

## **QUESTIONS AND ANSWERS: GENERAL**

### **Q1: How does today's announcement differ from the strategy the President unveiled on March 31, 2010?**

The revised strategy Secretary Salazar has announced is based on the Obama Administration's commitment to making decisions based on sound science, public input, and the best information available. It is consistent with our goal of safely and responsibly developing our nation's offshore energy resources – in the right ways and in the right places. It is also based on our nation's experience with the Deepwater Horizon oil spill over the last seven and a half months and the associated reforms we are pursuing.

In March, we proposed additional lease sales in the Western and Central Gulf of Mexico, where there is existing infrastructure and leases. We proposed cautious exploration and scientific study of the frontier area of the Arctic, where leases have been issued but there is still little development. We also proposed studying new areas of the OCS that are currently undeveloped – including the South and Mid Atlantic and the Eastern Gulf of Mexico – for potential leasing in 2012-2017.

The principles of that strategy were to encourage production in producing areas; proceed with caution in frontier areas; and gather information about areas that have not been explored or developed.

The revised strategy Secretary Salazar announced is consistent with those basic principles. But in the wake of the Deepwater Horizon oil spill, we have taken steps to not only improve our regulatory regime, and we are in the process of developing the gold standard for safety and environmental protections. As that oversight regime is put into place, we have revised our initial March announcement on the 2012-2017 leasing program to focus and expend our critical resources on areas with leases that are currently active.

### **Gulf of Mexico**

Lease sales in the Western and Central Gulf of Mexico under the 2007-2012 program are currently scheduled to proceed in late 2011 or early 2012, after the Bureau of Ocean Energy Management, Regulation, and Enforcement (BOEMRE) completes appropriate environmental analyses.

Interior will also soon begin public meetings and environmental analysis to inform decisions about when and where lease sales in portions of the Gulf of Mexico currently not under congressional moratorium will be held during 2012-2017.

Most of the Eastern Gulf of Mexico planning remains under a Congressionally-mandated drilling moratorium and is not proposed for leasing in either the 2007-2012 program or the 2012-2017 program.

### **Atlantic**

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Because the potential oil and gas resources in the Mid and South Atlantic are currently not well-known, Interior will move forward with an environmental analysis for potential seismic studies in the Mid and South Atlantic OCS to support conventional and renewable energy planning. No lease sales will be scheduled in the Atlantic in the 2007-2012 program or in the 2012-2017 program.

**Arctic**

Offshore drilling in Alaska is under careful review and consideration by the Department of the Interior and BOEMRE. These efforts include scientific and environmental studies, public meetings, and additional analysis of oil spill response capabilities in the Arctic.

BOEMRE will soon begin to hold public meetings in Alaska to gather important public input and information for an environmental impact statement that will help inform Secretary Salazar's decision on whether and where to schedule Alaska lease sales under the 2012-2017 program. The public meetings will cover the Beaufort, Chukchi, and Cook Inlet planning areas.

Decisions about the 2012-2017 program will be informed by an ongoing United States Geological Survey (USGS) assessment of resources, risks, and environmental sensitivities in Arctic areas, and input from other federal agencies, including the National Oceanographic and Atmospheric Administration (NOAA).

Though no further lease sales in the Chukchi and Beaufort Seas will be held under the 2007-2012 program, BOEMRE will continue to honor existing leases in the Arctic. Currently, one application to drill (APD) in the Arctic is pending before BOEMRE. The APD, submitted by Shell, proposes to drill one exploratory well in the Beaufort Sea in the summer of 2011. BOEMRE is processing that permit request. The Bureau is preparing additional environmental analysis of the area in light of Shell's permit application, which it will release for public comment prior to making a final decision on the application. BOEMRE is working closely with other federal agencies that also must approve aspects of the proposed drilling activity, including NOAA and EPA.

If Shell's proposed drilling operation is approved, BOEMRE would have safety personnel on site throughout the drilling operation to monitor the operation and hold them accountable for compliance with BOEMRE's drilling safety and environmental regulations.

