



## Powering Our Future

*We will take a landscape level approach to all forms of energy development and, as called for in the President's Climate Action Plan, re-double our efforts on renewable energy.*

*Sally Jewell, Secretary of the Interior  
July 12, 2013*

In response to the President's call for an "all-of-the-above" energy strategy, the Department of the Interior has made safe and environmentally responsible domestic energy development a priority. Domestic production has grown each year the President has been in office, with oil production currently higher than at any time in the past two decades and natural gas production at its highest level ever. Renewable electricity generation from wind, solar, and geothermal sources has doubled since 2009.

Interior's focus on powering America's energy future supports an all-inclusive approach—one that responsibly manages the development of conventional and renewable resources on the Nation's public lands. As part of this balance, Interior's energy programs implement the President's Climate Action Plan goals to reduce the Nation's carbon footprint. Through leadership in renewable energy development and scientific advancement in breakthrough areas such as carbon sequestration and methane capture, Interior is working with partners to achieve the President's objective to leave a cleaner, more stable environment for future generations.

The Department's resource programs are working to achieve a responsible balance between reducing reliance on imported oil and broadening the Nation's energy portfolio. At the same time, Interior uses the best available science to choose the right places to develop and to enforce strong safety standards in that development in order to ensure adequate protection of workers, the public, and the environment.

The Department serves as a significant steward of the Nation's public lands, managing one-fifth of the Nation's landmass and 1.7 billion acres of the Outer Continental Shelf. Energy produced from all Interior

lands in 2012 contributed an estimated \$230 billion to the U.S. economy and supported 1.2 million jobs. That production included 626 million barrels of crude oil, five trillion cubic feet of natural gas, and 460 million tons of coal. Under Interior's stewardship, responsible domestic energy development, both conventional and renewable, has made significant contributions to the Nation's energy security and to the clean energy economy of the future.

Just five years ago in 2009, there was not a single commercial solar energy project on or under development on Federal lands. Since then, Interior has authorized 50 renewable energy projects—solar, wind, and geothermal—on or through public lands. If fully developed, these projects will provide nearly 14,000 megawatts of power—enough to power more than 4.8 million homes and support more than 20,000 construction and operations jobs, according to developer estimates.

The Interior Department plays a significant role in supporting and responsibly managing the current boom in domestic oil production as production from Federal and Indian lands and waters makes up 27 percent of total domestic oil production. Offshore, in 2012, the Bureaus of Ocean Energy Management and Safety and Environmental Enforcement oversaw production of nearly 474 million barrels of oil, which accounts for 76 percent of crude oil production from Federal and Indian lands and waters. The remaining 24 percent is from an onshore sales volume of 152 million barrels on Federal and Indian lands.

At the end of 2013, there were 40 deepwater floating rigs drilling in the Gulf of Mexico, up from 37 at the beginning of the year. Across all permit categories, BSEE approved 507 shallow water and

545 deepwater well permits in 2013. The Energy Information Administration, in the Department of Energy, projects offshore production will continue to grow from 2015 through 2040, as the pace of development activity quickens and new, large development projects, predominantly in the deepwater and ultra-deepwater portions of the Gulf of Mexico, are brought into production.

In December 2013, President Obama signed into law legislation to implement the U.S.-Mexico Transboundary Hydrocarbons Agreement. This historic agreement makes nearly 1.5 million acres of the OCS more accessible for exploration and production activities, and establishes a framework for U.S. offshore oil and gas companies and Mexico's Petroleos Mexicanos to jointly develop transboundary reservoirs. Estimates by BOEM indicate this area contains as much as 172 million barrels of oil and 304 billion cubic feet of natural gas. The Transboundary Agreement establishes the process through which U.S. companies and PEMEX can individually develop the resources on each side of the border while protecting each Nation's interests and resources. Relevant agencies on both sides of the boundary will review all plans for the development of transboundary reservoirs, and additional requirements may be set before development activities are allowed to begin.

In 2015, the Department will continue to advance a suite of oil and gas management reforms to get the best return for the taxpayer, encourage diligent development, and strengthen revenue collection processes. These efforts will capitalize on the reorganization of the former Minerals Management Service, completed in 2012, into BOEM, BSEE, and within the Office of the Secretary, the Office of Natural Resources Revenue. Together, these reforms will promote maximum transparency in agency decisions and processes, a priority for the Administration.

