientists. The broaching analysis evaluates subsurface stratigraphic and structural conditions to determine if escaping hydrocarbons from a failed casing shoe will be trapped in the formations or potentially reach the seafloor at some point in time.

Gulf of Mexico Region: In FY 2011, the Gulf of Mexico Region conducted 263 geological and 295 geophysical reviews in support of plans, renewable energy site characterization, and BSEE APD and pipeline responsibilities. Initial numbers indicate about 400 geological reviews and 350 geophysical reviews will be completed in FY 2012, and it is anticipated that FY 2013 reviews will be comparable the FY 2012 numbers. Increasingly complex analyses will be required for geohazard reviews due to higher resolution data collected for complex projects, especially those occurring in deepwater, and the additional workload of broaching analysis in support of the BSEE well integrity analysis.

2013 PROGRAM PERFORMANCE

LEASING PROGRAM

A key indicator of performance is the ability to hold offshore lease sales as scheduled in the

Secretary's Five-Year Oil and Gas Leasing Program. The Five-Year Program is a pivotal element of managing the Nation's offshore oil and gas assets. The OCS Lands Act requires the Department to prepare a long-range program that specifies the size, timing, and location of areas to be considered for Federal offshore natural gas and oil leasing. A lease sale cannot be scheduled unless it has been analyzed under the prescribed process or has been mandated by Congress. BOEM works in consultation with stakeholders (including Federal and State agencies, local communities, federally recognized Tribes, private industry, and the public) to develop a program that not only offers access to those areas of the OCS with the most promising potential for development of oil and natural gas resources, but also does so in an environmentally responsible manner.

In December 2010, Secretary Salazar announced his final Revised Program for the Outer Continental Shelf Oil and Gas Leasing Program 2007-2012. The Revised Program was approved by the Court, the supplemental environmental analyses in the Gulf of Mexico are complete, and BOEM is working to ensure its successful implementation within statutory requirements. The Revised Program calls for two lease sales to be held during FY 2012: Western Gulf of Mexico Sale 218 and Central Gulf of Mexico Sale 216/222. On November 8, 2011, Secretary Salazar announced the Proposed Outer Continental Shelf Oil and Gas Leasing Program for 2012-2017, which is expected to be submitted to the President and Congress later in FY 2012. The Proposed Program includes three sales for FY 2013: Western Gulf of Mexico Sale 229, Central Gulf of Mexico Sale 227, and Western Gulf of Mexico Sale 233. Assuming there is sufficient industry interest, the Cook Inlet Special Interest Sale 244 is scheduled to occur in early FY 2013.

ECONOMICS PROGRAM

The economic analysis expertise within the program is often called upon to analyze and implement regulatory and legislative actions affecting OCS leasing, exploration, development, and production activities. Further, the program undertakes studies as-needed to address specific policies and compilations of data required to analyze overall OCS program responsibilities.

RESOURCE EVALUATION PROGRAMS

Resource modeling and assessment addresses resource assessment, tract evaluation, field reserves inventories, and various economic and policy analysis needs. The number of OCS blocks assessed is tracked on a quarterly basis in the bureau's performance management tool. Comparing the data for acreage and resources offered illustrates that the BOEM offers access to geologic areas on the OCS that offer the highest potential for development of oil and natural gas. BOEM also estimates the amounts of oil and natural gas likely to be discovered and produced as a result of leasing, and generates potential scenarios of the future industrial activities associated with exploration, development, and production. Resource estimates and exploration and development scenarios, provide an important basis for the bureau's environmental impact statements and other technical studies and policy analyses. BOEM measures both the resources and acres offered annually compared to what was planned for the year and analyzes the results to improve the program.

Another principal indicator of performance includes the fair market value ratio, which serves as a

measure of the effectiveness of BOEM tract valuation and bid adequacy procedures. BOEM's tract evaluation procedure is designed to assure that the government receives fair value for leased tracts. The fair market value ratio metric compares the accepted high bid on each tract to the government's estimated value for that tract. Industry strategy with respect to acquiring specific acreage could lead to a company raising its bid above this analytical value to improve their chances of winning the lease. BOEM estimates are based on a discounted cash flow analysis of a tract and are not designed to predict the high bid. Therefore, the value of this indicator should always be greater than one to achieve fair value for OCS leases. The annual target ratio of 1.8 to 1 means that on average, the industry bids received are expected to be \$1.80 (+/- 0.4) for every dollar of the estimated value for each tract. This target was set using several years of historical bid data and is reviewed annually to confirm its validity.

BOEM evaluates bids incorporating the latest data and interpretive techniques available, while meeting the challenge of testing and implementing a new discounted cash flow model. Two additional Bureau-level measures used to monitor Bureau performance include monitoring the percent of high bids on leases accepted or rejected within 60 days and the percent of tracts with high bids rejected in the previous lease sale receiving acceptable high bids the next time the tracts are made available. Additional Conventional Energy performance information is included in the Performance Overview in Table 13.

Table 13: Performance Overview – Conventional Energy

Performance Overview - Conventional Energy											
Note: Performance and Cost data may be attributable to multiple activities and subactivities.											
Mission Area 2: Sustainably Manage Energy, Water, and Natural Resources											
Goal 1: Secure America's Energy Resources											
Supporting Performance Measures	2007 Actual	2008 Actual	2009 Actual	2010 Actual	2011 Plan	2011 Actual	2012 Plan	FY 2013 President's Budget	Change from 2012 to 2013 Plan	Long-term Target 2016	
Strategy 3: Manage conventional energy development											
Number of offshore lease sales held consistent with the Secretary's Five-Year Oil and Gas Program (SP)	2	5	2	1	0	0	2 *	3 **	1	4 **	
<i>Comments</i>	<p>This measure counts lease sales conducted under the OCS Oil and Gas Leasing Program as defined in the Secretary's Five-Year Program. In April 2009, the DC Circuit Court remanded the 2007-2012 OCS oil and gas leasing program and required the Interior Department to "conduct a more complete comparative analysis of the environmental sensitivity of different areas." Based on a revised environmental sensitivity analysis, the Secretary announced a Preliminary Revised Program (PRP) in March of 2010 that did not allow for additional lease sales to be held in the Beaufort Sea and Chukchi Sea planning areas under the 2007-2012 OCS Program and the President removed Bristol Bay from leasing consideration through 2017. In May 2010, the Secretary cancelled Western Gulf of Mexico Sale 215 to determine whether baseline environmental information utilized in the multi-sale Environmental Impact Statement conducted for this lease sale needed revision following the Deepwater Horizon oil spill.</p> <p>At the same time, he cancelled Mid-Atlantic Sale 220 to allow more time for consultation with the Department of Defense, and develop and implement measures to improve the safety of oil and gas development, provide greater environmental protection, and reduce the risk of catastrophic events. Collectively, these decisions resulted in the removal of five Alaska lease sales from the 5-Year Program (two in 2010 and three in 2011) and the cancellation of one Gulf of Mexico sale in 2010 and one sale in the Mid-Atlantic in FY 2012. For these reasons, only one of the four planned sales was held in FY 2010. In December 2010, the Secretary announced his Revised Program (RP) for the Outer Continental Shelf Oil and Gas Leasing Program 2007-2012. The court approved the RP and the supplemental environmental analyses in the Gulf of Mexico are complete; BOEM will ensure successful implementation within statutory requirements.</p> <p>* Lease sales resumed in FY 2012. Western Gulf of Mexico Sale 218 was held on December 14, 2011 and Central Gulf of Mexico Sale 216/222 is scheduled for June 2012.</p> <p>** On November 8, 2011 the Secretary announced the Proposed Outer Continental Shelf (OCS) Oil and Gas Leasing Program for 2012-2017; the final Program is still being finalized. The Proposed Program includes three sales for FY 2013—Western Gulf of Mexico Sale 229 (scheduled for November 2012), Central Gulf of Mexico Sale 227 (historically, Central Gulf of Mexico Sales occur in March), and Western Gulf of Mexico Sale 233 (historically, Western Gulf of Mexico Sales occur in August). Cook Inlet Special Interest Sale 244 is scheduled to occur in FY 2014, if there is enough industry interest. FY 2016 targets four sales—one each in the Eastern (Sale 226), Central (Sale 241), and Western (Sale 248) Gulf of Mexico, and one in the Chukchi Sea Sale 237).</p>										
Percent of available offshore oil and gas resources offered for leasing compared to what was planned in the Secretary's Five-Year Program (BUR)	84.2% (228.5/271.3)	Original 2007-2012 Program 99.1% (559.4/564.3)	Revised 2007-2012 Program Target: 79.8% (450.5/564.3)	Original 2012-2017 Program Target: 98.9% (436.6/441.6)							
Percent of available OCS acres offered for leasing during the Five-Year Program compared to what was planned for leasing (BUR)	67.3% (386.1/573.8)	2007-2012 Revised Leasing Program Target: 81.9% (418.7/511.3)	Original 2012-2017 Program Target: 97.3% (592.9/609.5)								
<i>Comments</i>	<p>For each Five-Year Program, BOEM identifies OCS program areas that will be considered for future leasing through individual sales. Acreage with few estimated technically recoverable resources is excluded from the acreage that is planned to be offered under the 5-Year Program and the targets assume that only the most prospective acreage will be offered. For the Revised 2007-2012 OCS Oil and Gas Leasing Program, the acreage planned to be offered is projected to contain 98% of Undiscovered Technically Recoverable Resources available and encompass 91% of the total acreage available for leasing. This means that approximately 9% of the acreage available for leasing was determined to contain insufficient technically recoverable resources. If all the sales scheduled in the Revised 5-Year Program for a specific year were held, meaning no major deferrals of acreage planned to be offered, the available resources offered would be 100%.</p> <p>The current Five-Year Program includes "special interest sales," two in Cook Inlet, a process originally designed for the remote areas of Alaska that contain prospects for oil and gas, but are currently considered to have high risk, high costs, and lower industry interest. If industry does not express an interest in the Call for Information for Special Sales, presale work does not continue and the sale is not held. None of the scheduled special interest sales were held.</p>										

