

DEPARTMENT OF THE INTERIOR

Minerals Management Service (MMS)

Preliminary Revised 5-Year Outer Continental Shelf (OCS) Oil and Gas Leasing Program for 2007-2012

AGENCY: Minerals Management Service, Interior.

ACTION: Notice of Availability and Request for Comments

SUMMARY: The Minerals Management Service (MMS) requests comments on the Preliminary Revised 5-Year OCS Oil and Gas Leasing Program for 2007-2012. This is the Preliminary Revised Program (PRP), required by the order of the U.S. Court of Appeals for the District of Columbia in *Center for Biological Diversity v. U.S. Dept. of Interior*, D.C. Cir. No. 07-1247, 07-1344, for lease sales covering the 2007-2012 time frame.

DATES: Please submit comments and information to the MMS no later than [INSERT DATE 30 DAYS FOLLOWING PUBLICATION OF THIS DOCUMENT IN THE FEDERAL REGISTER]

Public Comment Procedure

The MMS will accept comments in one of three formats: by our Internet commenting system, email, or regular mail. Please submit your comments using only one of these formats, and include full names and addresses. Comments submitted by other means may not be considered. Before including your address, phone number, e-mail address, or other personal identifying information in your comment, you should be aware that your entire comment, including your personal identifying information, may be made publicly available at any time.

While you can ask us in your comment to withhold your personal identifying information from public review, we cannot guarantee that we will be able to do so. See further information about commenting below.

The MMS encourages commenters to focus on the expanded relative environmental sensitivity analysis and the Secretary's revisions to the leasing schedule that reflect his balancing of the potential for discovery of petroleum with the potential for harm to the environment or coastal zone. The balance of the PRP document consists of analyses that were already subject to public comment prior to July 2007.

ADDRESSES: You may submit comments on the PRP by any of the following methods.

- Federal eRulemaking Portal: <http://www.regulations.gov>. In the entry titled "Enter Keyword or ID," enter docket ID MMS-2009-OMM-0016 then click search. Under the tab "View By Docket Folder", you can submit public comments and view supporting and related materials available for this Notice. The MMS will post all comments.
- Email: PRPcomments@mms.gov
- Mail or hand-carry comments on the PRP to the Department of the Interior; Attention: Leasing Division (LD); 381 Elden Street, MS-4010; Herndon, Virginia 20170-4817. Please reference "Remand of the 2007-2012 OCS Oil and Gas Leasing Program" in your comments and include your name and address.

FOR FURTHER INFORMATION CONTACT: Renee Orr, 5-Year Program Manager, at (703) 787-1215.

SUPPLEMENTARY INFORMATION: On June 29, 2007, the previous Secretary approved the Proposed Final OCS Oil and Gas Leasing Program for 2007-2012 (PFP) that became

effective on July 1, 2007.

On July 2, 2007, the Center for Biological Diversity filed suit against the Department of the Interior (DOI) alleging agency failures under various laws in relation to the OCS 2007-2012 leasing program. On August 28, 2007, the Native Village of Point Hope, Alaska Wilderness League, and Pacific Environment filed a similar suit. The cases were consolidated.

On April 17, 2009, the U.S. Court of Appeals for the District of Columbia Circuit vacated and remanded DOI's OCS 2007-2012 leasing program. The Court found that DOI's determination of when and where to offer areas for leasing of oil and gas resources was based on a flawed analysis that failed to assess fully the relative environmental sensitivity and marine productivity of the OCS because it looked only at the effects of spills on the shoreline. The Court specified that on remand the Secretary must first conduct a more complete comparative analysis of the environmental sensitivity of different areas of the OCS, as required under section 18(a)(2)(g) of the OCSLA, and must at least attempt to identify those areas most and least sensitive to OCS activity. The Court directed the Secretary to rebalance the program under the factors set forth in section 18(a)(3) of the OCSLA once this new analysis is complete.

Pursuant to the Government's petition for amendment and/or clarification of the Court's order, on July 28, 2009, the Court issued an order staying its mandate until DOI completed its analysis and rebalancing under the OCSLA. The Court also clarified that the relief granted in its April 17th decision applied only to the Beaufort, Chukchi, and Bering Seas off Alaska. The Bering Sea includes the North Aleutian Basin OCS Planning Area, the only planning area in the Bering Sea with lease sales scheduled in the 2007-2012 PFP.

