

Update on Initiatives



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January 2017



National

Draft Proposed Program
DOI Reorganization

Atlantic

Seismic Permits

Gulf Of Mexico Region

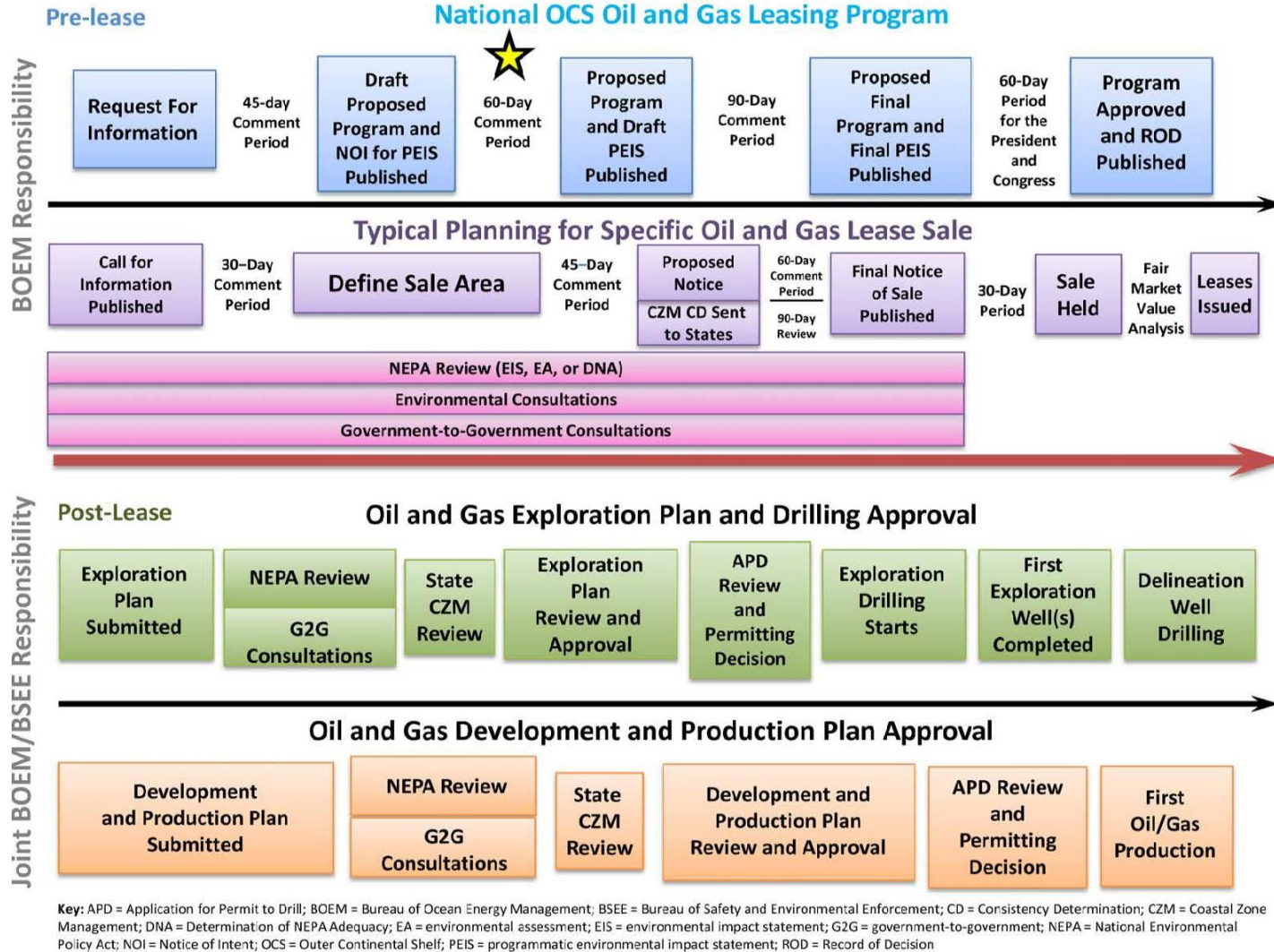
Archaeology Surveys
ePlans
Deepwater Report
Production Forecast



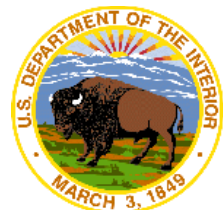
*“(T)he outer Continental Shelf is a **vital national resource reserve held by the Federal Government for the public, which should be made available for expeditious and orderly development, subject to environmental safeguards, in a manner which is consistent with the maintenance of competition and other national needs**”*

Outer Continental Shelf Lands Act
Sec 3(3)