Performance Overview - Conventional Energy (continued)										
Supporting Performance Measures	2007 Actual	2008 Actual	2009 Actual	2010 Actual	2011 Plan	2011 Actual	2012 Plan	FY 2013 President's Budget	Change from 2012 to 2013 Plan	Long-term Target 2016
Percent of available OCS oil and gas resources offered in each year's lease-sales (BUR)	35.6%* (19.5/ 54.7)	98.9% (161.2/ 162.9)	100% (77.99/77.99)	71% (55.55/78.04)	N/A**	N/A**	71.8% (78.0/108.6)	99.04% (103.2/104.2)	TBD***	99.1% (107.9/108.9)
Percent of available OCS acres offered in each year's lease sales (BUR)	35% (44.6/ 127.3)	88% (175.2/ 198.5)	99.9% (91.35/91.42)	69% (62.57/90.91)	N/A**	N/A**	66.0% (92.6/141.3)	98.4% (121.6/123.6)	TBD***	94.8% (150.0/158.3)
Comments	<p>These measures count the resources (in BBOE - billion barrels of oil equivalent) and acreage offered through lease sales scheduled under the Secretary's 5-Year OCS Oil and Gas Leasing Program. Targets for the 2007-2012 OCS Oil and Gas Leasing Program assume that the most prospective acreage will be offered and are based on the Secretary's Revised Program that was released on December 1, 2010. No lease sales were held in FY 2011, therefore, the percentage of available acres and resources offered are 0. In FY 2012, two lease sales were scheduled. Western Gulf of Mexico Sale 218 was held on December 14, 2011, and combined Sale 216/222, Central Gulf of Mexico, is scheduled for June 2012.</p> <p>* FY2012 will be a baseline year for performance costs due to the reorganization of BOEMRE into two separate bureaus and the major changes anticipated for program operations.</p> <p>** No lease sales were held during FY 2011.</p> <p>*** On November 8, 2011 the Secretary announced the Proposed Outer Continental Shelf (OCS) Oil and Gas Leasing Program for 2012-2017; the Program is still being finalized.</p>									
Percent of leases drilled annually for the first time - 5 Year Leases (BUR)(CY measure)	4.8% (86/1,778)	4.7% (71/1,526)	2.5% (38/1,547)	1.3% (15/1,155)	2.0%	1.3% (11/870)	2.5%	2.5%	0.0%	5.0%
Comments	<p>The number of drilling rigs currently in use on shallow water leases (typically 5-year leases) in the Gulf of Mexico has decreased in recent years and significantly dropped from FY 2008 when oil and natural gas prices were at record high levels. This decrease helps explain why the percent of 5-year leases drilled for the first time in FY 2009 was greatly reduced from the results achieved over the prior few years. In FY 2010 and 2011, there was a further reduced percentage because the approval times for shallow water exploration plans increased after additional environmental and safety reviews and requirements that were added following the Deepwater Horizon explosion. The increased approval times can impact drilling schedules because rig contracts are often put in place years in advance and scheduled rigs may be diverted to other projects outside the Gulf if plans have not been approved.</p> <p>As operators adjust to the new requirements and rigs return to the area, drilling rates should start to recover to higher levels in FY 2013; however, it is unlikely that shallow water rates will return to pre-2009 levels unless the economics of oil and gas exploration in the Gulf of Mexico change significantly.</p>									
Percent of leases drilled annually for the first time - 8/10 Year Leases (BUR)(CY measure)	1.2% (42/3,536)	1.2% (38/3,277)	0.8% (36/4,652)	0.3% (14/4,501)	0.9%	0.2% (7/3,658)	0.3%	0.4%	0.1%	1.0%
Comments	<p>Following the Deepwater Horizon explosion and spill, Secretary Salazar directed BOEM to suspend of the drilling of wells using subsea blowout preventers (BOPs) or surface BOPs on a floating facility. He also suspended approval of pending and future applications for permits to drill wells using subsea BOPs or surface BOPs on a floating facility. These suspensions, were in place until October 12, 2010 and were primarily applicable to deepwater operations with 7/8/10 year lease terms. As a result, the percentage of 7/8/10 year leases drilled for the first time was significantly reduced in FY 2010 and still lower than originally planned in FY 2011 and FY 2012. Assuming that the majority of operators are able to comply with new safety requirements as they are developed, BOEM anticipates returning to recent levels in FY 2013.</p> <p>NOTE: Beginning with Sale 213 held in 2010, the primary term for leases in water depths of 400 meters to 1,600 meters changed. The primary term for leases in 400 meters to less than 800 meters changed from an initial 8-year term with a requirement that drilling commence within the first 5 years of the term, to an initial 5-year term which would be extended to 8 years only if exploratory drilling was commenced during the initial term. The primary term for leases in 800 meters to less than 1,600 meters changed from a 10-year (unconditional) primary lease term to a 7-year primary lease term that would be extended to 10 years, again only if exploratory drilling commenced.</p>									

Performance Overview - Conventional Energy (continued)										
Supporting Performance Measures	2007 Actual	2008 Actual	2009 Actual	2010 Actual	2011 Plan	2011 Actual	2012 Plan	FY 2013 President's Budget	Change from 2012 to 2013 Plan	Long-term Target 2016
Percent of high bids on leases accepted or rejected within 60 days (BUR)	69% (259/374)	41.2% (898/2,181)	65.3% (431/660)	56% (264/472)	N/A*	N/A*	55%	60%**	5%	60%**
Comments	<p>The 60-day target was originally set for lease sales with fewer than 600 tracts receiving bids in the Gulf of Mexico Region or 90 tracts in the Alaska Region. The original 2007-2012 5-year Program included a 500 percent expansion of acreage for Alaska and a 10 percent increase in the Gulf of Mexico, which increased the number of tracts receiving bids. Additionally, in the Gulf of Mexico deep water, many leased tracts with 10-year lease terms expire and are made available in subsequent lease sales. This additional acreage can result in some sales being above the baselines of 600 and 90 tracts receiving bids. In FY 2008, GOMR Sales 205 and 206 had 723 and 615 tracts receiving bids respectively, and Alaska Sale 193 resulted in 488 tracts receiving bids. The higher number of tracts being bid upon, coupled with the increased amount of geological and geophysical data that must be incorporated into current FMV evaluations, lowered the percentage of bids BOEM was able to evaluate within 60 days in FY 2008. FY 2009 results include evaluations that BOEM performed for BLM's National Petroleum Reserve-Alaska.</p> <p>* No lease sales were held during FY 2011. ** On November 8, 2011 the Secretary announced the Proposed Outer Continental Shelf (OCS) Oil and Gas Leasing Program for 2012-2017; the Program is still being finalized.</p>									
Percent of tracts with high bids rejected in the previous lease sale receiving acceptable high bids the next time the tracts are made available (BUR) (FY)	33% (1/3)	51.9% (14/27)	17.1% (6/35)	42% (8/19)	N/A*	N/A*	55%	50%**	-5%	50%**
Comments	<p>This metric compares the bidding results received on rejected tracts from a previous sale the first time these tracts are made available again. High bids for tracts are rejected as inadequate if they do not meet BOEM's threshold of an acceptable bid based on our economic evaluation. Between FY 2007 and 2010, approximately 35 percent of the rejected tracts received acceptable bids in subsequent sales. The number of variables that affect this measure (i.e., predicted oil and gas and associated price paths, predicted costs associated with exploring and developing the leases, changes in royalty rates, royalty relief or other incentives, etc.) makes the percentage that will be rejected difficult to predict.</p> <p>* No lease sales were held during FY 2011. ** On November 8, 2011 the Secretary announced the Proposed Outer Continental Shelf (OCS) Oil and Gas Leasing Program for 2012-2017; the Program is still being finalized.</p>									
Maintain the ratio of 1.8 to 1 (+/-0.4) of accepted high bids to BOEM's estimated value (BUR)	2.1 to 1	2.49 to 1	1.7 to 1	1.8 to 1	N/A*	N/A*	1.8 to 1 (+/- 0.4)	1.8 to 1 (+/- 0.4)	0%	1.8 to 1 (+/- 0.4)
Comments	<p>BOEM's current tract evaluation procedure is designed to assure that the government receives fair value for leased tracts. This measure compares the accepted high bid on each tract to the government's estimated value for that tract. Industry corporate strategy with respect to acquiring specific acreage could lead to a company raising its bid above this analytical value to improve their chances of winning the lease. BOEM estimates are based on a discounted cash flow analysis of a tract and are not designed to predict the high bid. Therefore, the value of this indicator should always be greater than one to achieve fair value for OCS leases. The annual target ratio of 1.8 to 1 means that on average, the industry bids received are expected to be \$1.80 (+/- 0.4) for every dollar of the estimated value for each tract. This target was set using several years of historical bid data and is reviewed annually to confirm its validity.</p> <p>* No lease sales were held during FY 2011.</p>									
Blocks/Tracts Evaluated (BUR)	18,645*	8,341	11,287	8,233	9,300	24,870*	9,300	9,300	0	9,300
Comments	<p>To determine the potential resources on the OCS and the fair market value of those resources, BOEM must conduct detailed evaluations of the blocks and tracts offered for lease each year as well as conduct regular resource assessment activities. On average, BOEM currently evaluates approximately 9,300 individual blocks/tracts annually; however, special evaluations (e.g., regional evaluations for hydrates) may increase that number significantly in some years.</p> <p>* The higher than expected numbers for FY 2007 and for FY 2011 result from the lease sales held in those Fiscal Years. In FY 2007 one lease sale was conducted in the Western GOM, while in FY 2011 no lease sales were conducted. Evaluation of tracts for fair-market determination on lease sales require intensive detailed mapping of small areas; in years with one or no sales these same interpreters cover immense areas with Regional maps used in support of resource inventory and preparation for future sales. Additionally, the National Assessment was also completed during FY 2011.</p>									

FY 2013 PERFORMANCE BUDGET
 Bureau of Ocean Energy Management
Environmental Assessment and Studies Activity

Table 14: Environmental Assessment Activity Budget Summary

		2012 Enacted	Fixed Costs (+/-)	Program Changes (+/-)	2013 Budget Request	Change from 2012 (+/-)
Environmental Assessment	(\$000)	62,016	+222	+700	62,938	+922
	FTE	165	0	-	165	-

SUMMARY OF PROGRAM CHANGES

Program Changes	Amount (\$000)	FTE
Fixed Costs	+222	0
Environmental Studies	+700	0
Total:	+922	0

JUSTIFICATION OF PROGRAM CHANGES

The FY 2013 President's Budget requests an increase of \$922,000 for Environmental Programs within BOEM's Environmental Assessment activity. This increase is comprised of:

Fixed Costs (+ \$222,000; +0 FTE). This budget request fully funds fixed costs for BOEM's environmental activities.