At the direction of the Secretary, MMS re-analyzed all 26 OCS planning areas to better

determine the relative environmental sensitivity of several ecological components to multiple impacts of offshore oil and gas development. The original environmental sensitivity analysis relied on only two studies conducted by Continental Shelf Associates in 1990 and 1991, and one dataset, the National Oceanic and Atmospheric Administration's Environmental Sensitivity Index (ESI) (<http://response.restoration.noaa.gov>). The expanded analysis continues to rely on those sources to analyze the sensitivity of shoreline/coastal habitats, but also analyzes the sensitivity of offshore/marine resources to oil and gas activities.

The expanded environmental sensitivity analysis is divided into the three components of the marine environment that may be affected by oil and gas activities: marine habitats, marine productivity, and marine fauna (i.e., birds, fish, marine, and sea turtles). The expanded analysis considers the relative sensitivity of the marine environment of all 26 planning areas to oil spills and other potential factors, such as sound, physical disturbance, climate change, and ocean acidification. The expanded analysis relies on approximately 50 reports and studies, including many that were not considered when the original 2007-2012 relative environmental sensitivity analysis was prepared.

Distribution, abundance, and/or environmental sensitivities of four ecological components within and/or on the adjacent coast of each OCS planning area are evaluated based on their present condition. Because relatively small differences suggest a level of precision that is not possible for this analysis, the revised analysis presents the OCS planning areas grouped into four categories of relative sensitivity ranging from "most" to "least" sensitive to OCS oil and gas activities. Categorization of an OCS planning area as "less" or "least" sensitive does not mean that environmental resources of that OCS planning area are not sensitive, but that they are

found to be relatively less sensitive than other OCS planning areas to the types of impacts anticipated from OCS oil and gas activities. The revised analysis identified the OCS planning areas “most” sensitive to OCS oil and gas activities as the South Atlantic, Eastern Gulf of Mexico, Mid-Atlantic, and Central Gulf of Mexico, and the “least” sensitive as the Aleutian Arc, Navarin Basin, Bowers Basin, and Aleutian Basin, all in the OCS southwest of Alaska.

In support of his PRP decisions, the Secretary relied on the expanded environmental sensitivity analysis described above; the PFP for 2007-2012 and the supporting administrative record, including the April 2007 analysis of the other OCSLA section 18 factors; and the 2007 Final Environmental Impact Statement (EIS) and all comments, reports, and studies incorporated therein. The decision is based on the Secretary’s independent review of the record and fulfills his statutory obligation under section 18(a)(3) to obtain a proper balance 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, in accordance with the Court’s remand order. Thus, while the environmental sensitivity analysis is expanded, it is important to remember that the Secretary’s decisions are not based on just one factor, but require consideration of all section 18 factors and the other supporting information and subsequent balancing as described below. For example, the Secretary’s decision to remove the Beaufort and Chukchi Seas sales, other than Chukchi Sea Sale 193, recognizes the importance of gathering additional information from activities on existing leases and ongoing research into oil-spill cleanup in icy waters to help MMS and industry plan for future leasing.

Following the end of the comment period, the Secretary will consider any comments received in making his final decision on a final revised leasing program for 2007-2012. Pursuant

to the Court's July 28, 2009 order, DOI will file an appropriate motion regarding disposition of the litigation.

The PRP document may be downloaded off the MMS website at www.mms.gov. The document also is available as part of our electronic commenting system noted above. Hard copies will be made available to persons who contact the 5-Year Program Office at 703-787-1215.

Much of the text of the document is repetitive of the April 2007 PFP document, as approved on June 29, 2007. New text is shown in a larger font to distinguish it from the text retained from the 2007 PFP document and some text from the PFP has been rewritten or not included as appropriate to reflect the revised decision. Please refer to the PFP for historical information.

Summary of the Preliminary Revised Program

The PRP includes 16 sales in 6 areas (2 areas off Alaska, 1 area off the Atlantic coast, and 3 areas in the Gulf of Mexico. Maps A and B show the areas scheduled for leasing (Preliminary Revised Program areas). Table A lists the location and timing of the proposed lease sales in areas that are offered for leasing consideration, including Sale 224 in the Eastern Gulf of Mexico Planning Area, a sale mandated by the Gulf of Mexico Energy Security Act (GOMESA) of 2006 (P.L. 109-432, December 20, 2006) and exempted from section 18 analysis.