Key: APD = Application for Permit to Drill; BOEM = Bureau of Ocean Energy Management; BSEE = Bureau of Safety and Environmental Enforcement; CD = Consistency Determination; CZM = Coastal Zone Management; DNA = Determination of NEPA Adequacy; EA = environmental assessment; EIS = environmental impact statement; G2G = government-to-government; NEPA = National Environmental Policy Act; NOI = Notice of Intent; OCS = Outer Continental Shelf; PEIS = programmatic environmental impact statement; ROD = Record of Decision



- As directed by Executive Order 13795 and Secretarial Order 3350, BOEM is initiating the process to develop a new five year program
- The Draft Proposed Program (DPP) was released on January 4, 2018. It includes:
 - 47 sales in 25 of the 26 planning areas
 - North Aleutian Basin Planning Area is not included as it was withdrawn December 16, 2014.
 - Alaska – 19 sales
 - Pacific – 7 sales
 - GOMR – 12 sales
 - Atlantic – 9 sales



- The publication of the DPP initiates a 60-day public comment period, which ends **March 9, 2018**.
 - <https://www.regulations.gov/docket?D=BOEM-2017-0074>

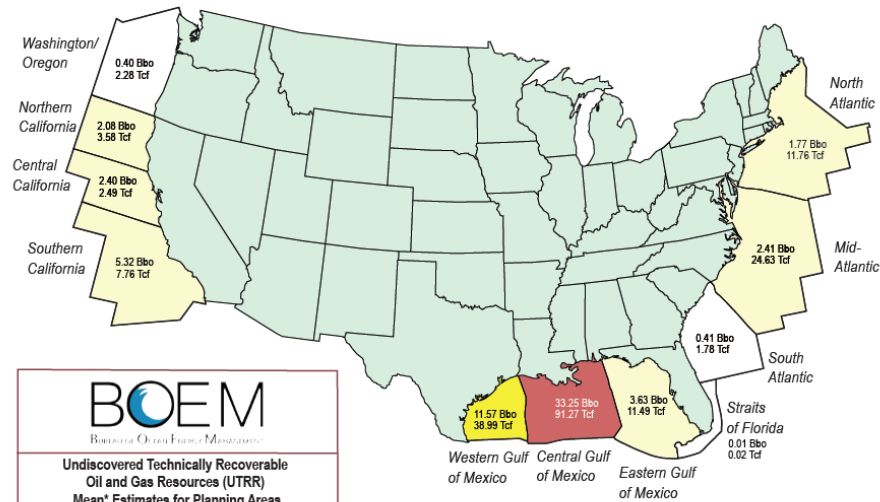


- The 2017-2022 Program will continue being implemented during the process of developing the new National Program.
- Once the new National Program development process is complete, the new National Program would replace the 2017-2022 Program.



US OCS Undiscovered Resources

Assessment of Undiscovered Technically Recoverable Oil and Gas Resources of the Nation's Outer Continental Shelf, 2016



Undiscovered Technically Recoverable Oil and Gas Resources (UTRR)
Mean* Estimates for Planning Areas

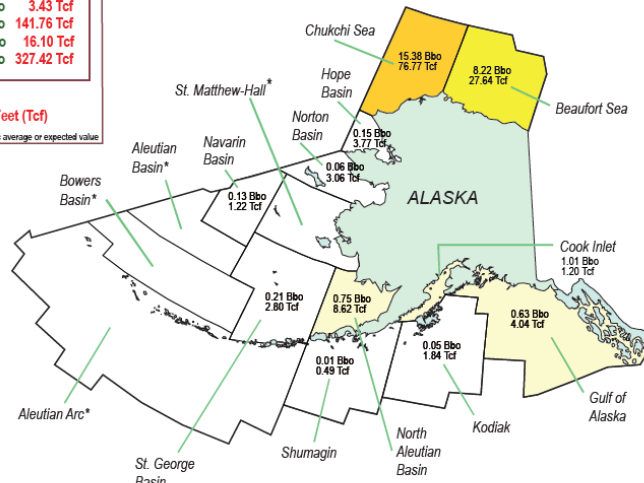
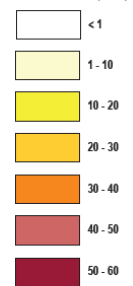
Regional Totals:	Oil (Bbo)	Natural Gas (Tcf)
Alaska OCS	26.56	131.38
Atlantic OCS	4.59	3.43
Gulf of Mexico OCS	48.46	141.76
Pacific OCS	10.20	16.10
Total U.S. OCS	89.82	327.42

Oil in Billions of Barrels (Bbo)

Natural Gas in Trillions of Cubic Feet (Tcf)

*Arithmetic average or expected value

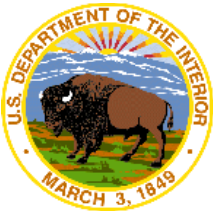
Barrels of Oil Equivalent in Billion barrels (Bboe)



*Not evaluated in this study - petroleum potential is negligible.