Environmental Studies (+\$700,000; +0 FTE). Protecting the environment while ensuring the safe development of the Nation's offshore energy and marine mineral resources is the crux of BOEM's mission. As with all Federal agencies, BOEM must consider the potential environmental impacts for every decision made. As demand for traditional and renewable energy development increases, so too must the Bureau's efforts to conduct thorough research on the impact of these activities. Baseline information on species, habitats, and ecosystems forms the basis of environmental assessments (EA) and environmental impact statements (EIS), which are required under NEPA prior to development. This information also supports the coastal and marine spatial planning efforts.

The increase requested will enable the Environmental Studies Program to initiate one or two new, high priority baseline characterization and monitoring studies. These studies will provide the scientific basis for informed and environmentally responsible policy decisions at BOEM and among its collaborative agency partners.

Programs centered in the Gulf of Mexico will focus on assessing the social, economic, and

environmental impacts of oil and gas development, including the movements of contaminants in affected wildlife. Efforts in the Gulf of Mexico will be coordinated carefully with Natural Resource Damage Assessment (NRDA) activities being conducted following the *Deepwater Horizon* event to ensure there is no duplication of effort.

PROGRAM OVERVIEW

The Environmental Assessment activity is comprised of two divisions within the Office of Environmental Programs that support a broad range of environmental analysis and coordination. – from identifying and funding studies (Environmental Studies) to interagency coordination on environmental issues to environmental analysis of potential effects from bureau-proposed or authorized activities in compliance with environmental statutes (Environmental Assessment). The two are integrally connected, as BOEM’s research program is specifically designed to target key policy needs and to support the environmental reviews that the agency conducts in order to support decision-making. The scope of BOEM’s environmental activities extends throughout the Bureau – to Renewable and Conventional Energy activities in every region.

ENVIRONMENTAL ASSESSMENT

Environmental Assessment activities ensure that critical environmental information is used to inform planning and decision-making during all phases of OCS program activities, from Five-Year Oil and Gas Program planning through OCS facility decommissioning and from considering areas for renewable energy development and marine mineral extraction to the decommissioning of activities on leases issued for these purposes. To achieve this, BOEM coordinates and consults with interested and affected parties and prepares thoughtful and thorough environmental impact statements, environmental assessments, and other environmental documents and reports. Assessment scientists apply the best available science, often developed through the Environmental Studies Program, to predict, assess, manage and mitigate impacts from offshore conventional and renewable energy and marine mineral exploration and development. The product of the BOEM environmental review process is informative disclosure of impacts and uncertainties, identification of key mitigation and monitoring strategies that reasonably manage adverse impacts, and early recognition of ongoing scientific information needs.

As steward of OCS energy and non-energy mineral resources, BOEM ensures that exploration, development, and production activities on the OCS are conducted in a safe and environmentally sound manner. OCS activities are carefully evaluated and managed for continued compliance with key environmental laws including, but not limited to:

- National Environmental Policy Act (NEPA)
- Coastal Zone Management Act (CZMA)
- Endangered Species Act (ESA)
- Magnuson-Stevens Fishery Conservation and Management Act (MSA)
- Marine Mammal Protection Act (MMPA)
- Clean Air Act (CAA)

- Clean Water Act (CWA)
- National Historic Preservation Act (NHPA)
- Migratory Bird Treaty Act (MBTA)

The principal function of environmental assessments is to link applied science and public policy decisions. The NEPA process is used to help public officials make informed decisions based on a thorough understanding of environmental consequences and take actions that protect, restore, and enhance the environment. BOEM uses the best available science, models, and stakeholder input to evaluate and disclose the potential environmental impacts of proposed actions in accordance with NEPA and related statutes. In keeping with the principles espoused by environmental laws and strict scientific integrity requirements, BOEM solicits public participation, promotes interagency involvement, and coordinates closely with relevant stakeholders, such as FWS, NOAA, the Environmental Protection Agency (EPA), affected State and local governments, the Advisory Council for Historic Preservation, Federally recognized Tribes, and others. BOEM's goal is to develop balanced OCS policies and proposals that are transparent and promote responsible development while protecting natural, historical, and sociocultural resources. BOEM solicits external input to help identify relevant issues, alternatives, mitigation measures, and analytical tools.

Environmental assessment is critical at each phase of the oil and gas leasing, exploration, and development process, starting with the preparation of a programmatic environmental impact statement (PEIS) in support of the Five-Year Program. BOEM then prepares an EIS or a more focused EA prior to each planning area lease sale scheduled in the Program. In this phased process, hundreds of additional site-specific NEPA documents are prepared annually in support of proposed oil and gas operations, including operators' plans for exploration and development, pipeline permit applications, geophysical survey and geological sampling, permit applications, and other related industry activities.

BOEM is committed to setting high analytical standards for analysis conducted in compliance with NEPA and other governing statutes, and this budget request continues ongoing efforts to strengthen these processes. The bureau is evaluating its application of NEPA, including its use of categorical exclusions, in order to develop a framework designed to ensure that environmental risks are thoroughly analyzed and appropriate protective measures are implemented. More robust and clear policies and procedures are expected to be implemented as a result of this review process. In the interim, BOEM is requiring that site-specific environmental assessments, as opposed to the categorical exclusion reviews performed in the past, be conducted for all new and revised exploration and development plans in deepwater.

Many of these efforts must also be considered in the context of myriad environmental laws that, in concert, direct NEPA analyses and inform policy, leasing, plan, and permit decisions. Environmental Assessment is responsible for similar processes and requirements for implementation of the Renewable Energy and Marine Minerals Programs.

BOEM strives for its environmental review process and documents to fully disclose the potential for environmental impacts, as well as identify and support development of mitigation measures that are necessary to avoid or minimize adverse effects of a proposed action. BOEM ensures that

all OCS proposed lease sales, exploration and development plans, and geophysical permit applications undergo intensive environmental review in the aftermath of the *Deepwater Horizon* event and in the face of renewed focus on issues of oil spill risk, climate change, and noise in the marine environment. The same rigor will be applied to the environmental review and analysis of renewable energy and marine mineral proposals. At the same time, coastal and marine spatial planning is likely to increase the demand for more programmatic and comprehensive intergovernmental coordination and planning.

While BOEM will focus on effective and efficient environmental reviews and analyses, the bureau must also foster coordination with BSEE to improve environmental outcomes through operator and applicant compliance with laws and regulations, stipulations, and conditions of approval. BOEM and BSEE will work closely together to improve and enhance OCS regulations and bureau policies, ensuring the right mitigation and enforcement tools are in place to properly manage environmental risk. New policies and procedures will continue to be developed to successfully implement the reorganization and ensure open and effective communication and coordination between bureaus and bureau staff.

In FY 2013, BOEM will continue to address important national OCS environmental policy needs, including the development of guidance applicable to all regions and OCS programs. Headquarters will continue to support the preparation of NEPA documents for regional lease sales proposed in the 2012-2017 Oil and Gas Leasing Program, and programmatic issues related to geophysical and geological permitting and renewable energy activities. The Environmental Assessment Division will also provide the primary environmental support for regulation promulgation and the Marine Minerals Program. Headquarters will work to enhance protocols between BOEM and BSEE in an effort to improve environmental outcomes.

Gulf of Mexico Region:

The Gulf of Mexico (GOM) Region plans to finalize two major NEPA documents in FY 2013: the Gulf of Mexico 2012-2017 Multisale EIS and Atlantic G&G EIS. The Region also expects to begin the preparation of two additional EISs: one for a proposed Eastern Planning Area lease sale and another supplemental EIS that considers new research and study results following the *Deepwater Horizon* incident and forthcoming data from the NRDA process. The Region also expects to prepare several hundred EAs in support of Central and Western Planning Area lease sales; specific G&G permit decisions; pipeline permit decisions; exploration and development plan decisions, including an increasing number in deepwater and ultra-deep water settings; and decommissioning decisions. The GOM Region will coordinate closely with BSEE colleagues to ensure consistency and continuity in environmental considerations between plan and permit approval and environmental enforcement issues.

Alaska Region:

In FY 2013, the Alaska Region plans to begin preparation of NEPA documents in support of potential lease sales in Cook Inlet and Beaufort Planning Areas under the 2012-2017 Oil and Gas Leasing Program. The Region will prepare new NEPA documents in support of Arctic exploration plans and geophysical decisions. These new lease sale, plan, and permit documents will be subject to intense scrutiny. They must continue to incorporate the latest information on climate science and changing environmental conditions and to reflect careful consideration of

local traditional knowledge, native community and subsistence concerns, and spill preparedness. The Alaska Region, in coordination with the Office of Environmental Programs generally and the GOM Region, has already begun analyzing implementation of BOEM's new authority to evaluate the air quality impacts of proposed operations on the Alaskan OCS and the resource demands associated with exercising this authority, including in FY 2013 and beyond.