***TABLE A: Preliminary Revised Program for 2007-2012—
Lease Sale Schedule***

Sale No.	Area	Year*
204	Western Gulf of Mexico	2007
205	Central Gulf of Mexico	2007
193	Chukchi Sea	2008

206	Central Gulf of Mexico	2008
224	Eastern Gulf of Mexico**	2008
207	Western Gulf of Mexico	2008
208	Central Gulf of Mexico	2009
210	Western Gulf of Mexico	2009
211	Cook Inlet	2009
213	Central Gulf of Mexico	2010
215	Western Gulf of Mexico	2010
216	Central Gulf of Mexico	2011
218	Western Gulf of Mexico	2011
219	Cook Inlet	2011
220	Mid-Atlantic	2011
222	Central Gulf of Mexico	2012

* All of the sales scheduled for 2007-2009 listed above were conducted prior to the preparation of this PRP, with the exception of Cook Inlet Sale 211 that was not held due to lack of expressed industry interest. Sale 193 in the Chukchi Sea is the only sale conducted in an area subject to the Court's remand.

** Sale 224 is not a section 18 sale, but mandated by GOMESA.

Alaska Region

In the Alaska Region, the PRP retains one lease sale in the Chukchi Sea Planning Area and two special interest sales in the Cook Inlet Planning Area. The Chukchi Sea sale is a carryover from the 2002-2007 program because there was insufficient time to complete the necessary pre-lease steps and environmental documentation during the program period. Chukchi Sea Sale 193 was held in 2008.

The Cook Inlet Planning Area is retained on the schedule with two special interest sales. However, there was no industry interest expressed in the 2008 Request for Interest and Sale 211 was not held.

Consistent with the Secretary's approach of developing frontier areas based on the best available science and other data, the PRP removes Beaufort Sea Sales 209 and 217 and Chukchi Sea Sales 212 and 221 from the 2007-2012 program.

Sale 214 in the North Aleutian Basin also is removed due to the area's unique value to

Alaska and the Nation. The North Aleutian Basin contains nationally significant fishery resources as compared to other Alaska planning areas, supporting the greatest diversity of fish species for all Alaska areas. It also is adjacent to more national monuments and wildlife reserves than any other Alaska OCS area. Therefore, the Secretary concluded that the area should not be leased.

For the Beaufort Sea and Chukchi Sea Planning Areas, the Secretary determined that, on balance, lease sales in the Arctic under the 2007-2012 program, other than Chukchi Sea Sale 193, are not justified at this time. Before additional lease sales are offered, it is important to gather additional scientific information and data from exploration on existing leases. This decision reflects the potential difficulty of removing oil spilled in icy waters, limited infrastructure available to respond to spills, and environmental considerations such as climate change. There is research underway that along with new information will provide the opportunity to make more informed decisions regarding Arctic sales in the next 5-year program. Secretary Salazar has also requested that the United States Geological Survey (USGS) conduct an initial, independent evaluation of science needs to understand the resilience of Arctic coastal and marine ecosystems to OCS resource extraction activities. The study will summarize what information is available, where knowledge gaps exist, and what research is needed to mitigate risks. This type of information will help target areas for future lease sales and allow better prevention and mitigation of environmental impacts. Industry holds many existing leases that have yet to be explored. In the Beaufort Sea, there are 181 leases (approximately 0.96 million acres) issued under the 2002-2007 program and in the Chukchi Sea, there are 487 leases (approximately 2.75 million acres) issued in Chukchi Sea Lease Sale 193 in the current program. The removal of

these areas from further leasing in the PRP should not be construed to suggest that the exploration of existing leases cannot be conducted safely.

Gulf of Mexico Region

The Central and Western Gulf of Mexico Planning Areas provide a large share of domestic oil and gas production and are a major source of employment for nearby states. Although vigilance is still necessary in protecting environmental resources and local communities, the areas are supported by a vast system of infrastructure. Gulf of Mexico oil and gas activities provide an important spur to technological innovation and industry has a track record of safe activity. In addition, OCS activity in the Gulf draws significant support from adjacent state and local governments as well as from local citizens. Therefore, the PRP retains the annual, area wide lease sales on the schedule for 2007-2012 in the Central and Western Gulf of Mexico.