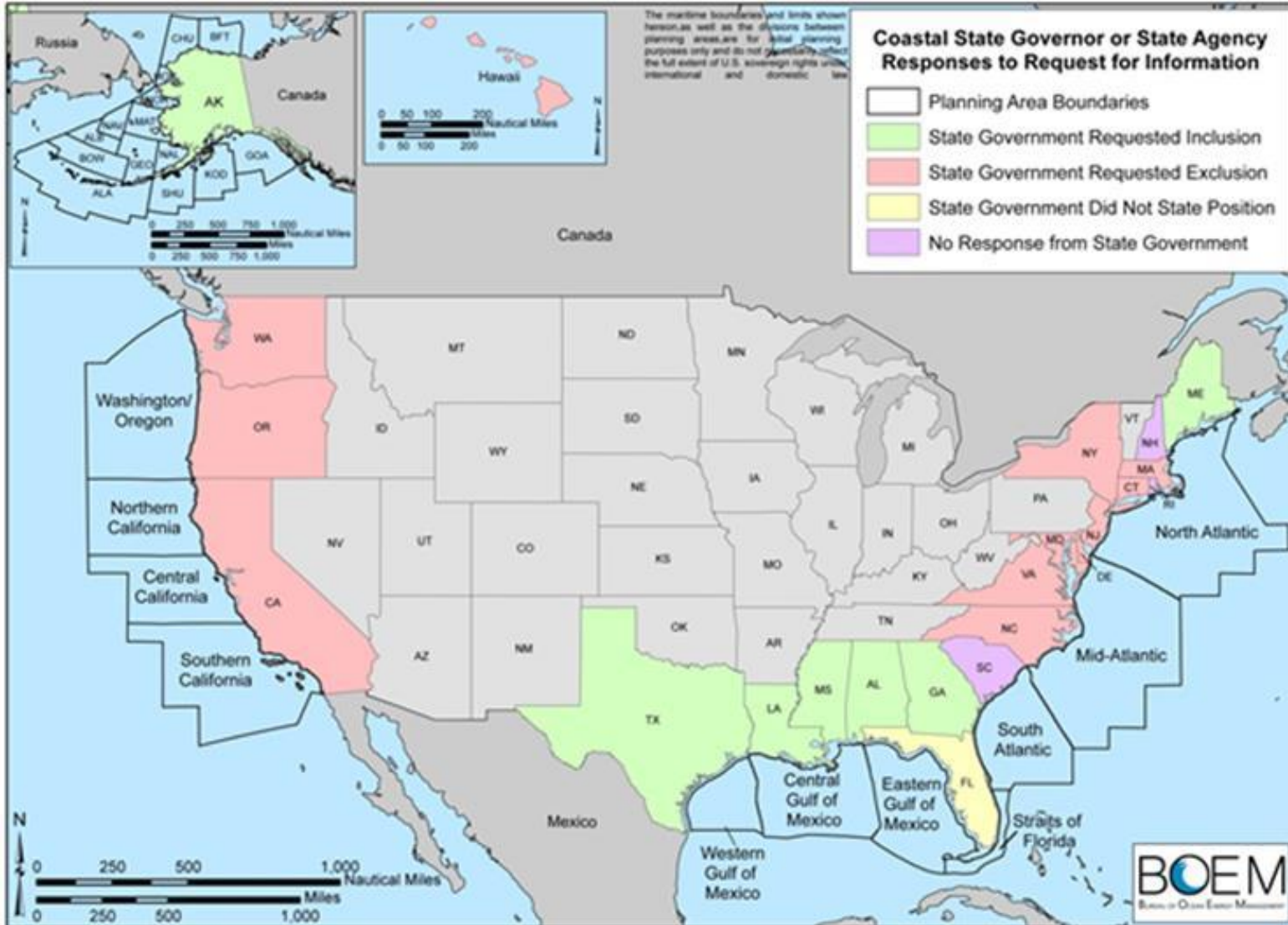
- Notice of Intent to prepare a Draft Programmatic Environmental Impact Statement (EIS)
- Public Meetings are being held in coastal states to receive comments on the DPP and scoping comments on the draft EIS
- BOEM will begin implementing the streamlining process for the DPP EIS



January	16	Annapolis, MD	February	5	Tacoma, WA
January	16	Jackson, MS	February	6	Austin, TX
POSTPONED		Richmond, VA	February	6	Salem, OR
January	18	Dover, DE	February	8	Tallahassee, FL
POSTPONED		Augusta, ME	February	8	Sacramento, CA
POSTPONED		Baton Rouge, LA	February	13	Hartford, CT
POSTPONED		Anchorage, AK	February	13	Columbia, SC
POSTPONED		Concord, NH	February	14	Trenton, NJ
POSTPONED		Boston, MA	February	15	Albany, NY
POSTPONED		Montgomery, AL	February	22	Washington, DC
POSTPONED		Providence, RI	February	26	Raleigh, NC
			February	28	Atlanta, GA