Public Law 112-74, the Consolidated Appropriations Act of 2012, provided BOEM with jurisdiction over air emissions from OCS facilities in the Arctic. The provision requires BOEM to evaluate air quality for offshore operations in the Arctic OCS, as BOEM currently does for operations in the Central and Western Gulf of Mexico. Current BOEM regulations in the Central and Western Gulf apply an emission exemption formula to exploration plans or development and production plans based on their projected highest annual total emission rate. This exemption threshold is a function of distance from shore. Stationary OCS facilities with emissions below the exemption thresholds will not undergo any additional air quality review under the BOEM emissions control rule. For plans where emissions are above the exemption level, air quality modeling is required to assess air quality compliance at the shoreline. BOEM is developing a plan to implement the new authority through a coordinated effort that includes experts from across the agency, and in coordination with EPA. BOEM already has this authority in certain areas of the Gulf of Mexico.

Pacific Region:

The Pacific Region will continue its longstanding focus on assessment of conventional energy development from 23 existing facilities, including the proposal for employing a Federal facility to produce State resources in the Carpinteria field offshore California. The Carpinteria Offshore Field Redevelopment Project includes both State and Federal leases, under the jurisdiction of the California State Lands Commission and BOEM, respectively.

In addition, the Region is continuing to coordinate with Federal and State agencies and Tribal governments in support of renewable energy development offshore California, Oregon and Hawaii. In each case, interest in developing renewable energy projects, both research and commercial projects, has been received, and the Region is working with the project sponsors and the States to identify opportunities as well as environmental constraints and data gaps.

ENVIRONMENTAL STUDIES

Environmental science information is provided and activities are planned and managed through the Environmental Studies Program (ESP). The mission of this program is to provide the information needed to predict, assess, and manage impacts from offshore energy and marine mineral exploration, development, production activities and decommissioning operations on human, marine, and coastal environments. The information generated through the ESP informs BOEM NEPA analysts and modelers who support the analyses as well as the decision makers; the information is also employed by BOEM and BSEE in the development of rules, mitigations, stipulations, and notices to lessees. The needs of the analysts, modelers, and regulators help shape our research agenda. The FY 2013 President's Budget requests an increase of \$700,000 for high-priority baseline and characterization studies to support these efforts.

The Environmental Studies Program was initiated in 1973. Statutory authority is derived primarily from the OCS Lands Act and NEPA. The OCS Lands Act established the ESP to provide information needed for prediction, assessment, and management of impacts on the human, marine, and coastal environments of the OCS and nearshore areas that may be affected by OCS oil and gas and marine mineral development. Per the Energy Policy Act of 2005, the ESP includes renewable energy and alternate use activities. Three objectives are identified to meet this goal:

- To establish information needed for the assessment and management of impacts on the human, marine, and coastal environments of the OCS and potentially affected coastal areas.
- To predict impacts on marine organisms resulting from a variety of factors: chronic low level pollution or large spills associated with OCS production; discharge of drilling muds and cuttings, as well as pipeline emplacement; and onshore development.
- To monitor human, marine, and coastal environments to provide time-series and data trend information for identification of significant changes in the quality and productivity of these environments.

In addition to the specific mandates identified in the OCS Lands Act, environmental laws that help shape the Environmental Studies Program include NEPA, Endangered Species Act, Marine Mammal Protection Act, and Clean Air Act.

The Program integrates advice from a wide range of sources when formulating the annual research program plan. Program planning covers national and regional scales and includes multiple and diverse inputs from citizens and organizations and work with stakeholders to better define information needs. The ESP focuses on such scientific disciplines as biological oceanography (*e.g.*, habitats, species populations and movements), physical oceanography (*e.g.*, ocean currents, water and air quality), and social science (*e.g.*, archaeology, multiple use conflicts, economics). Information users include BOEM scientists and environmental analysts, regulatory analysts, modelers, and decision makers, as well as Federal partners.

When determining the priorities for studies to undertake, management considers and balances several factors. The relevance of the subject to the mission of the Bureau is of the utmost importance along with the scientific merit of the effort. The studies must be technically feasible and appropriately timed to use information from other efforts and to allow delivery in time for relevant actions. Studies must also fit into available budgets. As it has in the past, the Program will leverage its funds with other interested Federal, State and private stakeholders, while ensuring fulfillment of its mission objectives to acquire applied research specific to the oil and gas, marine minerals, and renewable energy programs. The Program seeks these partnerships wherever possible to obtain the science needed to support the Bureau's decisions while maximizing the utility of the results and extending limited budgets even further. Environmental Studies is a dynamic program capable of adapting quickly to changing requirements to fulfill the current priority information needs.

The quality of scientific information generated by the ESP is ensured in multiple ways. The needs are reviewed both internally and externally by partners and the OCS Scientific Committee (a Federal Advisory Committee). As appropriate, studies incorporate scientific or quality review boards comprised of experts in the field external to the program, and in addition to the report deliverables, BOEM strongly encourages publication in peer-reviewed literature.

Studies managed in the headquarters office address nationwide information requirements. For example, the ESP is currently evaluating methodologies and conducting an analysis of relative environmental sensitivity of the 26 OCS Planning Areas. Important components of examining environmental sensitivity include an evaluation of the productivity of marine life, as well as an understanding of ecosystems' resiliency to impacts. The potential effects of OCS renewable and conventional energy exploration, development and production, and marine mineral extraction, must be considered in NEPA documentation supporting all of these activities. This study will serve as a sound, scientific basis for future scoping and development of NEPA documents for programmatic and project specific activities and analyses. Other studies in FY 2012 and FY 2013 will focus on gathering information to provide data for oil spill risk analysis models, thereby improving the outputs, as well as efforts to improve the models themselves.

Gulf of Mexico Region:

BOEM programs in the Gulf of Mexico Region continue to require information on all aspects of ecology in every habitat of the Gulf. Long-term monitoring is needed to foster decisions built upon a firm scientific base. New and ongoing oil and gas activities touch upon every ocean province from our coastal marshes to the ocean abyss. These activities are driven by new technologies that usher exploration into deeper waters down the continental slope and onto the abyssal plains. The Region is challenged to fulfill information needs to safely develop these new frontiers where biological information currently is sparse, while outdated information on shelf communities also needs to be updated.

BOEM activities in the Region have focused on the planning and acquisition of information in the deepwaters of the Gulf, both in U.S. and Mexican waters. Continued expansion of industry deepwater development reinforces the need to gather additional deepwater current observations that can be used to validate a basin-wide ocean current model. Since the *Deepwater Horizon* event, revising baseline conditions and answering fundamental biogeochemical questions is more important than ever. For instance, a modeling effort is needed to hindcast the oil spill plume in the vertical and horizontal directions and to validate these results using available observations. More must be learned about the behavior of spilled and dispersed oil under these specific conditions, and more information about the interaction of dispersed oil with sediments in a deepwater environment is particularly necessary. These and other issues are helping to inform the research that BOEM will be supporting in the Gulf of Mexico in FY 2013 and the coming years.

Pacific Region:

Pacific Region efforts in FY 2013 address both existing conventional energy offshore California and the emerging renewable energy development off Oregon and Hawaii. An example for conventional energy is a study to characterize and quantify sea lion and seal use of oil and gas

platforms off California for resting and foraging, which is a critical component of BOEM's environmental analyses and consultations under NEPA and the Marine Mammal Protection Act.

Several efforts for renewable energy in the Pacific Region focus on gathering information on the benthic environment where facilities likely will be installed, increasing the understanding of the flight behavior of seabirds, and providing a means to rank and assess the vulnerability of specific seabird species on the Pacific OCS based on the habits and activities of birds at sea. This information, coupled with existing information on distribution and abundance, can provide a means to assess and advise site selection for renewable energy projects in a manner that minimizes adverse effects to seabirds. These studies will serve as a scientific basis for future preparation of NEPA and Migratory Bird Treaty Act documents and consultations under the Magnuson Stevens Fishery Conservation and Management Act and the Endangered Species Act for both programmatic and project specific analyses. Due to the differences in ecosystem and behavior of species, studies done for renewable energy along other coastlines are not always applicable to the Pacific Region.

In September 2012, the Pacific Region is holding a BOEM OCS Renewable Energy Studies Workshop to identify studies that have been conducted and data gaps that should be considered by BOEM and other agencies in planning for renewable energy proposals offshore the Pacific States and Hawaii. As a result of the workshop, the Bureau will be able to, independently and with partners, design studies to address issues raised at the workshop and facilitate sound decision-making on future renewable energy proposals in the Region.

Alaska Region:

In FY 2013, the Alaska Region will continue to focus on foundational research in the Beaufort and Chukchi Seas, expand to the Cook Inlet Planning Area, and further develop and refine collaborative research opportunities. The goal is to continue to advance the dialogue and collaboration with other agencies, stakeholders, and the public. In FY 2013, the Regional Program will include efforts to: further refine and focus research efforts towards high priority issues; increase the level of public outreach for every Alaska ESP project; strategically focus more funding towards data synthesis efforts; update and improve oil spill risk analysis models; promote enhancement of spill detection technologies and “nowcast” instrumentation; improve baseline for monitoring zone habitat; expand research into biological effects of dispersants in cold water; and generate a new baseline for social indicators in North Slope communities. In addition, the Alaska component of the Environmental Studies Program strives to assimilate local and traditional knowledge directly in the preparation of study products and the interpretation of results.

Renewable Energy Areas Offshore Atlantic States:

In June 2011, BOEM held the Atlantic Wind Energy Workshop to share recent and ongoing research with stakeholders, identify key data needs, and prioritize research gaps related to renewable energy on the Atlantic OCS. In the Atlantic planning areas, the impacts of renewable energy facilities on birds and protocols for baseline information gathering continue to be key needs. Several efforts focus on gathering information about where various bird and marine mammal species occur, when and for how long they are there, and what they are doing while there.

Examples include a study using high definition imagery surveys and acoustic surveys to locate and identify animals. Another study is developing and testing standardized protocols for data collection supporting baseline studies and testing a new conceptual framework and approach for applying these data to a cumulative environmental impact evaluation of offshore renewable energy development. A complementary study currently taking place will identify the most cost effective application of advanced spatial survey technologies for the assessment and post-construction monitoring of offshore wind and hydrokinetic renewable energy resources.

The 2011 workshop and responses to planning notices indicate that many stakeholders are concerned about potential impacts of offshore wind development on socioeconomic resources. An ongoing study is producing baseline data through the development of socioeconomic profiles for the coastal counties that are particularly sensitive to potential impacts on the tourism and recreation sectors of their economies.