Atlantic Region

As in the PFP, the PRP retains Mid-Atlantic Sale 220 offshore Virginia as a special interest sale. The MMS estimates that the area comprising Sale 220 could contain 130 million barrels of oil and 1.14 trillion cubic feet of natural gas. This area had been subject to Presidential withdrawal under section 12 of the OCSLA as well as Congressional moratorium. As the withdrawal was lifted and the moratorium discontinued in 2008, a request for nominations and comments was issued in November 2008. No other pre-lease steps have occurred. The next step in this process would be scoping for the Draft EIS.

Assurance of Fair Market Value

Section 18 of the OCSLA requires receipt of fair market value for OCS oil and gas leases

and the rights they convey. The PRP retains the provisions of the PFP: setting minimum bid levels by individual lease sale based on market conditions and continuing use of a two-phase bid evaluation process.

Information Requested

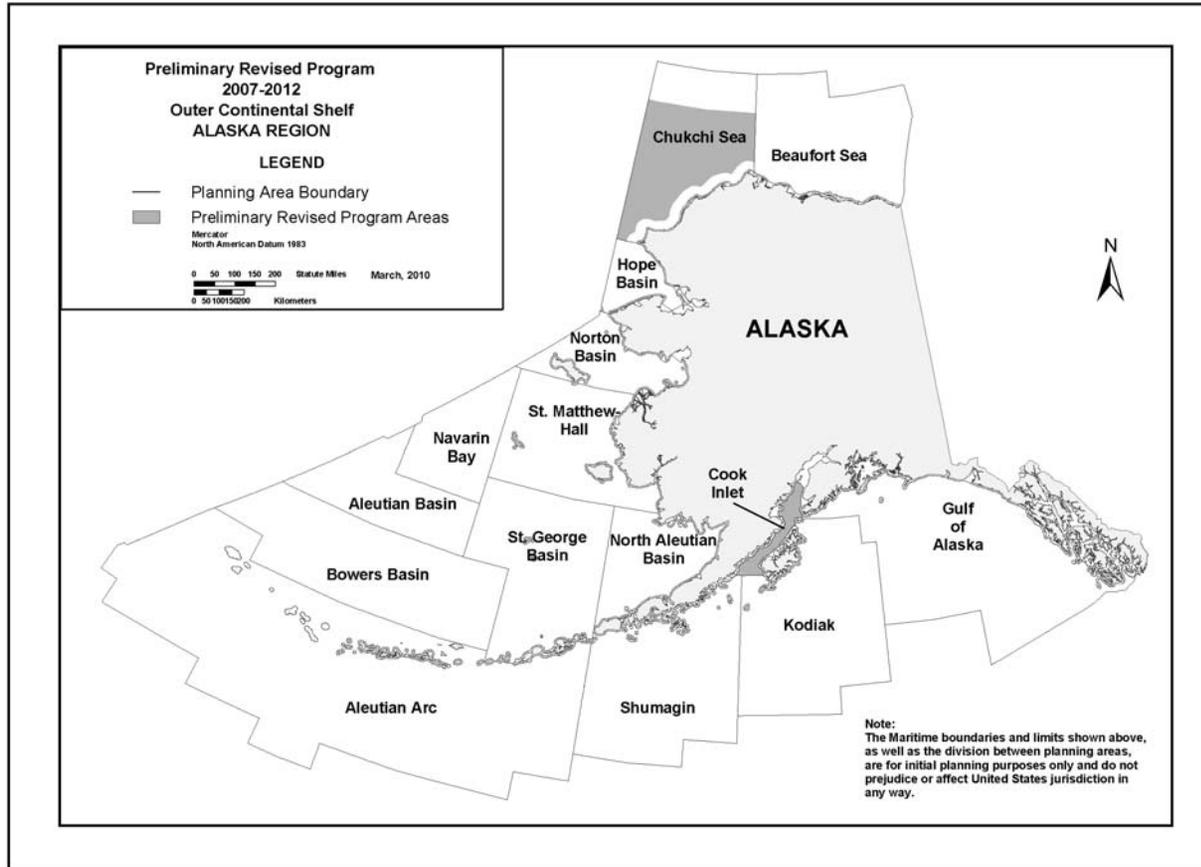
Section 18(g) of the OCSLA authorizes confidential treatment of privileged or proprietary information. In order to protect the confidentiality of such information, respondents should submit it separately from other comments submitted and mark it prominently as confidential. On request, MMS will treat such information as confidential from the time of its receipt until 5 years after approval of the revised leasing program, subject to the standards of the Freedom of Information Act. The MMS will not treat as confidential any aggregate summaries of such information, the names of respondents, and comments not containing such information.

