

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.

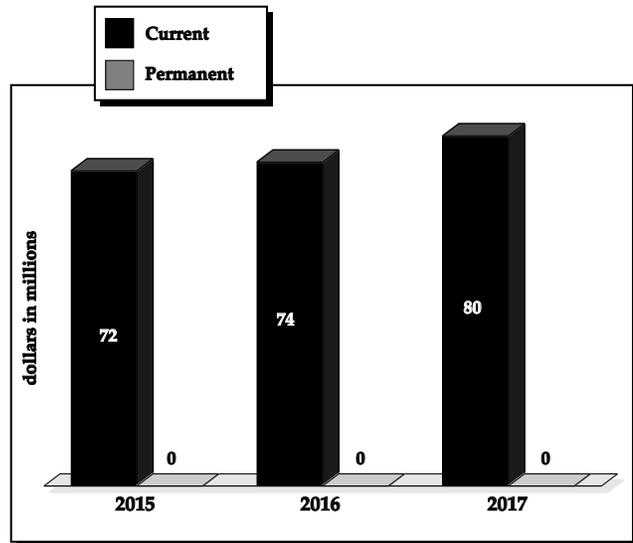
Budget Overview – The 2017 President’s budget for BOEM is \$175.1 million, including \$80.2 million in current appropriations and \$94.9 million in offsetting collections from rental receipts and cost recoveries. The Bureau estimates staffing will total 592 full time equivalents in 2017. The 2017 budget reflects an increase in total budget authority of \$4.3 million above the 2016 enacted level.

The total 2017 estimate of \$94.9 million for offsetting collections reflects a net decrease of \$1.7 million from the 2016 estimate. This decrease primarily reflects a \$4.5 million reduction in rental receipts that is partially offset by a new cost recovery fee for the Risk Management Program of \$2.9 million. An increase in direct appropriations of \$6.0 million makes up for the projected decrease in rental receipts.

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 other environmental studies. In all aspects of this work, BOEM is committed to applying sound science through research and rigorous analytical standards; balancing development of domestic offshore conventional and renewable energy resources; and ensuring appropriate consideration of the environment in every case.

Ocean Energy Management – The 2017 budget includes \$175.1 million for BOEM’s ocean energy management activities, including renewable, conventional, and environmental activities. This represents the entirety of the BOEM program for leasing and management of the Nation’s offshore energy resources.

BOEM Funding



The Energy Policy Act of 2005 authorizes the Secretary, who has delegated the authority to BOEM, to grant leases, easements, or rights-of-way for activities on the Outer Continental Shelf that produce or support production, transportation, or transmission of energy from renewable sources. The budget requests \$23.9 million for renewable energy activities, a programmatic decrease of \$412,000 below the 2016 enacted level. Renewable energy development activities include the siting and construction of offshore wind farms on the OCS, as well as other forms of renewable energy such as wave and current energy.

As part of the President’s comprehensive energy strategy, BOEM’s renewable energy program is moving the United States toward a sustainable energy future. The BOEM worked diligently to support the Administration’s goal of promoting renewable energy development and respond to States’ rapidly growing interest in pursuing offshore wind and wave development. To date, BOEM issued eleven commercial wind energy leases offshore; conducted five competitive wind energy lease sales for areas offshore Maryland, Massachusetts, New Jersey, Rhode Island, and

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 2016, BOEM administers more than 5,000 active oil and gas leases on nearly 27 million OCS acres. Production from these leases generated \$4.4 billion in leasing revenue for the Federal Treasury and State governments in 2015.**
- **The overall level of activity on the OCS related to production, leasing, revenue, drilling, and development of new projects is estimated to support associated employment of 650,000 jobs.**
- **In 2015, OCS leases provided 533 million barrels of oil and 1,346 billion cubic feet of natural gas to energy markets, accounting for nearly 16 percent of domestic oil production and four 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.**

Virginia; and approved the Construction and Operations Plan for the Cape Wind project offshore Massachusetts. Additionally, BOEM is in the planning stages for wind leasing offshore New York, North Carolina, and South Carolina. In 2014, BOEM issued the first OCS lease for marine hydrokinetic technology testing offshore Florida and executed its first transmission right-of-way grant offshore Rhode Island. In 2015, BOEM executed the first wind energy research lease in U.S. Federal waters with the Commonwealth of Virginia’s Department of Mines, Minerals, and Energy.

Along the Pacific coast, BOEM has established renewable energy task forces to consider areas offshore Hawaii and Oregon. The BOEM is currently processing two unsolicited lease requests offshore Oregon and is in receipt of three unsolicited lease requests from two different companies for commercial scale floating wind developments offshore Oahu, Hawaii.

The 2017 budget provides \$64.2 million for conventional energy development, a programmatic increase of \$4.2 million above 2016. 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’s eight sales generated over \$2.97 billion in high bids. Five lease sales remain on the lease sale schedule through mid-2017. The next lease sales are Eastern Gulf of Mexico Lease Sale 226, Central Gulf of Mexico Lease Sale 241, and Western Gulf of Mexico Lease Sale 248, all scheduled to be held during 2016.