External Contributions:

The planning process emphasizes communication within BOEM as well as with Federal, State, and local governments; Tribes; academia; industry; and non-government organizations. Additionally, program oversight is provided by the OCS Scientific Committee – chartered under the Federal Advisory Committee Act – which advises BOEM on the feasibility, appropriateness, and scientific value of the ESP. Study recommendations are evaluated for program relevance, programmatic timeliness, and scientific merit. ESP research plans are developed in coordination with BSEE to provide a multi-faceted, interdisciplinary response to meet offshore environmental and safety needs. This process of coordination ensures the acceptability of program products in the broader community and the applicability of the results to BOEM information needs as well as those of our contributors and partners.

Partnerships:

The ESP effectively develops mission-oriented scientific research while simultaneously successfully leveraging funds through partnerships. The Program works with Federal partners through memoranda of understanding or agreement with particular agencies and through the National Oceanographic Partnership Program, a collaborative community of Federal agencies working to improve knowledge of the ocean environment. Collaborations with the academic community are undertaken through Coastal Marine Institutes with the University of Alaska-Fairbanks and Louisiana State University as well as through several units within the Cooperative Ecosystem Studies Unit Network. These partnerships allow the contributing parties to share the costs, extend the scope (both duration and area) of the research and maximize the utility of results for many end users. Partners bring funds, equipment, facilities and personnel to support collaborative efforts. Many projects include opportunities to involve and train students and to nurture their interests in environmental science, which contributes to training the next generation of conservation leaders.

Projects conducted in partnership can be found in all disciplines and geographic areas the ESP covers. Studies conducted with NOAA use ships and personnel to study marine mammals and birds. A multi-project effort undertaken with DOE and NOAA through the National Oceanographic Partnership is investigating several aspects of potential impacts of renewable

energy development. Participation in the National Oceanographic Partnership Program and with other partners will continue in FY 2013.

2013 PROGRAM PERFORMANCE

Effective management of the energy resources on the OCS for efficient and environmentally sound access and development is supported by Environmental Assessment and Environmental Science activities. The work provides information necessary to ensure operations are conducted in an environmentally sound manner and decisions are supported by good science.

- Environmental Assessment activities ensure that appropriate environmental information is available for planning and decision-making at all phases of OCS development, from Five-Year Program planning and individual lease sales through platform removal, as well as for renewable energy and marine mineral activities. This is accomplished by consultation with interested and affected parties, and preparation of environmental impact statements, environmental assessments, and related program-level reports. BOEM currently prepares hundreds of EAs each year; the number of EAs is expected to increase in the aftermath of the *Deepwater Horizon* oil spill and bureau policy changes regarding the use of categorical exclusions.
- Environmental Science activities, through the Environmental Studies Program, fund and manage scientific research to better understand the OCS environment and the full spectrum of effects of conventional and renewable energy and mineral resource exploration and development activities including socioeconomic impacts on the human environment. Environmental Science information is used in environmental assessment activities and in the development of measures to mitigate predicted impacts. The Environmental Studies Program typically initiates between 50 and 70 new projects each year. The effectiveness and efficiency of the program results are measured and reported quarterly and annually to the Office of Management and Budget. This Program has met or exceeded targets in nearly every year since measurements began in FY 2006.

ENVIRONMENTAL ASSESSMENT

BOEM assesses potential environmental impacts of proposed actions in accordance with NEPA and related regulations, placing a high value on transparency. The NEPA process is intended to help public officials make decisions based on an understanding of environmental consequences and take actions that protect, restore, and enhance the environment. Public involvement is an integral part of preparing environmental impact statements and environmental assessments. BOEM solicits external input to help identify relevant issues, alternatives, mitigation measures, and analytical tools. BOEM also provides opportunity for public comment and consults with NOAA, FWS, EPA, and others to develop a balanced leasing program and to promulgate regulations and permit requirements that protect natural and historical resources.

At each stage in the leasing process, BOEM carefully evaluates every proposal or application for compliance with NEPA and related regulations – from the preparation of the final programmatic

EIS to the more thorough evaluation prior to each lease sale, and other OCS oil and gas activities. Each environmental review documents the potential environmental impacts and identifies mitigation measures that may be necessary to avoid or minimize adverse effects of a proposal.

In FY 2013, BOEM anticipates completing the Programmatic EIS for geological and geophysical activities in the Atlantic. In addition, BOEM expects to prepare several hundred EAs in support of G&G permit decisions and plan approvals in the Gulf of Mexico and Alaska Regions. The number of EAs is expected to increase over historical levels given current policy on the use of categorical exclusions. Additionally, many plans and permit applications will undergo more intensive environmental reviews in the aftermath of the *Deepwater Horizon* event.

BOEM also undertakes a rigorous environmental review for activities associated with OCS renewable energy efforts. Comprehensive environmental analyses are an essential but lengthy part of the overall OCS lease planning process. The number of EISs or EAs in FY 2013 will be highly dependent on the level of interest in potential leasing areas and whether the lease issuance process will be competitive or non-competitive. For a non-competitive process, the financial burden of conducting the environmental assessment is borne by the applicant. In a competitive process, BOEM will fund the EA or EIS.

In April 2010, the Bureau completed a supplemental Environmental Assessment on the Cape Wind Energy Project after receiving additional information following the publication of its Final EIS in 2009. BOEM anticipates finalizing two additional NEPA documents during FY 2012 and seven during FY 2013.

Environmental review and compliance activities are expected to have renewed focus and importance following the proposed reorganization. New policies and procedures will need to be developed to successfully implement the proposed reorganization and ensure open and effective communication and coordination between bureaus and bureau staff.

ENVIRONMENTAL SCIENCE

The Environmental Studies Program provides much of the scientific information needed for critical program decisions that must, as required by the OCS Lands Act, accommodate the delicate balance between the protection of the human, marine, and coastal environments and the Nation's exploration, development, and production of hydrocarbons; the development of renewable energy and marine minerals resources; and energy-related alternate uses of OCS structures. The Program provides the information needed to identify appropriate areas for potential development and craft scientifically sound mitigating measures to ensure protection of the natural and socioeconomic resources.

Environmental studies are designed to address specific information needs concerning the environmental and socioeconomic state of a region, both before and after OCS activity. Our comprehensive approach to studies planning and development integrates science needs from multiple energy resources and mineral uses of the OCS to create cost-effective and efficient research efforts to meet the needs of resource managers across all program areas. A major

program component of the ESP is focused on improving scientific understanding of the fate, transport and effects of discharges, and spilled materials such as oil, in the marine environment. The ESP research strategy supports gathering of baseline or reconnaissance information in areas before activities occur, along with ecosystem research and monitoring studies to meet the needs for an ecosystem-based approach to management decisions.

During FY 2012 and FY 2013, the Environmental Studies Program will continue its focus on identifying and filling data gaps to provide the best possible scientific information for the Bureau. Several areas of proposed study cut across geographic regions and disciplines.

- In all areas, collection and updating of ecological and oceanographic baselines and efforts to monitor changes and effects will be expanded. Both natural variation and human induced events contribute to shifts in the balance of ecosystems. Understanding the causes and magnitude of these changes requires extensive effort in field work.
- In the Gulf of Mexico Region, studies examining the effects of oil spilled from the *Deepwater Horizon* oil spill dominate plans for 2013. Long-term monitoring of habitats and assessments of wildlife will be coordinated carefully with NRDA activities being conducted following the *Deepwater Horizon* event to ensure there is no duplication of effort
- Renewable energy and alternate use issues remain a high priority for study. Of immediate concern are issues related to wind development in the Atlantic and wind and hydrokinetic resource development in the Pacific. These issues range from impacts to resident and transient wildlife to potential conflicts among multiple users of the space.
- Improving our understanding of ecosystem and circulation functioning in the Arctic will continue in 2013 with studies focused on collecting finer scale data to improve models. Climate change effects cross many disciplines and require a reassessment of the rapidly shifting baselines in ice and current patterns, water chemistry, and species presence, absence and use of habitats, as well as changes in socio-economic systems.
- Decommissioning of aging infrastructures is an ongoing topic in the Pacific and Gulf of Mexico regions, but is also a future concern for the Atlantic renewable industry. Consideration of the potential impacts to the environment when structures are removed and disposal options are important studies components that are used in NEPA documents and consultations.
- As always, the ESP routinely seeks to improve its modeling capabilities, especially for Oil Spill Risk Assessment and air quality. Physical oceanography and meteorological studies provide data and explore methodologies to enhance the accuracy of model outputs.

The Program utilizes performance measures to evaluate the effectiveness and timeliness of its projects. BOEM tracks the percent of environmental studies projects rated “Moderately Effective” or better by BOEM internal customers to gauge the effectiveness and timeliness of

environmental projects and their related work products. BOEM also gauges the timelines of environmental projects by monitoring the percent of environmental projects delivered on time. Performance results for these metrics are sensitive to the number and types of projects evaluated. The proposed targets for fiscal years 2012 and 2013 are based on multi-year trends in the results as well as the impact of recent events on the studies program and the nature of planned studies. Complex studies that involve multiple disciplines and the intensive type of field work required to complete these studies are subject to unpredictable changes that affect planned timing, such as Arctic weather conditions or equipment availability, and these may impact future year targets.