**Pacific**

The OCS planning strategy announced today does not propose potential exploration or development in areas near California, Oregon, and Washington.

**Q2: Are the public comments collected on the 2012-2017 plan available for review?**

Yes. All of the comments received on the draft proposed program for OCS development are posted and available to the public at [regulations.gov](http://regulations.gov) and have been since mid-2009. Anybody may review the public comments at that site and conduct their own analysis of the varied

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opinions, which range from reactions to a single proposed oil and gas sale, to comments on the entire 5-year program.

**Q3: What is the status of the court case on the current 5-year OCS oil and gas development program, affecting the Alaska OCS areas?**

On April 17, 2009, the Court remanded the 2007-2012 OCS oil and gas leasing program, requiring the Interior Department to "conduct a more complete comparative analysis of the environmental sensitivity of different areas". The Court found the Department failed to properly analyze the environmental sensitivity and marine productivity of different areas of the OCS hindered Interior's ability to comply with the balancing requirement specified in the Outer Continental Shelf Lands Act, which directs the Secretary of Interior to consider "the relative environmental sensitivity and marine productivity of the different areas of the outer Continental Shelf."

The Department conducted a more complete environmental sensitivity analysis, including analysis beyond the shoreline, that compares the environmental sensitivity of all 26 OCS planning areas, and identifies those areas whose environment and marine productivity are most and least sensitive to OCS activity. That analysis was used to inform the Preliminary Revised Program.

On March 31, 2010, we provided the U.S. Court of Appeals for the District of Columbia Circuit our Preliminary Revised Program, and submitted it to the Congress and President. We also announced a 30-day public comment period in the *Federal Register*, in keeping with the commitments in the Government's petition to the Court on May 11, 2009. Since that time, the Department has provided the Court with periodic reports on the progress of its review of the remanded 5-year program. With consideration of the comments received, the Secretary of the Interior is finalizing the leasing program for 2007-2012.

**Q4: Does this offshore energy strategy reflect the input and recommendations of the Ocean Policy Task Force?**

As an active participant on the President's Ocean Policy Task Force, we believe today's announcement follows the spirit of the draft recommendations by supporting the stewardship and resiliency of our nation's coastal and ocean resources, while also benefiting the economies and communities that rely on them. As we move forward with our process, the Department of the Interior will ensure that decisions are made in the context of an integrated, comprehensive, ecosystem-based planning for our coastal and ocean resources.

**Q5: What action did the President taking regarding to potential leasing in Bristol Bay, Alaska?**

President Obama used the authority granted under Section 12(a) of the Outer Continental Shelf Lands Act, 43 U.S.C. 1341(a), to withdraw from leasing the Bristol Bay area of the North Aleutian Basin in Alaska through June 30, 2017. The withdrawal, which had been in place by previous presidents of both parties, prevents consideration of Bristol Bay for leasing for any oil

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or gas development in the Outer Continental Shelf, whether for exploratory or production purposes. The withdrawal does not affect the rights under existing leases in this area. It is also subject to revocation by the President in the interest of national security.

**Q6: What is the drilling activity that may occur in the Arctic in 2011?**

There is one application for a permit to drill (APD) in the Arctic OCS during the 2011 season. On October 5, 2010, Shell submitted an APD to drill one exploratory well in the area of Camden Bay in the Beaufort Sea. This well would be located approximately 16 miles from shore in waters that are approximately 107 feet deep. Shell is proposing to begin drilling on or about July 10, 2011, to suspend all drilling activities from August 25 to the end of subsistence bowhead whale hunts, and to cease drilling activities on or before October 31. Shell submitted this APD under a previously approved exploration plan. Shell has updated its exploration plan to include additional environmental impact mitigation, including specifically measures to avoid the discharge of cuttings, waste, and drilling fluid into the ocean. BOEMRE currently is evaluating Shell's APD and updated exploration plan and will conduct additional analysis of the potential environmental effects of this proposed drilling operation.

