

Mission – The Bureau of Ocean Energy Management manages development of the Nation’s offshore energy and mineral resources in an environmentally and economically responsible way.

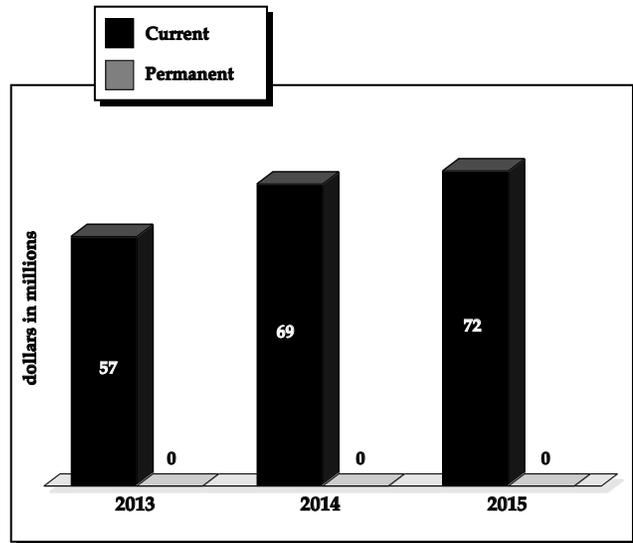
Budget Overview – The 2015 President’s budget request for the Bureau of Ocean Energy Management is \$169.8 million, including \$72.4 million in current appropriations and \$97.3 million in offsetting collections from rental receipts and cost recoveries. The Bureau estimates staffing will total 552 full time equivalents in 2015. The 2015 gross budget request for the total program is a \$2.9 million increase above the 2014 enacted level. The net request of \$72.4 million in appropriated funds is an increase of \$3.4 million above the 2014 level.

The total 2015 estimate of \$97.3 million for offsetting collections is a decrease of \$543,000 from the 2014 estimate. This includes a decrease of \$294,000 below the 2014 estimate for rental receipts and a decrease of \$249,000 below the 2014 estimate for cost recoveries.

Powering Our Future – The Bureau of Ocean Energy Management is responsible for managing development of the Nation’s offshore energy and mineral resources through offshore leasing, resource evaluation, review and administration of oil and gas exploration and development plans, renewable energy development, economic analysis, National Environmental Policy Act analysis, and environmental studies. In addition, the Bureau is committed to applying science to decisionmaking through research and rigorous analytical standards, balanced decisionmaking regarding development of domestic offshore conventional and renewable energy resources, and ensuring appropriate consideration of the environment is given in every case.

Ocean Energy Management – The 2015 budget request includes \$169.8 million for BOEM’s ocean energy management activities, including renewable, conventional, and environmental activities, an increase of \$2.9 million above the 2014 enacted level. This represents the entirety of BOEM’s program for leasing and management of the Nation’s offshore energy resources.

BOEM Funding



The budget requests \$23.1 million for renewable energy activities, a decrease of \$552,000 below the 2014 enacted level. Renewable energy development activities include the siting and construction of offshore wind farms on the Outer Continental Shelf, as well as other forms of renewable energy such as wave and current energy. The Energy Policy Act of 2005 authorizes the Secretary, who has delegated to BOEM, the authority to grant leases, easements, or rights-of-way for activities on the OCS that produce or support production, transportation, or transmission of energy from renewable sources.

In 2013, the Department and BOEM advanced history-making renewable energy efforts. As part of President Obama’s Climate Action Plan to develop domestic clean energy sources and cut carbon pollution, BOEM completed the Nation’s first two competitive lease sales for renewable energy in Federal waters. The sales generated nearly \$5.4 million in high bids for approximately 277,550 acres on the Outer Continental Shelf in areas offshore Massachusetts, Rhode Island, and Virginia. Combined, these areas, if fully developed, could generate enough