Table 15: Performance Overview –Environmental Assessment

Performance Overview - Environmental Assessment										
Note: Performance and Cost data may be attributable to multiple activities and subactivities.										
Mission Area 2: Sustainably Manage Energy, Water, and Natural Resources										
Goal 1: Secure America's Energy Resources										
Supporting Performance Measures	2007 Actual	2008 Actual	2009 Actual	2010 Actual	2011 Plan	2011 Actual	2012 Plan	FY 2013 President's Budget	Change from 2012 to 2013 Plan	Long-term Target 2016
Strategy 3: Manage conventional energy development										
Percent of Environmental Studies Program projects rated "Moderately Effective" or better by BOEM internal customers (BUR)	100% (13/13)	85% (29/34)	91% (20/22)	91% (10/11)	85%	91% (21/23)	85%	85%	0%	TBD
Percent of ESP Projects delivered on time (BUR)	54% (7/13)	74% (25/34)	91% (20/22)	56% (6/11)	60%	61% (14/23)	60%	60%	0%	TBD
<p><i>These measures evaluate the effectiveness and timeliness of the ESP's projects. During FY 2012 and FY 2013, BOEM anticipates conducting a number of oceanographic, environmental, and social science studies. Studies are planned to investigate the interactions between birds and offshore facilities; the distribution of whales, fish and pinipeds; air quality, ocean currents, and modeling efforts; and social science effects and long-term monitoring post-Deepwater Horizon that are not addressed through other efforts. Planned studies will inform both the offshore Renewable Energy and the Oil and Gas programs.</i></p> <p><i>Performance results for these metrics are sensitive to the number and types of projects evaluated. The proposed targets for FY 2012 and 2013 are based on multi-year trends in the results as well as the impact of recent events on the studies program and the nature of planned studies. Complex studies that involve multiple disciplines and the intensive type of field work required to complete these studies are subject to unpredictable changes that affect planned timing, e.g., Arctic weather conditions or equipment availability.</i></p> <p><i>In addition to supporting the DOI Strategy to manage conventional energy development, these measures also support the DOI Strategy to develop renewable energy potential.</i></p>										
<i>Comments</i>										

FY 2013 PERFORMANCE BUDGET
 Bureau of Ocean Energy Management
General Administration Activities

Table 16: General Administration Budget Summary

		2012 Enacted	Fixed Costs (+/-)	Program Changes (+/-)	2013 Budget Request	Change from 2012 (+/-)
Executive Direction	(\$000)	16,047	+117	-	16,164	+117
	FTE	87	0	-	87	-
General Support Services	(\$000)	12,785	+682	-122	13,345	+560
	FTE	0	0	-	0	-
TOTAL, General Administration	(\$000)	28,832	+799	-122	29,509	+677
	FTE	87	0	-	87	-

The FY 2013 budget request for General Administration (General Support Services and Executive Direction combined) is \$29.5 million and 87 FTE, a net increase of \$677,000 over the FY 2012 Enacted level. The majority of this increase reflects the amount required to fund fixed costs.

The General Administration function provides the administrative, management, and policy support services crucial to carrying out BOEM's mission. The administrative arm of BOEM provides leadership and direction in overall management of the organization, planning and performance, budget, finance, human resources, information technology, and other services. Centralization of these administrative functions leverages resources and contributes to efficient and effective operations across the organization.

General Administration consists of two activities:

- **Executive Direction**, which provides bureau-wide leadership both in headquarters and within the regions. It includes direction, management, coordination, communications strategies, legislative and other external outreach, and regulatory and policy development.
- **General Support Services**, which ensures bureau-wide infrastructure support, such as office space, security, utilities, voice/data communications, and general administrative services.

FY 2013 PERFORMANCE BUDGET
 Bureau of Ocean Energy Management
Executive Direction Activity

SUMMARY OF PROGRAM CHANGES

Program Changes	Amount (\$000)	FTE
Fixed Costs	+117	0
Total:	+117	0

The FY 2013 Request for Executive Direction fully funds fixed costs and includes no other programmatic changes.

PROGRAM OVERVIEW

The Executive Direction Activity comprises the Office of the Director; Office of Public Affairs; Office of Congressional Affairs; Office of Policy, Regulation and Analysis; Office of Budget and Program Coordination; and the Investigations and Review Unit.

➤ **Office of the Director**

The Office of the Director (OD) includes the BOEM Director and Deputy Director and their immediate staff, as well as the offices of the Regional Directors and their immediate staff. These components of the BOEM staff are responsible for providing policy guidance and overall leadership within the BOEM organization, as well as managing official documents within OD.

➤ **Office of Public Affairs**

The Office of Public Affairs (OPA) is responsible for BOEM’s communication strategies and outreach. OPA coordinates the implementation of an effective and inclusive outreach program to numerous target audiences, including State and local governments, the energy industry, related trade associations, the environmental community, Indian Tribes, energy consumer groups, and the public.

➤ **Office of Congressional Affairs**

The Office of Congressional Affairs (OCA) serves as the primary point of contact with Congress and is responsible for the coordination of all communication and outreach with Congressional offices, as well as ensuring a consistent message and the effective exchange of information. OCA serves as the liaison for BOEM on all Congressional and legislative matters that relate to BOEM’s programs, including managing coordination with the Department of the Interior and

other Federal executive agencies.

➤ **Office of Policy, Regulation and Analysis**

The Office of Policy, Regulation and Analysis (OPRA) serves as the principal office to provide the Director with independent review and analysis of programmatic and management issues, as well as oversight of BOEM's regulatory program. Additionally, OPRA coordinates and monitors many cross-program initiatives, assuring a consistent, BOEM-wide implementation that directly supports Congressional, Presidential and Departmental directives, laws, mandates, and guidance. OPRA also fulfills the Director's responsibilities in several critical areas including strategic and performance planning, policy, and program evaluation.

➤ **Office of Budget and Program Coordination**

The Office of Budget and Program Coordination (OBPC) is responsible for managing the program and budget planning process Bureau-wide. The organization assesses current budgetary resources, provides recommendations for program and budget initiatives to senior BOEM executive staff, manages the personnel allocation system, and formulates and assists in the defense of BOEM's budget submissions to the Department, OMB, and Congress. In addition, the office is responsible for overseeing coordination with administrative service providers in the management of BOEM administrative activities and serves as the point of contact for any service-related questions.

➤ **Investigations and Review Unit**

During the transition, BOEMRE created the Investigations and Review Unit (IRU), which is composed of professionals with law enforcement backgrounds or technical expertise who promptly respond to allegations or evidence of misconduct and unethical behavior by Bureau employees. The IRU will also pursue allegations of misconduct against oil and gas companies involved in offshore energy projects when there is credible evidence that rules and regulations have been violated. The Unit is currently operating under BSEE and will work to identify BOEM- and BSEE-specific roles and responsibilities and assign staff to individual BOEM and BSEE units. Once the BOEM unit has been established, it will report directly to the Office of the Director.

2013 PROGRAM PERFORMANCE

The efforts funded under this subactivity feed into the performance measures for the functional programs.

FY 2013 PERFORMANCE BUDGET
Bureau of Ocean Energy Management
General Support Services Activity

SUMMARY OF PROGRAM CHANGES

Program Changes	Amount (\$000)	FTE
Fixed Costs	+682	0
Administrative Reduction	-122	0
Total:	+560	0

JUSTIFICATION OF PROGRAM CHANGES

Fixed Costs (+ \$682,000; +0 FTE). This request fully funds fixed costs required for FY 2013, including \$331,000 for IT Transformation through the Working Capital Fund.

Administrative Reduction (- \$122,000; 0 FTE). This reduction offsets high priority increases in the FY 2013 request and will be applied by reducing administrative services.

PROGRAM OVERVIEW

The General Support Services activity includes funding for shared activities and related support services for the entire Bureau. These expenses are administrative services provided to BOEM through a reimbursable service agreement with BSEE for finance, human resources, procurement, facilities, information management, and equal employment opportunity activities. Acquiring these critical services through BSEE minimizes the duplication of administrative functions in BOEM and BSEE and optimizes efficiency through the consolidation of resources into a single service provider.

The Department has strongly supported the expansion of business cross-servicing for more than 30 years. This latest effort between BOEM and BSEE is another step forward in this direction and will have the added benefit of implementing standardized practices that will further increase the productivity for highly skilled personnel in both bureaus. By utilizing the shared services model, BOEM and BSEE can continue to improve their best practices and maximize the use of administrative funds in the future.

Other related expenses funded under this activity include:

- Rental and security of office space

- Workers' compensation and unemployment compensation
- Voice and Data Communications
- The Department's Working Capital Fund (WCF)
- Annual building maintenance contracts
- Mail services
- Printing costs

The two major program objectives are to provide safe and secure facilities that will contribute to the productivity and efficiency of the employees in achieving goals and objectives and to provide appropriate services in support of BOEM operating programs.

2013 PROGRAM PERFORMANCE

General Support Services does not have performance measures; rather, the efforts funded under this activity feed into the performance measures for the functional programs.

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Bureau of Ocean Energy Management
Justification of Fixed Costs
(Dollars in Thousands)

Pay Raise and Pay-Related Changes	2011 *	2012 Change	2013 Change
Calendar Year 2010 Quarter 4	N/A		
Calendar Year 2011 Quarters 1-3	N/A		
Calendar Year 2011 Quarter 4		-	
Calendar Year 2012 Quarters 1-3		-	
Calendar Year 2012 Quarter 4			-
Calendar Year 2013 Quarters 1-3			+218
Non-Foreign Area COLA Adjustment to Locality Pay	N/A	+180	-
Change in Number of Paid Days			+244
Employer Share of Federal Health Benefit Plans	N/A	+472	+309
Subtotal, Pay Raise and Pay-Related Changes			+771

Other Fixed Cost Changes and Projections	2011 *	2012 Change	2013 Change
Worker's Compensation Payments	N/A	+323	-52
The adjustment is for changes in the costs of compensating injured employees and dependents of employees who suffer accidental deaths while on duty. Costs for the BY will reimburse the Department of Labor, Federal Employees Compensation Fund, pursuant to 5 U.S.C. 8147(b) as amended by Public Law 94-273.			
Unemployment Compensation Payments	N/A	+0	+0
The adjustment is for projected changes in the costs of unemployment compensation claims to be paid to the Department of Labor, Federal Employees Compensation Account, in the Unemployment Trust Fund, pursuant to Public Law 96-499.			
GSA Rental Payments	N/A	+854	+256
The adjustment is for changes in the costs payable to the General Services Administration (GSA) and others resulting from changes in rates for office and non-office space as estimated by GSA, as well as the rental costs of other currently occupied space. These costs include building security; in the case of GSA space, these are paid to DHS. Costs of mandatory office relocations, i.e. relocations in cases where, due to external events, there is no alternative but to vacate the currently occupied space, are also included.			
Departmental Working Capital Fund	N/A	-165	+478
The change reflects expected changes in the charges for centrally billed Department services and other services through the Working Capital Fund. These charges are displayed in the Budget Justification for Departmental Management.			
Subtotal, Other Fixed Cost Changes			+682

Total, Fixed Costs and Related Changes in 2013	+1,453
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* Amounts have not been provided because 2011 levels reflected BOEMRE fixed cost levels and not BOEM.