Preparation of the next Five Year Program, to encompass the 2017-2022 timeframe, commenced with a request for information and comments in June 2014. A total of 14 potential lease sales in eight planning areas—ten within the Gulf of Mexico, three off the coast of Alaska, and one in a portion of the Mid- and South Atlantic—is included in the Draft Proposed Program. The first of three proposals must be prepared before finalizing the next Five Year Program. The BOEM anticipates publication of the Proposed Program in early 2016. The complexity of the program development process requires BOEM to begin planning for the next Program several years in advance. This includes an updated assessment of undiscovered technically recoverable oil and gas resources of the Nation’s OCS, to be formally released in early 2016. Nearly 80 percent of the undiscovered technically recoverable resources estimated to be on the entire OCS are in the planning areas being considered for leasing under the Draft Proposed Program. The information from the assessment will be used to inform estimates of undiscovered resource volumes, anticipated production, and associated exploration and development activities. This information is necessary to inform decisions for subsequent iterations of the Program, including the Proposed Final Program, which BOEM anticipates publishing in late 2016.

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 has conveyed the rights to more than 112 million cubic yards of OCS sediment by executing 48 leases for projects in

seven States. These projects restored over 269 miles of coastline. In 2017, 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 2017 budget requests \$68.4 million, a programmatic increase of \$299,000 above 2016. These funds support world class scientific research designed to provide critical information to inform policy decisions regarding energy and mineral development on the OCS. This focus on environmental science ensures the transparent and accessible integration of applied scientific research and information with the environmental analyses that BOEM conducts in support of programmatic decisions. Additionally, BOEM partners with stakeholders to leverage funds to work toward common environmental research interests.

The budget also provides \$18.7 million for Executive Direction, essentially level with the 2016 enacted. This activity funds bureau-wide leadership, direction, management, coordination, communications strategies, outreach, and regulatory development. It includes functions such as: managing the budget planning and execution processes, coordinating administrative services, bureau-wide information technology management and governance, congressional and public affairs, policy analysis, regulations, policy guidance and overall leadership within the BOEM organization, management of official docu-

ments, international affairs, Freedom of Information Act responses, and litigation activities.

Federal Oil and Gas Reforms – The 2017 budget includes a package of legislative reforms to bolster and backstop administrative actions being taken to reform the management of the Department of the Interior onshore and offshore oil and gas programs. A key focus of the proposal is to improve the return to taxpayers from the sale of Federal resources and increase 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 and 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 and a permanent repeal of Interior’s authority to accept in-kind royalty payments. Collectively, these reforms will generate roughly \$1.7 billion in revenue to the Treasury over ten years, of which \$1.2 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 \$205,000 are fully funded.

SUMMARY OF BUREAU APPROPRIATIONS
(all dollar amounts in thousands)

Comparison of 2017 Request with 2016 Enacted

	2016 Enacted		2017 Request		Change	
	FTE	Amount	FTE	Amount	FTE	Amount
Current						
Ocean Energy Management	574	74,235	592	80,194	+18	+5,959
Subtotal, Current	574	74,235	592	80,194	+18	+5,959
Offsetting Collections	0	96,622	0	94,944	0	-1,678
TOTAL, BUREAU OF OCEAN ENERGY MGMT.						
(w/ offsetting collections)	574	170,857	592	175,138	+18	+4,281

HIGHLIGHTS OF BUDGET CHANGES

By Appropriation Activity/Subactivity

APPROPRIATION: Ocean Energy Management

	2015 Actual	2016 Enacted	2017 Request	Change
Renewable Energy				
Appropriation.....	10,799	11,791	8,832	-2,959
Offsetting Collections	12,305	12,487	15,055	+2,568
Subtotal, Renewable Energy	23,104	24,278	23,887	-391
Conventional Energy				
Appropriation.....	29,872	34,556	37,639	+3,083
Offsetting Collections	19,761	25,313	26,517	+1,204
Subtotal, Conventional Energy	49,633	59,869	64,156	+4,287
Environmental Programs				
Appropriation.....	17,838	18,096	20,876	+2,780
Offsetting Collections	47,874	49,949	47,523	-2,426
Subtotal, Environmental Programs ..	65,712	68,045	68,399	+354
General Support Services				
Appropriation.....	3,324	0	0	0
Offsetting Collections	11,678	0	0	0
Subtotal, General Support Services ..	15,002	0	0	0
Executive Direction				
Appropriation.....	10,589	9,792	12,847	+3,055
Offsetting Collections	5,730	8,873	5,849	-3,024
Subtotal, Executive Direction	16,319	18,665	18,696	+31
Total Appropriation	72,422	74,235	80,194	+5,959
Total Offsetting Collections	97,348	96,622	94,944	-1,678
TOTAL APPROPRIATION	169,770	170,857	175,138	+4,281

Detail of Budget Changes

	2017 Change from <u>2016 Enacted</u>		2017 Change from <u>2016 Enacted</u>
TOTAL APPROPRIATION	+4,281		
Renewable Energy	-391	Environmental Programs.....	+354
Data Collection and Outreach	-412	Staffing for Resource Development.....	+299
Fixed Costs	+21	Fixed Costs	+55
Conventional Energy	+4,287	Executive Direction.....	+31
Risk Management Program Implementation.....	+2,895	Fixed Costs	+31
Staffing for Resource Development.....	+568		
Special Pay: Oil and Gas.....	+1,632	Subtotals for Changes Across Multiple Subactivities	
Methane Hydrate Research.....	-400	Fixed Costs	[+205]
Programmatic Reduction due to			
Changes to Offsetting Collections.....	-506		
Fixed Costs	+98		