S. Elizabeth Birnbaum
Director, Minerals Management Service

March 30, 2010

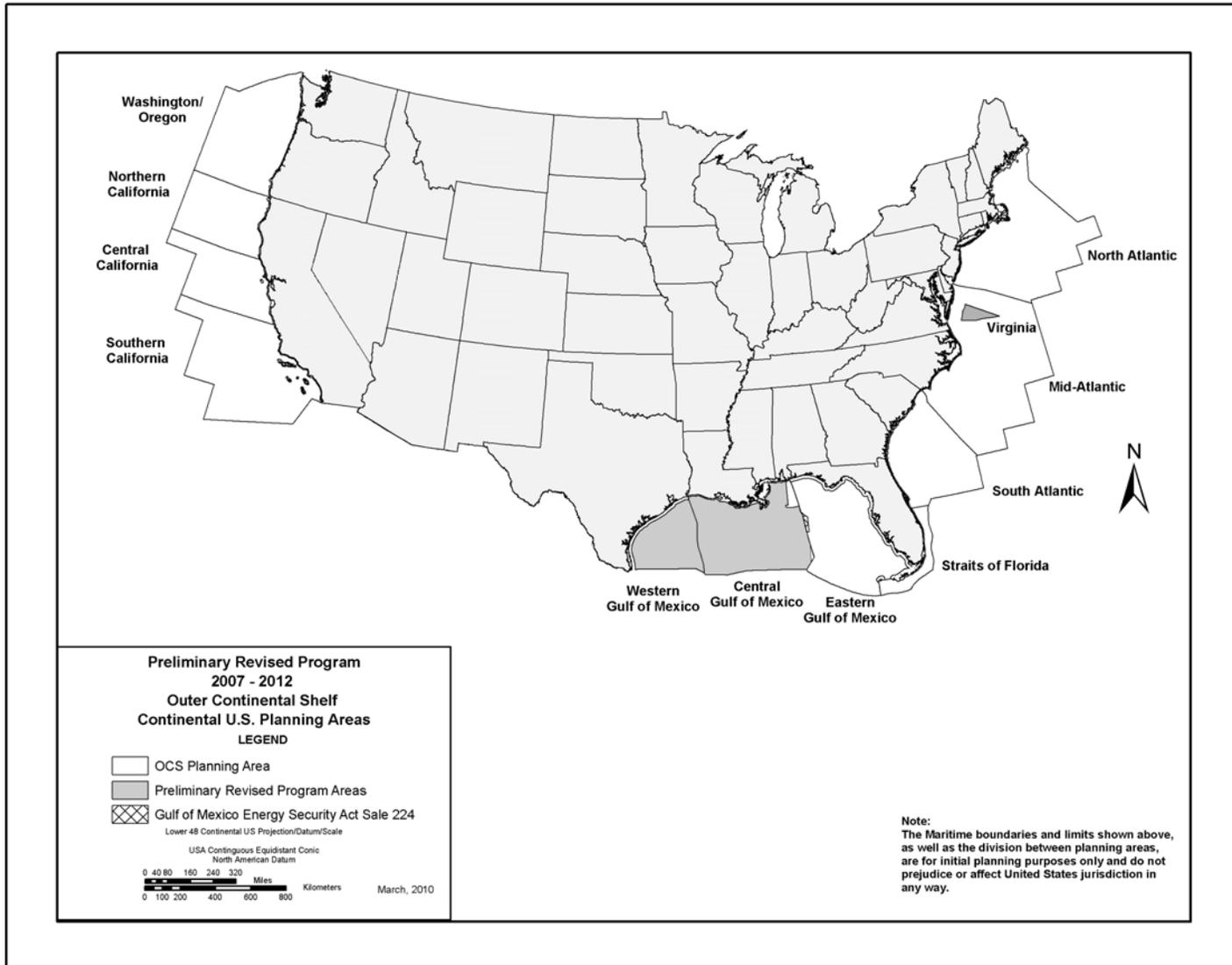
Date

Map A [Alaska Program Areas]



Map A: Shows the Alaska Program Areas

Map B [Lower 48 Program Areas]



Map B: Shows the U.S. Program Areas

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