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**Bureau of Ocean Energy Management
FY 2013 Appropriations Language**

The language provided below reflects changes from the FY 2012 Consolidated Appropriations Act, Public Law 112-74. As a general note, brackets indicate language to be deleted, and italics represent new language.

BUREAU OF OCEAN ENERGY MANAGEMENT

OCEAN ENERGY MANAGEMENT

For expenses necessary for granting leases, easements, rights-of-way and agreements for use for oil and gas, other minerals, energy, and marine-related purposes on the Outer Continental Shelf and approving operations related thereto, as authorized by law; for environmental studies, as authorized by law; for implementing other laws to the extent provided by Presidential or Secretarial delegation; and for matching grants or cooperative agreements, [~~\$59,792,000~~] *\$62,701,000*, to remain available until September 30, [2013] *2014*; and an amount not to exceed [~~\$101,082,000~~] *\$101,404,000*, to be credited to this appropriation and to remain available until expended, from additions to receipts resulting from increases to rates in effect on August 5, 1993, that are collected and disbursed by the Secretary, and from cost recovery fees from activities conducted by the Bureau of Ocean Energy Management pursuant to the Outer Continental Shelf Lands Act, including studies, assessments, analysis, and miscellaneous administrative activities: Provided, That notwithstanding 31 U.S.C. 3302, in fiscal year [2012] *2013*, such amounts as are assessed under 31 U.S.C. 9701 shall be collected and credited to this account and shall be available until expended for necessary expenses: Provided further, That to the extent [~~\$101,082,000~~] *\$101,404,000* in addition to receipts are not realized from the sources of receipts stated above, the amount needed to reach [~~\$101,082,000~~] *\$101,404,000* shall be credited to this appropriation from receipts resulting from rental rates for Outer Continental Shelf leases in effect before August 5, 1993: [Provided further, That for fiscal year 2012 and each fiscal year thereafter, the term "qualified Outer Continental Shelf revenues", as defined in section 102(9)(A) of the Gulf of Mexico Energy Security Act, division C of Public Law 109-432, shall include only the portion of rental revenues that would have been collected by the Secretary at the rental rates in effect before August 5, 1993:] Provided further, That not to exceed \$3,000 shall be available for reasonable expenses related to promoting volunteer beach and marine cleanup activities.

Proposed Language Changes:

1. **Change:** [Provided further, That for fiscal year 2012 and each fiscal year thereafter, the term "qualified Outer Continental Shelf revenues", as defined in section 102(9)(A) of the Gulf of Mexico Energy Security Act, division C of Public Law 109–432, shall include only the portion of rental revenues that would have been collected by the Secretary at the rental rates in effect before August 5, 1993:]

BOEM proposes to remove this language as the provision was included in the 2012 Consolidated Appropriations Act, P.L. 112-74, and applies in 2013 and thereafter.

2. **Change:** "...and an amount not to exceed [~~\$101,082,000~~] *\$101,404,000*, to be credited to this appropriation and to remain available until expended, from additions to receipts resulting from increases to rates in effect on August 5, 1993, that are collected and disbursed by the Secretary, and from cost recovery fees from activities conducted by the Bureau of Ocean Energy Management pursuant to the Outer Continental Shelf Lands Act, including studies, assessments, analysis, and miscellaneous administrative activities..."

The Bureau of Ocean Energy Management proposes to change the offsetting collections amount provided in appropriations language to reflect revised estimates for FY 2013. This proposal would result in an increase in collections of \$322,000 over the 2012 level. Estimated lease sales in FY 2013 are projected to generate additional funds in cost recoveries. The proposed increase reflects the net change in revised estimates of rental receipts (-\$202,000) and cost recoveries (+\$524,000) for 2013.

Bureau of Ocean Energy Management

Proposals for Mandatory Accounts and Offsetting Collections

Fee on Non-Producing Oil and Gas Leases

The Administration will submit a legislative proposal to encourage energy production on lands and waters leased for development. A \$4.00 per acre fee on non-producing Federal leases on lands and waters would provide a financial incentive for oil and gas companies to either get their leases into production or relinquish them so that the tracts can be leased to and developed by new parties. The proposed \$4.00 per acre fee would apply to all new leases and would be indexed annually. In October 2008, the Government Accountability Office issued a report critical of past efforts by Interior to ensure that companies diligently develop their Federal leases. Although the report focused on administrative actions that the Department could undertake, this proposal requires legislative action. This proposal is similar to other non-producing fee proposals considered by the Congress in the last several years. The fee is projected to generate revenues to the U.S. Treasury of \$13.0 million in 2013 and \$783.0 million over ten years.

Net Receipts Sharing for Energy Minerals

The Administration proposes to make permanent the current arrangement for sharing the cost to administer energy and minerals receipts, beginning in 2013. Under current law, States receiving significant payments from mineral revenue development on Federal lands also share in the costs of administering the Federal mineral leases from which the revenue is generated. In 2013, this net receipts sharing deduction from mineral revenue payments to States would be implemented as an offset to the Interior Appropriations Act, consistent with the provision included in 2010 and continued in 2011 and 2012. Permanent implementation of net receipts sharing is expected to result in savings of \$44.0 million in 2014 and \$449.0 million over ten years.

Deep Gas and Deepwater Incentives

The Administration proposes to repeal Section 344 of the Energy Policy Act of 2005. Section 344 mandated royalty incentives for certain “deep gas” production on the OCS. This change will help ensure that Americans receive fair value for federally owned mineral resources. Based on current oil and gas price projections, the budget does not assume savings from this change; however, the proposal could generate savings to the Treasury if future natural gas prices end up below current projections.

Fee Increase for Offshore Oil and Gas Inspections

Through appropriations language, the Administration proposes to increase inspection fees from \$62.0 million in 2012 to \$65.0 million in 2013 for offshore oil and gas drilling facilities that are subject to inspection by the Bureau of Safety and Environmental Enforcement. The increased fees will support BSEE's expanded inspection program. These inspections are intended to increase production accountability, human safety, and the environmental protection.

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Bureau of Ocean Energy Management

Bureau Authorizing Statutes

Outer Continental Shelf (OCS) Lands Program

- 43 U.S.C. 1331, et seq. The Outer Continental Shelf (OCS) Lands Act of 1953, as amended, extended the jurisdiction of the United States to the OCS and provided for granting of leases to develop offshore energy and minerals.
- P.L. 109-432 The Gulf of Mexico Energy Security Act of 2006 required leasing certain areas in the Central and Eastern Gulf of Mexico Planning Areas within one year of enactment (December 20, 2006); and established a moratoria on leasing in remaining areas in the eastern planning area and a portion of the central planning area until 2022.
- P.L. 109-58 The Energy Policy Act of 2005 amended the OCS Lands Act to give authority to the Department of the Interior to coordinate the development of an alternative energy program on the OCS and also to coordinate the energy and non-energy related uses in areas of the OCS where traditional oil and natural gas development already occur.
- 43 U.S.C. 4321, 4331-4335,
4341-4347 The National Environmental Policy Act of 1969 required that federal agencies consider in their decisions the environmental effects of proposed activities and that Agencies prepare environmental impact statements for Federal actions having a significant effect on the environment.
- 16 U.S.C. 1451, et seq. The Coastal Zone Management Act of 1972, as amended, established goals for ensuring that Federal and industry activity in the coastal zone be consistent with coastal zone plans set by the States.
- 16 U.S.C. 1531-1543 The Endangered Species Act of 1973 established procedures to ensure interagency cooperation and consultations to protect endangered and threatened species.
- 42 U.S.C. 7401, et seq. The Clean Air Act, as amended, was applied to all areas of the OCS except the central and western Gulf of Mexico. OCS activities in those non-excepted areas will require pollutant emission permits administered by the EPA or the States.

16 U.S.C. 470-470W6	The <u>National Historic Preservation Act</u> established procedures to ensure protection of significant archaeological resources.
30 U.S.C. 21(a)	The <u>Mining and Minerals Policy Act of 1970</u> set forth the continuing policy of the Federal Government to foster and encourage private enterprise in the orderly and economic development of domestic mineral resources and reserves.
30 U.S.C. 1601	The <u>Policy, Research and Development Act of 1970</u> set forth the continuing policy <u>et seq.</u> of the Federal Government to foster and encourage private enterprise in the orderly and economic development of domestic mineral resources and reserves.
33 U.S.C. 2701, <u>et seq.</u>	The <u>Oil Pollution Act of 1990</u> established a fund for compensation of damages resulting from oil pollution and provided for interagency coordination and for the performance of oil spill prevention and response research. It also expanded coverage of Federal requirements for oil spill response planning to include State waters and the transportation of oil. The Act also addressed other related regulatory issues.
43 U.S.C. 1301	The <u>Marine Protection, Research, and Sanctuaries Act of 1972</u> provided that the Secretary of Commerce must consult with the Secretary of the Interior prior to designating marine sanctuaries. BOEM provides information and comments regarding the mineral resource potential in areas being considered for designation as marine sanctuaries.
16 U.S.C. 1361-1362, 1371-1384, 1401-1407	The <u>Marine Mammal Protection Act of 1972</u> provides for the protection and welfare of marine mammals.
P.L. 104-58	The <u>Deepwater Royalty Relief Act</u> provides royalty rate relief for offshore drilling in deepwater of the Gulf of Mexico.