Support from States



Per the OCS Lands Act (Section 18)

- Geographical, Geological and Ecological Characteristics
- Equitable Sharing of Development Benefits and Environmental risks
- Location with respect to Regional and national energy Markets and Needs
- Other Uses of the Sea and Seabed
- Laws, Goals and Policies of Affected States identified by Governors
- Interest of potential Oil and Gas producers
- Environmental Sensitivity and marine Productivity
- Environmental and Predictive information

Goal – Final Program approved by the end of 2019

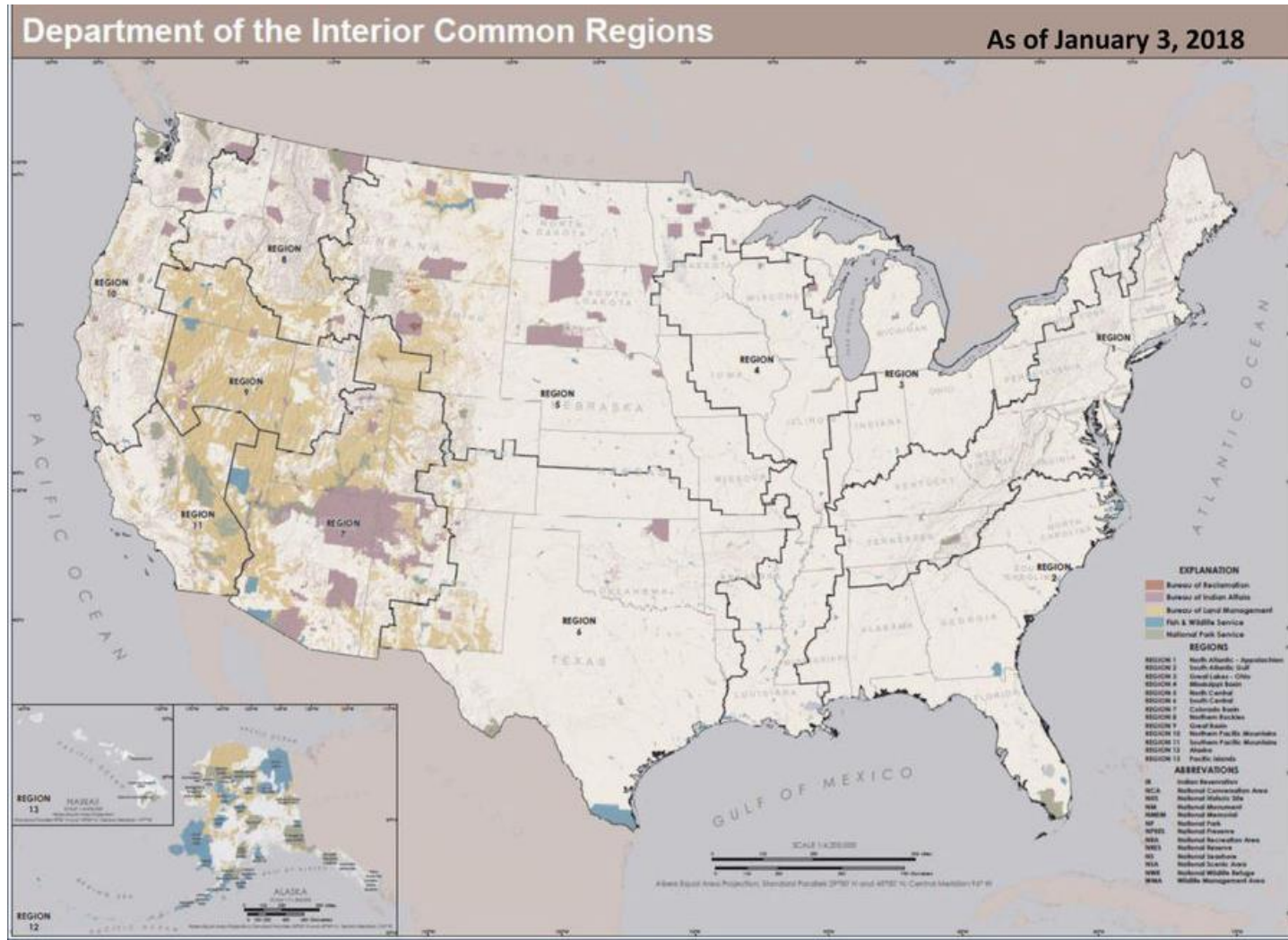


- On August 31, 2017 Secretary Zinke issued Secretarial Order 3355, “Streamlining National Environmental Policy Act Reviews and Implementation of Executive Order 13807, “Establishing Discipline and Accountability in the Environmental Review and Permitting Process for Infrastructure Projects.”
- In response to the SO 3355, GOMR has taken a hard look at our NEPA policies and practices to identify deficiencies and opportunities to increase efficiency.
- GOMR has identified several options to comply with SO 3355, and currently is preparing to present them to the BOEM Director.