BUREAU OF OCEAN ENERGY MANAGEMENT FACTS

- **Protects the environment while ensuring the safe development and fair return for the Nation's offshore energy and marine mineral resources.**
- **As of January 2014, BOEM administers 6,365 active oil and gas leases on approximately 36 million Outer Continental Shelf acres.**
- **In calendar year 2012, Outer Continental Shelf offshore Alaska, California, and Gulf of Mexico leases accounted for more than six percent of America's domestic natural gas production and about 20 percent of domestic oil production.**
- **As of January 2014, BOEM has issued five commercial offshore wind energy leases, conducted two competitive wind energy lease sales, and approved the construction and operations plan for the Cape Wind project offshore Massachusetts.**

renewable energy to power 1.7 million homes. These leases support the Smart from the Start initiative, which facilitates environmentally responsible offshore wind development along the OCS by identifying wind energy areas using a coordinated, focused approach with extensive environmental analysis, public review, and large-scale planning.

In addition to holding the first competitive OCS renewable energy lease sales, BOEM has issued five other non-competitive commercial offshore wind energy leases and approved the construction and operations plan for the Cape Wind project offshore Massachusetts. The growth of renewable energy markets and technology is also fostering collaborative work between BOEM, developers, engineers, and scientists to consider wind, wave, and current based energy development off the west coast States.

The 2015 budget provides \$49.6 million for conventional energy development, an increase of \$192,000 above 2014. These funds support high priority offshore oil and gas development activities, including those outlined in BOEM's Five-Year OCS Oil and Gas Leasing Program for 2012-2017. The 2012-2017 Program makes areas containing an estimated 75 percent of the technically recoverable oil and gas resources estimated to be in the OCS available for exploration and development. It includes 12 potential lease sales in the Gulf of Mexico and three off the coast of Alaska. During fiscal year 2013, BOEM held three sales generating over \$1.4 billion in high bids. The BOEM has three additional lease sales scheduled during calendar year 2014.

In 2015, the Bureau will continue to focus on offshore oil and gas development and the next Five-Year Program for 2017-2022. Because of the complexity of the program development process, BOEM must begin planning for the

next program several years in advance. This work will advance a regionally targeted approach that accounts for the distinct needs of different offshore areas.

Within the conventional energy activity, BOEM manages offshore sand resources for coastal restoration efforts including time-sensitive projects like those needed for the response to Hurricane Sandy. As a result of Hurricane Sandy, BOEM responded to seven requests for use of OCS sand and gravel, and executed two new agreements and a modification to an existing agreement to allow for the use of 2.7 million cubic yards of OCS sand. In 2015, BOEM will continue to provide for the sand needs of coastal communities for cyclic and emergency requirements through the identification, leasing, and management of sand resources.

Paramount to BOEM's renewable and conventional energy efforts are its Environmental Programs, for which the 2015 budget provides \$65.7 million, an increase of \$2.5 million above 2014. Through its Environmental Programs activity, BOEM will prepare a programmatic environmental impact statement in support of the next Five-Year Program. The PEIS will provide a concise assessment that addresses key issues throughout program implementation and provides information pertaining to environmental issues and program alternatives. Additionally, the PEIS will provide insight and consideration regarding frontier areas in the next Five-Year Program.

The PEIS analysis is conducted using top quality research by talented scientists from a range of disciplines, as well as targeted scientific studies facilitated by BOEM to support policy needs and priorities. For example, in 2014, BOEM was awarded the Department of the Interior's Partners in Conservation Award for two partnership efforts that broadly included baseline environmental information

gathering, identification and evaluation of best management practices and protocols, evaluation of technologies for environmental assessment and monitoring, development of protocols and geographic information system tools to assist with facility siting, and assessment of the social and cultural implications of renewable energy development. This focus on environmental science ensures the integration of applied scientific research and information with the environmental analyses that BOEM conducts in support of programmatic decisions. Through these efforts, BOEM continues to ensure that science-based decisionmaking is transparent and accessible.

The request includes \$15.0 million for General Support activities and \$16.3 million for Executive Direction. These activities support executive leadership, bureau-level coordination and policy, as well as administrative functions such as finance, human resources, information management, procurement, facilities management, and similar support services.

LEGISLATIVE PROPOSALS

Federal Oil and Gas Reforms – The 2015 budget includes a package of legislative reforms to bolster and backstop administrative actions being taken to reform the management of Interior’s onshore and offshore oil and gas programs, with a key focus on improving the return to

taxpayers from the sale of these Federal resources and on improving transparency and oversight. Proposed statutory and administrative changes fall into three general categories: advancing royalty reforms, encouraging diligent development of oil and gas leases, and improving revenue collection processes.