As the steward for the development of the Nation's oil and gas resources, Interior is keenly aware of its responsibilities to collect, disburse, and verify Federal and Indian energy and other natural resource revenues on behalf of all Americans. In 2013, the Department disbursed over \$13 billion of Federal revenue collections and \$933 million of Indian revenue collections. The total of \$14.2 billion in revenue generated from energy production on Federal and Indian lands and waters was an increase of \$2.0 billion or 17 percent over the previous year. The 2013 increase in disbursements is attributed primarily

to over \$2.7 billion in bonus bids received for new oil and gas leases in Federal waters in the Gulf of Mexico. The revenues were distributed to Federal, State, local, and tribal accounts to support critical reclamation, conservation, recreation, and historic preservation projects. State and local governments apply the revenues to meet a variety of needs ranging from school funding to infrastructure improvements and water conservation projects. Interior transferred \$8.6 billion directly to the U.S. Treasury, making the Department's mineral revenue collections a significant source of the Nation's non-tax revenue.

Total funding, including current and permanent sources, for the Powering Our Future initiative in 2015 is \$753.2 million, an increase of \$40.7 million over the 2014 level. Within this request is \$589.4 million in current funding. This is a decrease of \$8.3 million from the 2014 level.

### **PRIORITY GOAL**

#### **ONSHORE OIL AND GAS DEVELOPMENT**

**GOAL:** Improve production accountability, safety, and environmental protection of oil and gas operations through increased inspection of high-risk oil and gas production cases.

**METRIC:** By September 30, 2015, BLM will increase the completion of inspections of Federal and Indian high-risk oil and gas cases by nine percent over 2011 levels, which is equivalent to covering as much as 95 percent of the potential high-risk cases.

### **PRIORITY GOAL**

#### **RENEWABLE ENERGY**

**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.

**METRIC:** By September 30, 2015, increase approved capacity authorized for solar, wind, and geothermal renewable energy resources affecting Interior managed lands, while ensuring full environmental review, to at least 16,500 megawatts since 2009.

Combined current and permanent funding for conventional energy and compliance activities totals \$658.4 million, an increase of \$37.5 million over the 2014 level. Within this total is \$494.6 million in current funding, a decrease of \$11.6 million from 2014. The decrease is more than offset by proposals in fees and permanent sources. The Department will manage \$163.8 million in funding for conventional energy activities from fees and permanent sources, including fees charged for inspections, applications for permits to drill, and funding from the Permit Processing Improvement Fund established by Section 365 of the Energy Policy Act. Spending from fees and permanent funding related to onshore oil and gas activities increases \$49.1 million from the 2014 level, reflecting a proposal to expand onshore oil and gas inspection activities and offset the Bureau of Land Management inspection program costs to the taxpayer with fees from industry.

The 2015 request for Powering Our Future programs includes \$94.8 million for renewable energy activities, a \$3.2 million increase over the 2014

level. The 2015 budget request maintains the Department's emphasis on strategic investments to advance renewable energy development, encourage domestic energy production, enhance environmental enforcement functions, expand training and electronic inspection capabilities, and fund operational safety improvements.

The 2015 request also assumes several legislative and administrative proposals related to energy programs described more fully in the Legislative Proposals and Offsetting Collections section. In particular, the request includes a package of oil and gas program reforms that combines administrative reforms with legislative changes. These proposals include royalty reforms, changes to encourage diligent development of oil and gas leases, and improvements to revenue collection processes. In total, this package of reforms is estimated to generate \$2.5 billion in revenues to the Treasury over the period 2015-2024, of which the legislative components are estimated to generate \$1.7 billion.