DOI Reorganization

- Secretary Zinke has announced plans to reorganize the Department of the Interior into 13 regions based on watersheds and geographical basins
- Centralized Leadership is proposed for all regions
- Secretary Zinke recently held meetings with senior DOI leadership to answer questions and solicit input on the planning process



Background

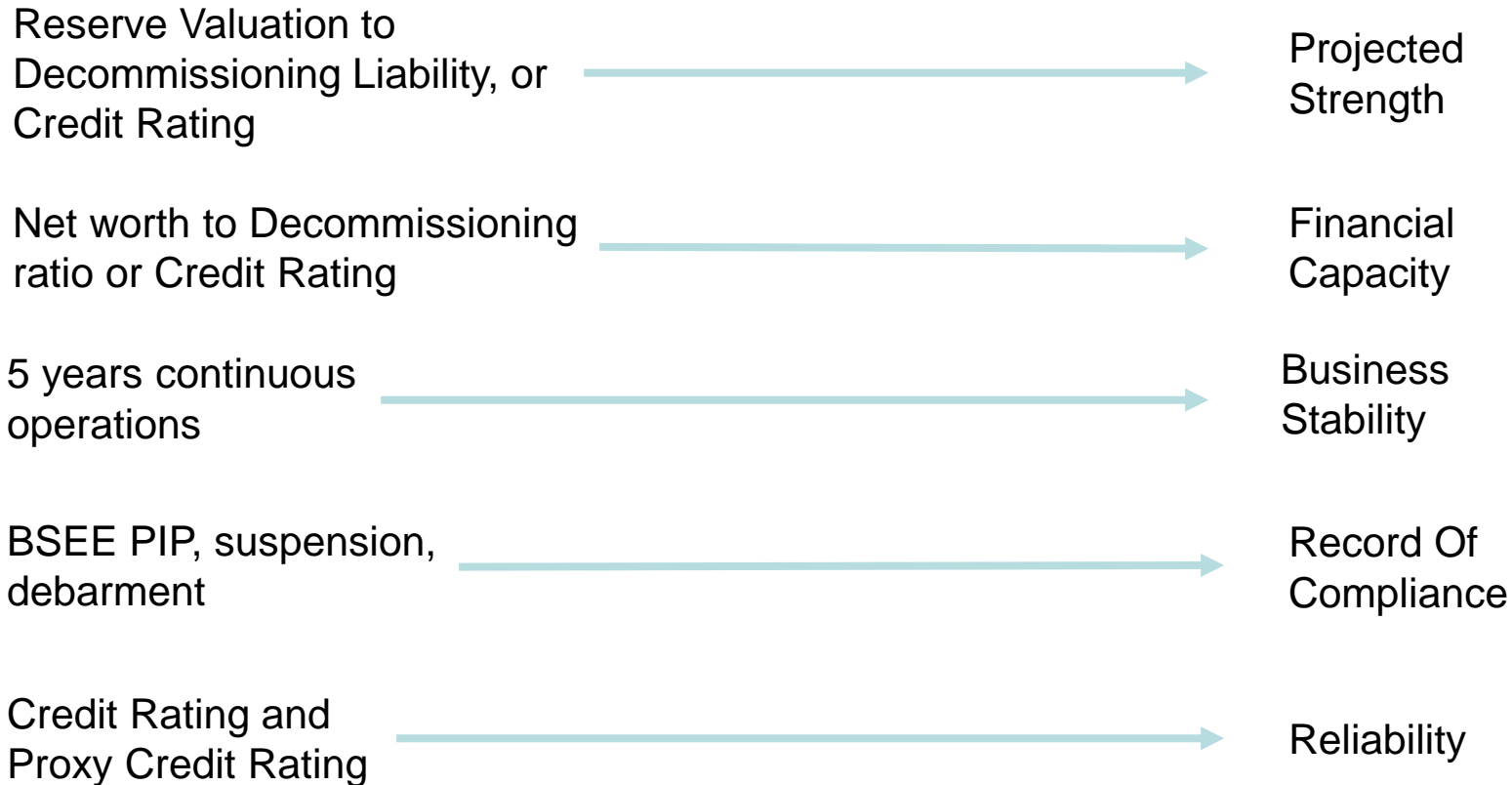
- BOEM's regulations (30 CFR 556.901(d)) allow the Regional Director to require additional financial security when necessary to ensure compliance with lease obligations. The overall implementation remains paused.

Status

- Framework and path forward have been presented to Deputy Secretary Bernhardt for a decision.
- During the interim, the region continues its efforts to cover “sole” liability especially for Tier III companies



30 CFR 556.901(d) requires that the determination of the need for additional financial assurance be based on evaluation of a company's ability to carry out present and future financial obligations, as demonstrated by the factors listed on the right.