Royalty reforms include evaluating minimum royalty rates for oil, gas, and similar products; adjusting the onshore royalty rate; analyzing a price-based tiered royalty rate; and repealing legislatively mandated royalty relief. Diligent development requirements include shorter primary lease terms, stricter enforcement of lease terms, and monetary incentives to get leases into production through a new per-acre fee on nonproducing leases. Revenue collection improvements include simplification of the royalty valuation process, elimination of interest accruals on company overpayments of royalties, and a permanent repeal of Interior’s authority to accept in-kind royalty payments. Collectively, these reforms will generate roughly \$2.5 billion in revenue to the Treasury over ten years, of which approximately \$1.7 billion will result from statutory changes. Many States also will benefit from higher Federal revenue sharing payments as a result of these reforms.

Fixed Costs – Fixed costs of \$1.5 million are fully funded.

SUMMARY OF BUREAU APPROPRIATIONS
(all dollar amounts in thousands)

Comparison of 2015 Request with 2014 Enacted

	2014 Enacted		2015 Request		Change	
	FTE	Amount	FTE	Amount	FTE	Amount
Current						
Ocean Energy Management	552	69,000	552	72,422	0	+3,422
Subtotal, Current	552	69,000	552	72,422	0	+3,422
Offsetting Collections	0	97,891	0	97,348	0	-543
TOTAL, BUREAU OF OCEAN ENERGY MGMT.						
(w/ offsetting collections)	552	166,891	552	169,770	0	+2,879

HIGHLIGHTS OF BUDGET CHANGES

By Appropriation Activity/Subactivity

APPROPRIATION: Ocean Energy Management

	<u>2013 Actual</u>	<u>2014 Enacted</u>	<u>2015 Request</u>	<u>Change</u>
Renewable Energy				
Appropriation.....	8,194	10,799	10,799	0
Offsetting Collections	10,343	12,857	12,305	-552
Subtotal, Renewable Energy.....	18,537	23,656	23,104	-552
Conventional Energy				
Appropriation.....	23,108	26,680	26,872	+192
Offsetting Collections	23,007	22,761	22,761	0
Subtotal, Conventional Energy	46,115	49,441	49,633	+192
Environmental Programs				
Appropriation.....	13,091	14,353	16,838	+2,485
Offsetting Collections	47,487	48,865	48,874	+9
Subtotal, Environmental Programs ..	60,578	63,218	65,712	+2,494
General Support Services				
Appropriation.....	3,149	4,642	5,324	+682
Offsetting Collections	9,000	9,678	9,678	0
Subtotal, General Support Services ..	12,149	14,320	15,002	+682
Executive Direction				
Appropriation.....	9,047	12,526	12,589	+63
Offsetting Collections	6,176	3,730	3,730	0
Subtotal, Executive Direction	15,223	16,256	16,319	+63
Total Appropriation	56,589	69,000	72,422	+3,422
Total Offsetting Collections	96,013	97,891	97,348	-543
TOTAL APPROPRIATION	152,602	166,891	169,770	+2,879

Detail of Budget Changes

	<u>2015 Change from</u> <u>2014 Enacted</u>		<u>2015 Change from</u> <u>2014 Enacted</u>
TOTAL APPROPRIATION	+2,879		
Renewable Energy	-552	General Support Services.....	+682
Programmatic Reduction	-617	Programmatic Reduction	-46
Fixed Costs	+65	Fixed Costs	+728
Conventional Energy	+192	Executive Direction.....	+63
Programmatic Reduction	-161	Programmatic Reduction	-53
Fixed Costs	+353	Fixed Costs	+116
Environmental Programs	+2,494	Subtotals for Changes Across Multiple Subactivities	
Programmatic EIS for		Programmatic Reductions.....	[-1,083]
2017-2022 Five-Year Program.....	+2,500	Fixed Costs	[+1,462]
Programmatic Reduction	-206		
Fixed Costs	+200		