<b>POWERING OUR FUTURE</b>			
(dollars in millions)			
	2014 Enacted	2015 Request	Change
<b>RENEWABLE ENERGY</b>			
Bureau of Land Management .....	29.1	29.2	+0.2
Bureau of Ocean Energy Management .....	34.0	33.4	-0.6
Bureau of Reclamation .....	1.1	1.2	+0.1
U.S. Geological Survey .....	5.4	6.4	+1.0
Fish and Wildlife Service .....	11.1	13.6	+2.5
Bureau of Indian Affairs .....	8.0	8.0	0
Office Insular Affairs .....	3.0	3.0	0
<b>Subtotal .....</b>	<b>91.6</b>	<b>94.8</b>	<b>+3.2</b>
<b>CONVENTIONAL ENERGY AND COMPLIANCE</b>			
Bureau of Land Management .....	133.4	154.8	+21.4
Bureau of Ocean Energy Management .....	132.9	136.4	+3.4
Bureau of Safety and Environmental Enforcement .....	202.6	204.6	+2.0
U.S. Geological Survey .....	27.1	34.2	+7.1
Fish and Wildlife Service .....	3.1	3.1	0
Bureau of Indian Affairs .....	2.4	2.4	0
Office of Natural Resources Revenue .....	119.4	122.9	+3.5
<b>Subtotal .....</b>	<b>620.9</b>	<b>658.4</b>	<b>+37.5</b>
<b>TOTAL, POWERING OUR FUTURE .....</b>	<b>712.5</b>	<b>753.2</b>	<b>+40.7</b>

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## BALANCING CONVENTIONAL AND RENEWABLE ENERGY DEVELOPMENT

Secretary Jewell's vision supports a strong agenda to strengthen the economy and ensure the Nation's rich conservation legacy passes to the next generation—a path forward that includes balanced development.

### Responsible Development of Conventional Energy

- The Gulf of Mexico contributes about 25 percent of U.S. domestic oil production and 11 percent of domestic gas production, and is home to a number of world-class producing basins, including many in deepwater areas increasingly accessible with new technology. Following the 2010 Deepwater Horizon incident, the Department implemented the most significant drilling and safety reforms in U.S. history.
- In 2013, the U. S. Geological Survey released an updated oil and gas resource assessment for the Bakken Formation and a new assessment for the Three Forks Formation in Montana, North Dakota, and South Dakota. The updated assessment for oil represents a twofold increase over what has previously been thought; the gas estimate represents a nearly threefold increase in mean natural gas and a nearly threefold increase in mean natural gas liquids resources from the prior assessment in 2008.
- The interagency Bakken Federal Executive Group continued the dialogue on ways to facilitate development of oil and gas resources in the booming Bakken Formation. The group identified several action items to advance production of oil and gas in the Bakken and explore collaborative ways to work with State agencies and industry to help reduce natural gas flaring in the area.

**Developing Renewable Energy** – President Obama's comprehensive Climate Action Plan challenged Interior to re-double efforts on the renewable energy program to increase capacity by an additional 10,000 megawatts of renewable energy production on public lands and waters by 2020.

- The BOEM held the Nation's first-ever competitive lease sale for renewable energy in Federal waters. The lease sale auctioned two leases for a wind energy area of 164,750 acres offshore Massachusetts and Rhode Island for wind energy development. If fully built out, production from these areas could generate enough combined energy to power more than one million homes.
- In September 2013, the Interior Department completed the Nation's second competitive lease sale for renewable energy in Federal waters, garnering \$1.6 million in high bids for 112,799 acres on the Outer Continental Shelf offshore Virginia. The BOEM is expected to announce additional auctions for wind energy areas offshore Maryland, Massachusetts, and New Jersey, in 2014.
- Interior announced the approval of a major wind energy project in Arizona that, when built, will provide up to 500 megawatts to the electricity grid, enough energy to power up to 175,000 homes and create approximately 750 jobs through construction and operations. The project, proposed by BP Wind Energy North America, Inc., would erect up to 243 wind turbines on Federal lands as part of the Mohave County Wind Farm in northwestern Arizona.
- The BLM approved a new 40 megawatt geothermal project in California, the Casa Diablo IV Geothermal Energy Project, located in Mono County, which will construct up to 16 new production and injection wells, multiple pipelines, and an electric transmission line. The project is estimated to generate more than 180 construction and permanent jobs, and when completed, produce enough energy to power 36,000 homes.
- Interior announced changes to regulations, enabling the Fish and Wildlife Service to better monitor and address the long-term impacts of renewable energy projects and other activities on federally-protected eagles. In addition to these immediate changes, FWS will continue its comprehensive review of all eagle permitting regulations to determine if other modifications are necessary to increase their efficiency and effectiveness.