

**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.

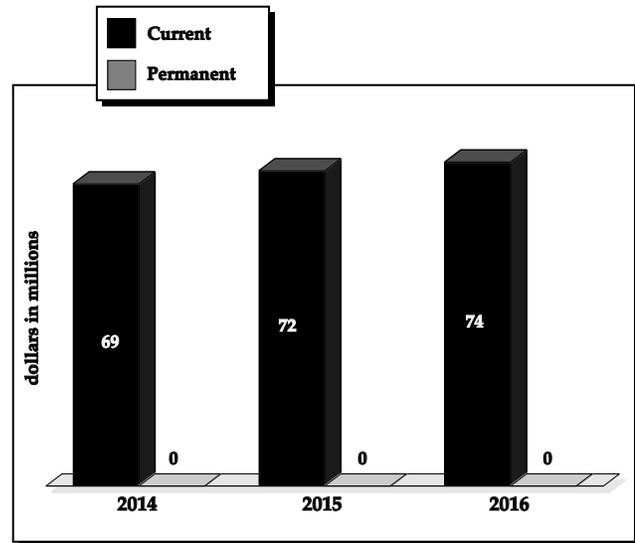
**Budget Overview** – The 2016 President's budget for BOEM is \$170.9 million, including \$74.2 million in current appropriations and \$96.6 million in offsetting collections from rental receipts and cost recoveries. The Bureau estimates staffing will total 574 full time equivalents in 2016. The 2016 budget reflects an increase in total budget authority of \$1.1 million above the 2015 enacted level. The request of \$74.2 million in appropriated funds is an increase of \$1.8 million above the 2015 level.

The total 2016 estimate of \$96.6 million for offsetting collections is a decrease of \$726,000 from the 2015 estimate. This includes a decrease of \$1.9 million below the 2015 estimate for rental receipts and an increase of \$1.2 million above the 2015 estimate for cost recoveries.

**Powering Our Future** – The BOEM 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, BOEM 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 2016 budget includes \$170.9 million for BOEM’s ocean energy management activities, including renewable, conventional, and environmental activities, an increase of \$1.1 million above the 2015 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 \$24.3 million for renewable energy activities, a program decrease of \$33,000 below the 2015 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.

As part of the President’s “all of the above” energy strategy, BOEM’s renewable energy program is moving the United States toward a sustainable energy future. In January 2015, BOEM offered more than 742,000 acres offshore Massachusetts for commercial wind energy development in a competitive lease sale. To date, BOEM has issued seven commercial wind energy leases offshore in Delaware, Maryland, Massachusetts, Rhode Island, and Virginia; conducted four competitive wind energy lease sales for areas offshore in Maryland, Massachusetts, Rhode

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## 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 2015, BOEM administers more than 6,000 active oil and gas leases on nearly 33 million OCS acres. Production from these leases generated \$7.4 billion dollars in leasing revenue for the Federal Treasury and State governments in 2014.
- In 2014, OCS leases provided 519 million barrels of oil and 1,226 billion cubic feet of natural gas to energy markets, accounting for nearly 17 percent of domestic oil production and five percent of domestic natural gas production, almost all of which is produced in the Gulf of Mexico.
- The BOEM decisions and management of OCS oil and gas, marine minerals, and renewable energy development will continue to be informed through the environmental assessments, studies, and partnerships conducted through BOEM's Environmental Programs. Through its environmental assessments and environmental studies, BOEM will continue to integrate science needs across programs and resources in order to effectively and timely inform decisionmakers.

Island, and Virginia; and approved the Construction and Operations Plan for the Cape Wind project offshore Massachusetts. Additionally, BOEM has initiated auction planning for areas offshore New Jersey and is in the planning stages for areas offshore New York, North Carolina, and South Carolina. The Bureau is also making progress on siting demonstration and technology testing projects for marine hydrokinetic and wind energy offshore the Pacific and Atlantic coasts. In June 2014, BOEM issued the first OCS lease for marine hydrokinetic technology testing offshore Florida, and in November 2014, BOEM offered its first transmission right-of-way grant offshore Rhode Island.

The 2016 budget provides \$59.9 million for conventional energy development, a program increase of \$2.9 million above 2015. These funds support high priority offshore oil and gas development activities, including lease sales outlined in BOEM's Five Year OCS Oil and Gas Leasing Program for 2012-2017. Under this program, BOEM held six sales generating over \$2.4 billion in high bids. The BOEM has two additional lease sales scheduled during calendar year 2015.

In January 2015, Secretary Jewell announced the next step in the development of the Nation's Outer Continental Shelf Oil and Gas Leasing Program for 2017-2022. After receiving more than one-half a million comments and hearing from a wide variety of stakeholders and States, the Secretary released the Draft Proposed Program.

The announcement for includes 14 potential lease sales in eight planning areas—ten sales in the Gulf of Mexico, three off the coast of Alaska, and one in a portion of the South and Mid-Atlantic. The Draft Proposed Program will make available areas with high potential for oil

and gas, including nearly 80 percent of the undiscovered technically available resources, while protecting environmental resources and areas that are simply too important to develop.

Within the conventional energy activity, BOEM also manages offshore sand resources for coastal restoration efforts including time-sensitive projects like those needed for the response to Hurricane Sandy. To date, BOEM — and its predecessor the Minerals Management Service — has conveyed the rights to more than 92 million cubic yards of OCS sediment in 46 projects covering seven States and 256.5 miles of coastline. In 2016, 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.