Tier I

Three ways to qualify

- Tangible net worth greater than \$10B AND tangible net worth to decommissioning liability ratio of 10:1 OR
- Investment Grade OR
- Investment Grade Proxy Credit Rating AND tangible net worth to decommissioning liability ratio of 10:1 AND Trade References

Tier II

Two ways to qualify

- S&P BB+,BB,BB- or equivalent Moody's rating OR
- Equivalent proxy credit rating

Tier III

- All other entities

Background

- BOEM has air quality jurisdiction under 43 U.S.C. 1334(a)(8)

Status

- Acting ASLM has given approval to move forward with a final rule focused on cross-referencing various air quality standards and benchmarks
- Approval for a proposed rule that will address emission exemption thresholds



Cross Reference EPA Standards

- National Ambient Air Quality Standards (NAAQS)
- Significant Impact Levels (SILs)
 - If SILs are exceeded, operator will need to do Best Available Control Technology (BACT)
- Ambient Air Increments (AAIs)
 - ASLM will decided if AAIs will be included.
 - Used for Class I areas, such as Breton



- Background
 - G&G activities remain a concern for NMFS and DOD
- Status
 - NMFS and DOI, through the U.S. Fish and Wildlife Service, met and agreed to convene an interagency working group to carry out these tasks.
 - DoD and BOEM have established an interagency working group to minimize conflicts between permitted G&G and DoD training, testing and operational activities.
 - NOAA Fisheries delivered the draft Biological Opinion on Atlantic permits/NMFS IHAs on January 25th

Goal – complete reviews in March 2018 based on anticipated issuance of final IHAs in February 2018



- GOMR is currently working on a new website that will allow companies to find out information on existing survey data (i.e. year acquired, owner, company who performed the work, etc.)
- The new website will be an interactive map so companies can see the areas in real space.
- This tool will allow companies to utilize existing data, and not have to re-shoot areas with existing surveys.
- 2014-16 data has been completed, 2017 is in processing, and GOMR is planning to continue into the future; Pipelines have been completed.