General Administration

31 U.S.C. 65	<u>Budget and Accounting Procedures Act of 1950</u>
31 U.S.C. 3901-3906	<u>Prompt Payment Act of 1982</u>
31 U.S.C. 3512	<u>Federal Managers Financial Integrity Act of 1982</u>

5 U.S.C. 552	<u>Freedom of Information Act of 1966, as amended</u>
31 U.S.C. 7501-7507	<u>Single Audit Act of 1984</u>
41 U.S.C. 35045	<u>Walsh Healy Public Contracts Act of 1936</u>
41 U.S.C. 351-357	<u>Service Contract Act of 1965</u>
41 U.S.C. 601-613	<u>Contract Disputes Act of 1978</u>
44 U.S.C. 35	<u>Paperwork Reduction Act of 1980</u>
44 U.S.C. 2101	<u>Federal Records Act 1950</u>
40 U.S.C. 4868	<u>Federal Acquisition Regulation of 1984</u>
31 U.S.C. 3501	<u>Privacy Act of 1974</u>
31 U.S.C. 3501	<u>Accounting and Collection</u>
31 U.S.C. 3711, 3716-19	<u>Claims</u>
31 U.S.C. 1501-1557	<u>Appropriation Accounting</u>
5 U.S.C. 1104 et seq.	<u>Delegation of Personnel Management Authority</u>
31 U.S.C. 665-665(a)	<u>Anti-Deficiency Act of 1905, as amended</u>
41 U.S.C. 252	<u>Competition in Contracting Act of 1984</u>
18 U.S.C. 1001	<u>False Claims Act of 1982</u>
18 U.S.C. 287	<u>False Statements Act of 1962</u>
41 U.S.C. 501-509	<u>Federal Grant and Cooperative Agreement Act of 1977</u>
41 U.S.C. 253	<u>Federal Property and Administrative Services Act of 1949</u>
41 U.S.C. 401	<u>Office of Federal Procurement Policy Act of 1974, as amended</u>
15 U.S.C. 631	<u>Small Business Act of 1953, as amended</u>
15 U.S.C. 637	<u>Small Business Act Amendments of 1978</u>

10 U.S.C. 137	<u>Small Business and Federal Competition Enhancement Act of 1984</u>
15 U.S.C. 638	<u>Small Business Innovation Research Program of 1983</u>
10 U.S.C. 2306(f)	<u>Truth in Negotiations Act of 1962 Authorization</u>
Secretarial Order No. 3071	Established the Minerals Management Service in January 1982, under authority provided by Section 2 of Reorganization Plan No. 3 of 1950 (64 Stat. 1262).
Secretarial Order No. 3299, Amendment No. 1	Establishment of the Bureau of Ocean Energy Management (BOEM), the Bureau of Safety and Environmental Enforcement (BSEE), and the Office of Natural Resources Revenue (ONRR) in accordance with the authority provided by Section 2 of the Reorganization Plan No. 3 of 1950 (64 Stat. 1262).
Secretarial Order No. 3304	Establishment of the Investigations and Review Unit (IRU) within the Bureau of Ocean Energy Management, Regulation and Enforcement in accordance with the authority provided by Section 2 of the Reorganization Plan No. 3 of 1950 (64 Stat. 1262), as amended.
<u>Oil Spill Research</u>	
33 U.S.C. 2701, <u>et seq.</u>	<u>Title VII of the Oil Pollution Act of 1990</u> authorizes the use of the Oil Spill Liability Trust fund, established by Section 9505 of the Internal Revenue Code of 1986, for oil spill research.
33 U.S.C. 2701, <u>et seq.</u>	<u>Title I, Section 1016, of the Oil Pollution Act of 1990</u> requires a certification process which ensures that each responsible company, with respect to an offshore facility, has established, and maintains, evidence of financial responsibility in the amount of at least \$150,000,000 to meet potential pollution liability.
43 U.S.C. 1331, <u>et seq.</u>	<u>Section 21(b) of the Outer Continental Shelf Lands Act</u> , as amended, requires the use of the best available and safety technologies (BAST) and assurance that the use of up-to-date technology is incorporated into the regulatory process.
Executive Order 12777	Signed October 18, 1991, assigned the responsibility to ensure oil spill financial responsibility for OCS facilities to the Secretary of the Interior (Bureau of Ocean Energy Management, Regulation and Enforcement).

Bureau of Ocean Energy Management
Employee Count by Grade
 (Total Employment)

	2011	2012 Estimate	2013 Estimate
Executive Service	6	7	7
GS/GM -15	28	31	31
GS/GM -14	95	101	101
GS/GM -13	178	186	186
GS -12	98	112	112
GS -11	48	51	51
GS -10	2	2	2
GS - 9	28	32	32
GS - 8	12	12	12
GS - 7	21	24	24
GS - 6	6	7	7
GS - 5	7	10	10
GS - 4	5	5	5
GS - 3	3	3	3
GS - 2	0	0	0
GS - 1	1	1	1
Subtotal	538	584	584
Other Pay Schedule Systems	0	0	0
Total BOEM Employees	538	584	584

Notes on this table:

- All grades presented in this table include career, career-conditional, temporary, and political employees.
- Executive Service includes Senior Executive Service (SES) and Executive Level employees.
- GS refers to employees covered by the General Schedule classification and pay system established under the Classification Act of 1949, as amended. (5 U.S.C. chapter 53, subchapter III, and 5 CFR part 531)
- GM refers to employees covered by the General Schedule classification and pay system who are covered by the Performance Management and Recognition System (PMRS) termination provisions of Public Law 103-89 (former PMRS employees).

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Bureau of Ocean Energy Management Section 405 Compliance

Section 405 of Public Law 112-74, the Consolidated Appropriations Act, 2012 states:

Estimated overhead charges, deductions, reserves or holdbacks from programs, projects, activities and subactivities to support government-wide, departmental, agency, or bureau administrative functions or headquarters, regional, or central operations shall be presented in annual budget justifications and subject to approval by the Committees on Appropriations of the House of Representatives and the Senate. Changes to such estimates shall be presented to the Committees on Appropriations for approval.

As a new bureau, BOEM is implementing a shared services approach to meet its administrative needs. BOEM has entered into a shared services arrangement with BSEE (see internal administrative costs in table below) to provide key administrative functions through a reimbursable support agreement. Under this arrangement, BSEE will provide a full suite of administrative services including acquisition management, equal employment opportunity, finance, human resources, information technology management, management support, personnel security, and support services. Maintaining these critical administrative functions within BSEE will result in the following benefits:

- Minimize duplication of administrative entities across two organizations and optimize efficiency.
- Provide a centralized administrative function that can, over time, allow the Department to pursue additional efficiencies.

The Department has strongly supported the expansion of business cross-servicing for more than 30 years. This latest effort between BOEM and BSEE is another step forward in this direction and will have the added benefit of implementing standardized practices that will further increase the productivity for highly skilled resources in both bureaus. By utilizing the shared services model, BOEM and BSEE can continue to improve its best practices and maximize the use of administrative funds in the future.

The Deputy Director of BOEM and the BSEE Associate Director for Administration will meet quarterly for a structured review of service delivery provided under this agreement. The purpose of these meetings is to provide an opportunity for coordination at the headquarters and field locations, review of performance metrics, and exchange of views about the services provided. These meetings will serve as forums to identify and resolve any issues relating to level of service and areas for improvement and greater efficiency.

Where possible, costs are linked to cost drivers to allocate administrative costs across all activities within the Bureau. As FY 2012 is the first year of operation, the methods and approaches used to fund and control administrative costs are under development and will be subject to review and amendment as better information is obtained.

The following table displays these costs as applied to the FY 2013 Budget.

Deductions, Reserves, or Holdbacks	FY 2013 (\$ Millions)
External Administrative Costs	
Executive Direction	
ASLM Support	0.2
IT Transformation	0.3
General Support Services	
Working Capital Fund Centralized Billing	1.8
Working Capital Fund Direct Billing	0.9
Zantas	0.1
NARA	0.1
Subtotal	\$3.4
Internal Administrative Costs	
Renewable Energy	1.1
Conventional Energy	6.9
Environmental Assessment	4.0
Executive Direction	2.1
General Support Services	10.4
Subtotal	\$24.5
Total External and Internal Administrative Costs	\$27.9

Bureau of Ocean Energy Management MAX Tables and Budget Schedules

Program and Financing (Schedule P)

(dollars in millions)

Treasury Account ID: 14-1917		FY 2012	FY 2013
Obligations by program activity -Direct program			
1	Bureau of Ocean Energy Management	60	63
92	Total direct program	60	63
Obligations by program activity -Reimbursable program			
801	Offsetting collections	108	101
802	Reimbursable program activity	3	3
899	Total reimbursable program	111	104
900	Total new obligations (direct & reimbursable)	171	167
Budgetary resources			
1000	Unobligated balance brought forward	108	8
1010	BOEMRE Unobligated balance transferred to ONRR*	-39	0
1010	BOEMRE Unobligated balance transferred to BSEE	-54	0
1021	Resources available from recoveries	3	3
1050	Unobligated balance	18	11
1160	Appropriation, discretionary	60	63
1700	Spending authority from offsetting collections	101	101
1900	Budget authority	161	164
1050	Unobligated balance	18	11
1930	Total budgetary resources	179	175
900	Obligations incurred, unexpired accounts	-171	-167
1941	Unobligated balance carried forward, end of year	8	8
Net budget authority and outlays			
4180	Budget authority, net	60	63
4190	Outlays, net	131	77

* Unobligated Balances of \$108M were brought forward from BOEMRE and portions were transferred to ONRR and BSEE. FY2012 is the first year of independent BOEM operations.

Object Classification (Schedule O)
(dollars in millions)

Treasury Account ID: 14-1917		FY 2012	FY 2013
Direct Obligations			
11.1	Personnel Compensation: Full-time permanent	44	44
12.1	Civilian personnel benefits	12	12
21.0	Travel and transportation of persons	2	2
25.2	Other services from non-Federal sources	2	5
	Total, Direct Obligations	60	63
Reimbursable Obligations			
99.0	Reimbursable Obligations	111	104
Total New Obligations		171	167