**Q7: Does Shell have adequate spill response capability for its proposed exploratory well in the Beaufort Sea?**

Shell has committed to have offshore, nearshore, and onshore spill response resources available for the exploration well it has proposed to drill in the Beaufort Sea during the 2011 season. Shell also has committed to have a subsea containment dome on site in the event of a well control incident. If Shell's proposed drilling operation is approved, BOEMRE would have safety personnel on site throughout the drilling operation to monitor the operation and ensure compliance with BOEMRE's drilling safety regulations.

## **QUESTIONS AND ANSWERS: CURRENT FIVE\_YEAR PROGRAM (2007-2012)**

**Q1: What was included in this new environmental sensitivity analysis that responded to the Court of Appeals decision?**

In addition to shoreline/coastal resources, the new analysis includes consideration of the sensitivity of offshore/marine resources, divided into three components of the different areas of the OCS that may be affected by oil and gas activities: marine habitats, marine productivity, and marine fauna (i.e., birds, fish, marine mammals and sea turtles). The expanded analysis considers the sensitivity to oil spills and other factors, such as sound and physical disturbance, and increased sensitivity due to climate change and ocean acidification. The revised environmental sensitivity analysis relies on almost 50 reports, studies, and datasets, more than half of which were not available when the original 2007-2012 relative environmental sensitivity analysis was prepared.

**Q2: What factors did Secretary Salazar consider when making decisions on the current 5-Year Program (2007-20112)?**

Section 18 of the Outer Continental Shelf Lands Act (43 U.S.C. section 1344) requires the Secretary of the Interior to prepare and maintain a schedule of oil and gas lease sales indicating the size, timing, and location of leasing activities over a 5-year period. The Final Environmental Impact Statement and section 18 analyses required by the OCSLA provide most of the information for the Secretary to consider in making his decisions.

The new information developed in response to the Court remand as well as existing information and analysis provided the basis for Secretary Salazar to make the necessary decisions on timing and location on the remanded program in order to obtain the proper balance, to the maximum extent practicable, between the potential for environmental damage, the potential for the discovery of oil and gas, and the potential for adverse impact on the coastal zone. The Secretary used the expanded environmental sensitivity analysis, the information and analysis on the other section 18 factors that were unchanged, the Final EIS, and any other information contained in the administrative record to exercise his own judgment to reach his decisions on the options and balance necessary under the Outer Continental Shelf Lands Act.

**Q3: Does removing the remaining Chukchi Sea and Beaufort Sea lease sales from the current 5-year schedule hinder development of needed energy resources in those areas?**

No. Very successful lease sales in both areas in the last six years established hundreds of existing leases covering millions of acres. The Secretary's stated goal for these areas is to proceed in an orderly, scientifically grounded manner, waiting until industry can begin to explore this already leased acreage and then use the results of exploration, along with information from current and planned scientific studies, to help him determine the extent to which additional lease sales in these areas are both needed and appropriate in the next 5-year program.

**Q4: What did BOEMRE do to meet the remand mandate of the Court?**

BOEMRE produced a Preliminary Revised Program document intended to meet the remand mandate of the U.S. Court of Appeals concerning the OCS Oil and Gas Leasing Program for 2007-2012. This document includes the expanded environmental sensitivity analysis and the other information and analysis required by section 18 of the OCSLA that are unchanged from the Proposed Final Program dated April 2007 and approved June 29, 2007. The unchanged information and analysis, including the Final Environmental Impact Statement, were either unchallenged or upheld by the Court. This revised analysis was incorporated into the rebalancing process presented in the Preliminary Revised Program for 2007-2012.

**Q5: What are the next steps now?**

Interior's Bureau of Ocean Energy Management, Regulation and Enforcement is in the process of completing a Supplemental Environmental Impact Statement for the remaining sales in the Central and Western Gulf of Mexico.