Foundational to BOEM's renewable and conventional energy efforts are its Environmental Programs, for which the 2016 budget requests \$68.0 million, a program decrease of \$1.8 million below 2015. These funds support world class scientific research designed to provide critical information needed to inform policy decisions regarding energy and mineral development on the OCS. 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 science informed decisionmaking is transparent and accessible. Additionally, BOEM partners with stakeholders to leverage funds to work toward common research interests.

The request proposes to realign BOEM's General Support Services budget activity to better reflect actual administrative costs. In 2016, BOEM proposes to eliminate the GSS

activity, which remains from the MMS legacy organization, and reallocate the funding to the program activities those funds directly support. This is an internal transfer within the base budget, and the revised budget structure will be reflected in 2016 and thereafter. The budget also provides \$18.7 million for Executive Direction activities including executive leadership, bureau-level coordination, and policy formulation.

**Federal Oil and Gas Reforms** – The Department continues to evaluate and implement reforms initiated subsequent to the Deepwater Horizon blowout and oil spill. The 2016 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 rates; 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 non-producing 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 nearly \$1.7 billion will result from statutory changes.

**Fixed Costs** – Fixed costs are fully funded and reflect a slight decrease of \$114,000 from the 2015 estimate as a result of reduced working capital fund and rent estimates.

**SUMMARY OF BUREAU APPROPRIATIONS**  
(all dollar amounts in thousands)

*Comparison of 2016 Request with 2015 Enacted*

	2015 Enacted		2016 Request		Change	
	FTE	Amount	FTE	Amount	FTE	Amount
Current						
Ocean Energy Management .....	552	72,422	574	74,235	+22	+1,813
Subtotal, Current .....	552	72,422	574	74,235	+22	+1,813
Offsetting Collections .....	0	97,348	0	96,622	0	-726
<b>TOTAL, BUREAU OF OCEAN ENERGY MGMT.</b>						
(w/ offsetting collections) .....	552	169,770	574	170,857	+22	+1,087

## HIGHLIGHTS OF BUDGET CHANGES

### By Appropriation Activity/Subactivity

#### APPROPRIATION: Ocean Energy Management

	2014 Actual	2015 Enacted	2016 Request	Change
<b>Renewable Energy</b>				
Appropriation.....	10,799	10,799	11,791	+992
Offsetting Collections .....	12,857	12,305	12,487	+182
Subtotal, Renewable Energy .....	23,656	23,104	24,278	+1,174
<b>Conventional Energy</b>				
Appropriation.....	26,680	29,872	34,556	+4,684
Offsetting Collections .....	22,761	19,761	25,313	+5,552
Subtotal, Conventional Energy .....	49,441	49,633	59,869	+10,236
<b>Environmental Programs</b>				
Appropriation.....	14,353	17,838	18,096	+258
Offsetting Collections .....	48,865	47,874	49,949	+2,075
Subtotal, Environmental Programs ..	63,218	65,712	68,045	+2,333
<b>General Support Services</b>				
Appropriation.....	4,642	3,324	0	-3,324
Offsetting Collections .....	9,678	11,678	0	-11,678
Subtotal, General Support Services ..	14,320	15,002	0	-15,002
<b>Executive Direction</b>				
Appropriation.....	12,526	10,589	9,792	-797
Offsetting Collections .....	3,730	5,730	8,873	+3,143
Subtotal, Executive Direction .....	16,256	16,319	18,665	+2,346
<b>Total Appropriation .....</b>	<b>69,000</b>	<b>72,422</b>	<b>74,235</b>	<b>+1,813</b>
<b>Total Offsetting Collections .....</b>	<b>97,891</b>	<b>97,348</b>	<b>96,622</b>	<b>-726</b>
<b>TOTAL APPROPRIATION .....</b>	<b>166,891</b>	<b>169,770</b>	<b>170,857</b>	<b>+1,087</b>

#### *Detail of Budget Changes*

	2016 Change from <u>2015 Enacted</u>		2016 Change from <u>2015 Enacted</u>
<b>TOTAL APPROPRIATION .....</b>	<b>+1,087</b>		
<b>Renewable Energy .....</b>	<b>+1,174</b>	<b>Environmental Programs (continued)</b>	
Internal Transfer for GSS Realignment .....	+1,217	Internal Transfer for GSS Realignment .....	+4,166
Programmatic Reduction .....	-33	Programmatic Reduction .....	-110
Fixed Costs .....	-10	Fixed Costs .....	-33
<b>Conventional Energy .....</b>	<b>+10,236</b>	<b>General Support Services.....</b>	<b>-15,002</b>
Risk Management Program .....	+2,500	Internal Transfer for GSS Realignment .....	-15,002
Staffing for Increased OCS Activity.....	+620		
Internal Transfer for GSS Realignment .....	+7,349	<b>Executive Direction.....</b>	<b>+2,346</b>
Programmatic Reduction .....	-180	Staffing for Increased OCS Activity.....	+155
Fixed Costs .....	-53	Internal Transfer for GSS Realignment .....	+2,270
<b>Environmental Programs .....</b>	<b>+2,333</b>	Programmatic Reduction .....	-61
Staffing for Increased OCS Activity.....	+310	Fixed Costs .....	-18
Collaborative Efforts on Ecosystem Science.....	+500	<b>Subtotals for Changes Across Multiple Subactivities</b>	
One-Time Funding for		Programmatic Reduction .....	[-384]
2017-2022 Programmatic EIS.....	-2,500	Fixed Costs .....	[-114]