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## **QUESTIONS AND ANSWERS: THE NEXT FIVE-YEAR OCS OIL AND GAS LEASING PROGRAM (2012-2017)**

### **Scoping for the Draft EIS for OCS Oil & Gas Leasing Program for 2012-2017**

*The 8<sup>th</sup> program prepared since Congress passed the OCS Lands Act Amendments in 1978*

#### **Q1. What effect does the Secretary's decision on the OCS areas that will receive public scoping (information gathering) have on the eventual 2012-2017 OCS leasing program?**

The Secretary's decision merely identifies those areas that he would like to have studied in the draft environmental impact statement (EIS) for the 2012-2017 program. While this decision is not a final determination of the areas to be considered for leasing in the final 5-year schedule of proposed lease sales, any areas not analyzed in the new EIS cannot be later considered for leasing in the 2012-2017 program.

#### **Q2. How would the Secretary's decisions on the current 5-year program (contained in the Preliminary Revised Program for 2007-2012) affect development of the new program?**

The Secretary's Revised Program decision for the current program does not limit his decisions for the new program. Because the BOEMRE scoping effort is for preparation of an entirely new EIS for a new program, the areas to be evaluated in the EIS (and considered in future 2012-2017 program decisions) are not limited by the Revised Program decision.

The Secretary's decision to remove from the 2007-2012 schedule all the Beaufort Sea sales and the remaining Chukchi Sea lease sales (retaining Sale 193, held in 2008) does not limit his decisions regarding leasing consideration in those areas for the new program. He specifically stated that such program decisions will be based in part on information gained from exploration of the extensive acreage already under lease in those areas, particularly as that information helps BOEMRE analyze the likely effects of developing the infrastructure that would be needed to produce and transport Chukchi resources to market as well as ongoing research on oil spill clean-up in icy waters and more awareness of the effects of climate change. However, the conditions underlying the Secretary's rationale for removing the North Aleutian Basin sale from the Preliminary Revised Program are unlikely to change in the foreseeable future; thus, he has not asked for that area to be studied in the EIS.

#### **Q3. How might the Secretary's scoping decision on next 5-year program affect future lease sales in the Gulf of Mexico Region and how might the new program differ from the current program?**

The Central and Western Gulf of Mexico planning areas remain the two areas of highest resource potential and interest. The initial decision on scoping implies that the proposed program decision that is expected in 2011 is likely to continue to include annual area-wide lease sales in the two areas. However, the decision to include an area for study is not a decision to schedule lease sales in that area.

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BOEMRE estimates of undiscovered, economically recoverable resources for the Gulf of Mexico areas proposed for EIS scoping are: Western GOM: 8-10 billion barrels of oil and 50-60 trillion cubic feet of natural gas and Central GOM: 25-28 billion barrels of oil and 100-130 trillion cubic feet of natural gas.

**Q4. How might the scoping decision affect future Alaska OCS lease sales and how might the new program differ from the current program?**

BOEMRE will hold scoping meetings in Alaska to gather public input and information for an Environmental Impact Statement (EIS) that will inform Secretary Salazar's decision on whether and where to schedule Alaska lease sales under the 2012-2017 program. The scoping meetings and EIS will cover the Beaufort, Chukchi, and Cook Inlet planning areas.

The BOEMRE estimates of undiscovered, economically recoverable resources for the Alaska OCS areas proposed for EIS scoping are: Beaufort Sea: 2-7 billion barrels of oil and 3-20 trillion cubic feet of natural gas; Chukchi Sea: 0.15-12 billion barrels of oil and 0.5-54 trillion cubic feet of natural gas; Cook Inlet: 0.7-1 billion barrels of oil and 0.9-1.2 trillion cubic feet of natural gas. Anticipated exploration in these areas would help refine resource estimates for both leased and unleased areas, especially for the Beaufort Sea and Chukchi Sea.

**Q5: Does the scoping decision for the next 5-year program include any areas currently under Presidential withdrawal and/or Congressional moratoria?**

The Secretary will honor any Presidential and Congressional restrictions on leasing. Currently, the Presidential withdrawal from leasing consideration extends to all marine sanctuaries for an indefinite period and may be lifted only at the direction of the President. The only area remaining under a Congressional moratorium is most of the acreage in the Eastern Gulf of Mexico, and that area is not under consideration for the next five year program.

**Q6. How many responses did BOEMRE receive in response to its January 2009 request for comments on the Draft proposed programs?**

BOEMRE received about 534,000 comments in response to the Draft Proposed Program. A breakdown of responses by commenter category is as follows.

|   |                              |
|---|------------------------------|
| Governors, State Elected Officials, and State Agencies    | 79                           |
| Local Governments, Tribes, and Alaska Native Corporations | 59                           |
| Members of Congress                                       | 28 letters (396 signatories) |
| Federal Agencies  | 4                            |
| Environmental and Other Related Interest Organizations    | 102                          |
| Oil and Gas Companies and Associations                    | 25                           |
| Non-Energy Industry Associations and Business Groups      | 109                          |
| Chambers of Commerce                                      | 11                           |
| General Public  | 534,000*                     |

\*More than 98 percent of comments were from individuals using form letters or postcards created for mail-in and email campaigns.

All comments are available for review on-line at [Regulations.gov](http://Regulations.gov).

**Q7. Under what authority does BOEMRE develop the 5-year leasing programs?**

Section 18 of the Outer Continental Shelf Lands Act (43 U.S.C. 1344) requires the Secretary of the Interior to prepare and maintain a schedule of proposed lease sales. His decisions are to be based on consideration of eight factors listed in the Act including information solicited from interested and affected parties during the preparation of a 5-year program.

**Q8: What sort of revenue comes back to the states if energy is developed off their shores? What other benefits might states receive from OCS energy developed off their shores?**

The State retains all revenue from activities within state waters, generally the first 3 miles off the coast (9 miles in the case of Texas and the Gulf Coast of Florida). States also receive 27 percent of revenues from the “section 8(g) zone,” which extends out the next 3 miles from the state/federal boundary. States also benefit from OCS monies that come through the Historic Preservation, Land and Water and Reclamation Funds, and the new Coastal Impact Assistance Program (CIAP). As a result of the Energy Policy Act of 2005, CIAP will distribute \$250 million annually for 4 years to the 6 states with offshore activity and their coastal political subdivisions. GOMESA established revenue sharing with four Gulf Coast States and their coastal political subdivisions in newly available Gulf areas through 2016 and all Gulf areas from 2017 to 2055. Any further provisions for revenue sharing with states would need to be enacted by Congress.

**Q9: When and where will the public “scoping” (information gathering) meetings for the next 5-year program be held?**

BOEMRE has announced the OCS program areas to be considered for the draft environmental impact statement (EIS) for the OCS Oil and Gas Program for 2012-2017. The bureau will evaluate the potential benefits, costs, and other effects of offering all or portions of the OCS planning areas for oil and gas leasing: Beaufort Sea, Chukchi Sea, and Cook Inlet, offshore Alaska and the Western and Central Gulf of Mexico. Public meetings will be held in coastal areas near these program areas to help determine the appropriate scope of the EIS in terms of geographical areas and issues. The areas studied in the draft EIS also will be the focus of the proposed program analyses.

**Q10: How will the Secretary make a final decision on which OCS program areas – or parts of program areas to offer for leases under the 2012 -2017 period?**

The Draft EIS and various analyses required under section 18 of the Outer Continental Shelf Lands Act to be prepared over the next year will provide information for the Secretary to consider in making his proposed program decision for the program covering the mid-2012 to

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mid-2017 period. The draft EIS analyzes the potential environmental and social effects of the proposed activities,

**Q11: When does the current (2007-2012) OCS oil & gas program end and the new one (2012-2017) begin?**

The current leasing program runs through June 30, 2012. The Secretary's proposed program decision and draft EIS will be followed by a 90-day comment period, further analyses of the potential effects of the decision, and completion of the final EIS. The Secretary's last preliminary decision on the new program, known as the proposed final program, is expected in 2012, with a final decision no sooner than 60 days thereafter, as required by section 18 of the Outer Continental Shelf Lands Act.

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