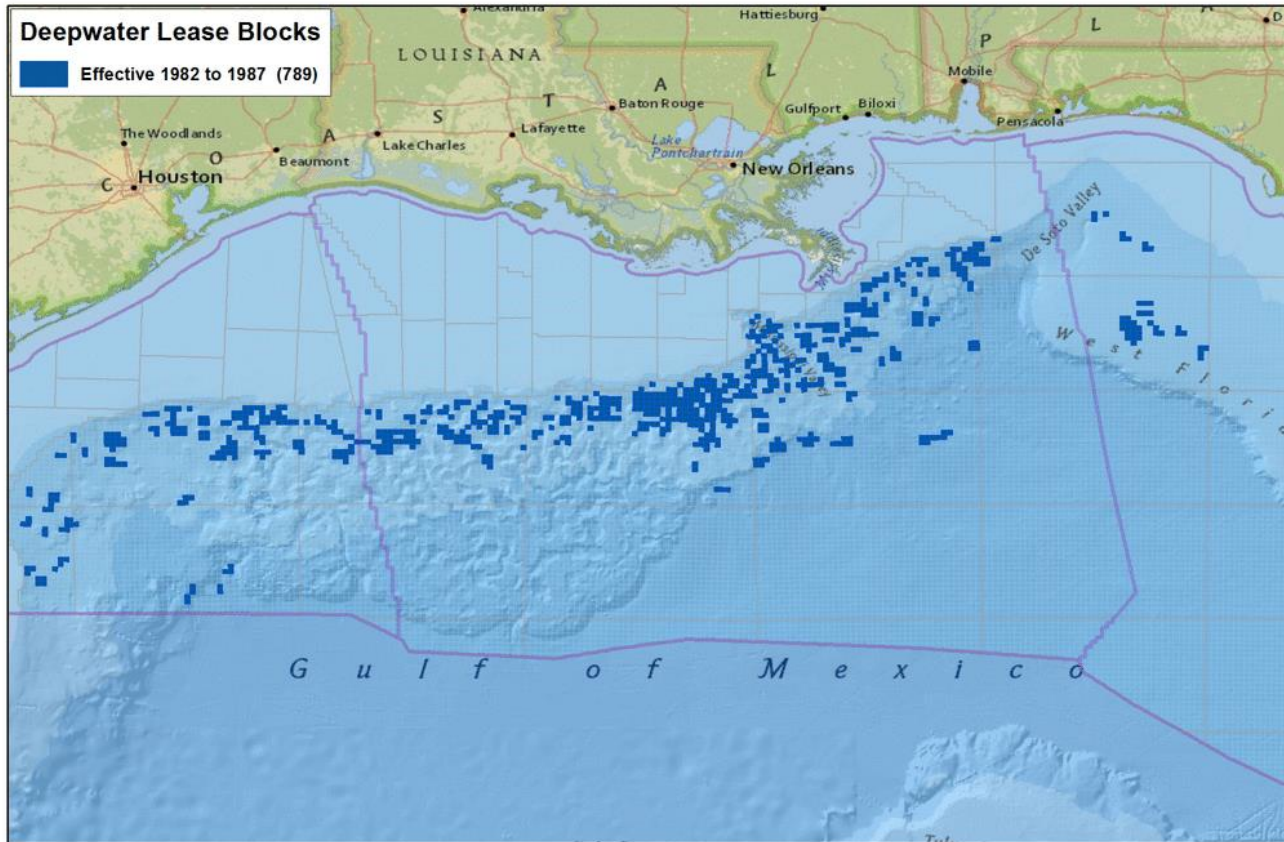


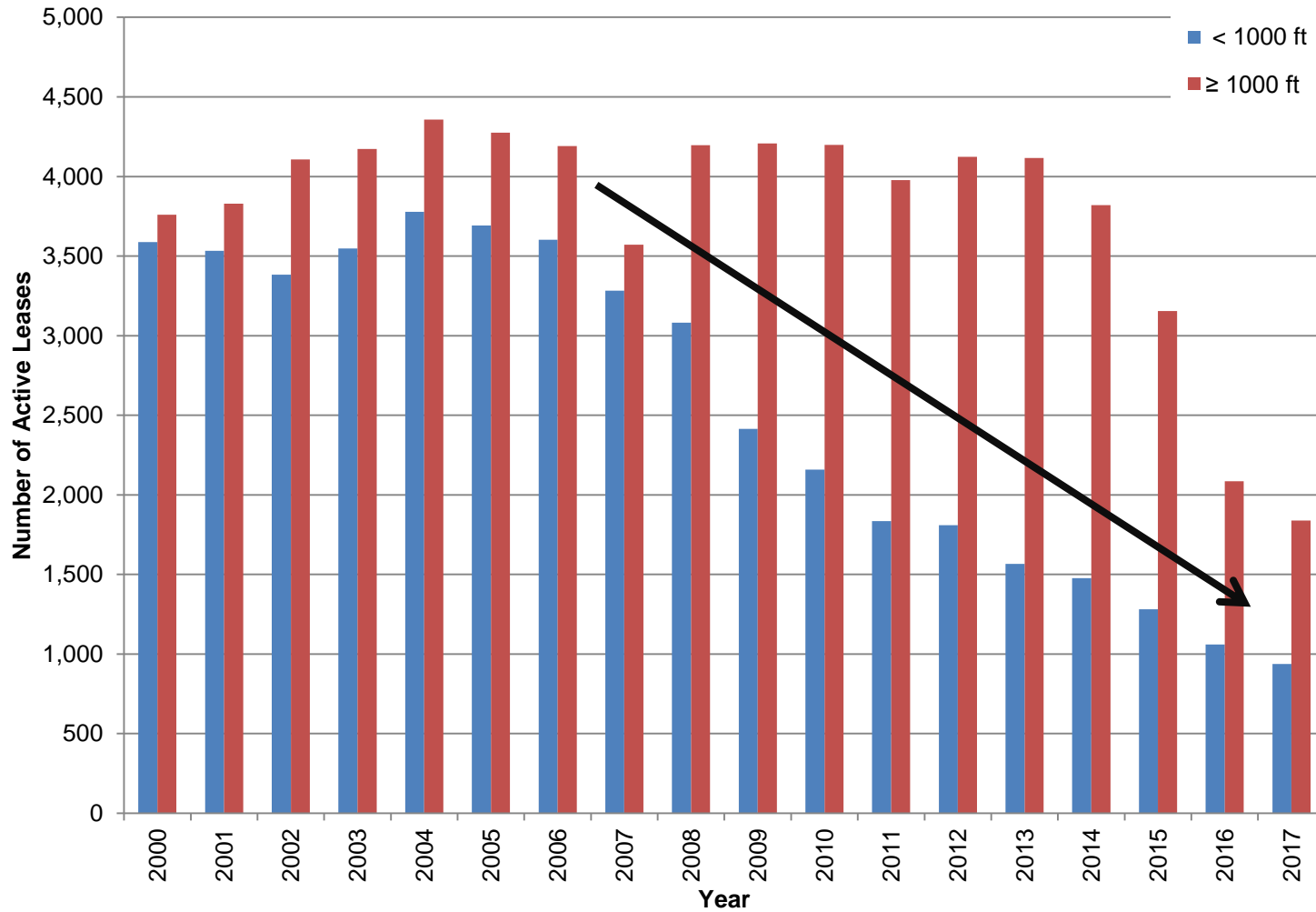


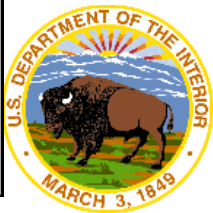
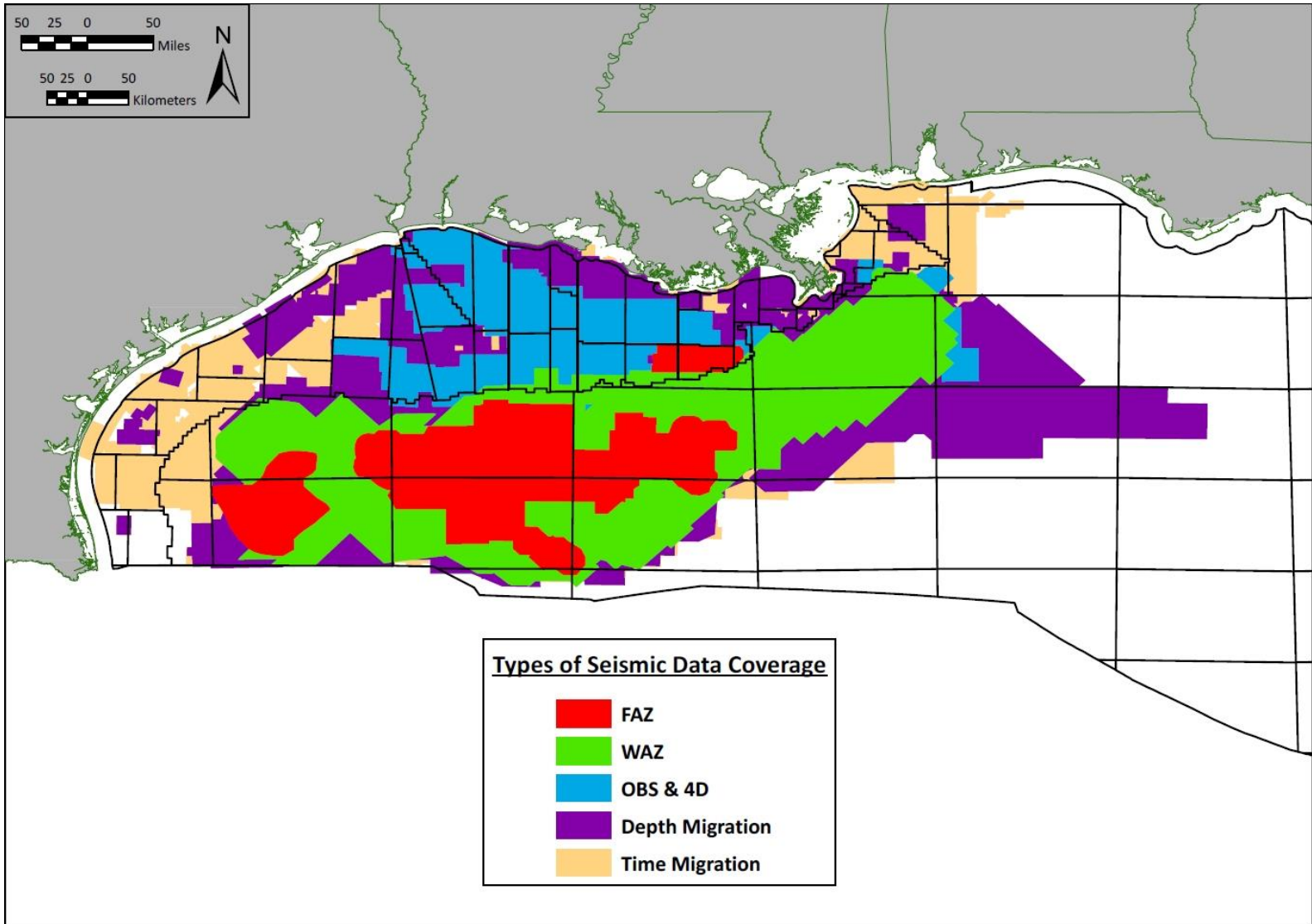
Gulf of Mexico Leasing Highlights

Lease Sale	Date of Sale	No. of Tracts Offered	No. of Tracts Bid On	No. Of Bids Received	Total Bonus High Bid (\$)
249 Gulfwide	8/16/2017	14220	90	99	121.1 M
247 CGOM	3/22/2017	9118	163	189	274.8 M
248 WGOM	8/24/2016	4399	24	24	18.1 M
226 EGOM	3/23/2016	162	0	0	0
241 CGOM	3/23/2016	8349	128	148	156.4 M
246 WGOM	8/19/2015	4083	33	33	22.7 M
235 CGOM	3/18/2015	7788	169	195	538.8 M
238 WGOM	8/20/2014	4026	81	93	110 M
225 EGOM	3/19/2014	134	0	0	0
231 CGOM	3/19/2014	7511	326	380	850.8 M
233 WGOM	8/28/2013	4036	56	64	123.7 M
227 CGOM	3/20/2013	7299	320	407	1.2 B

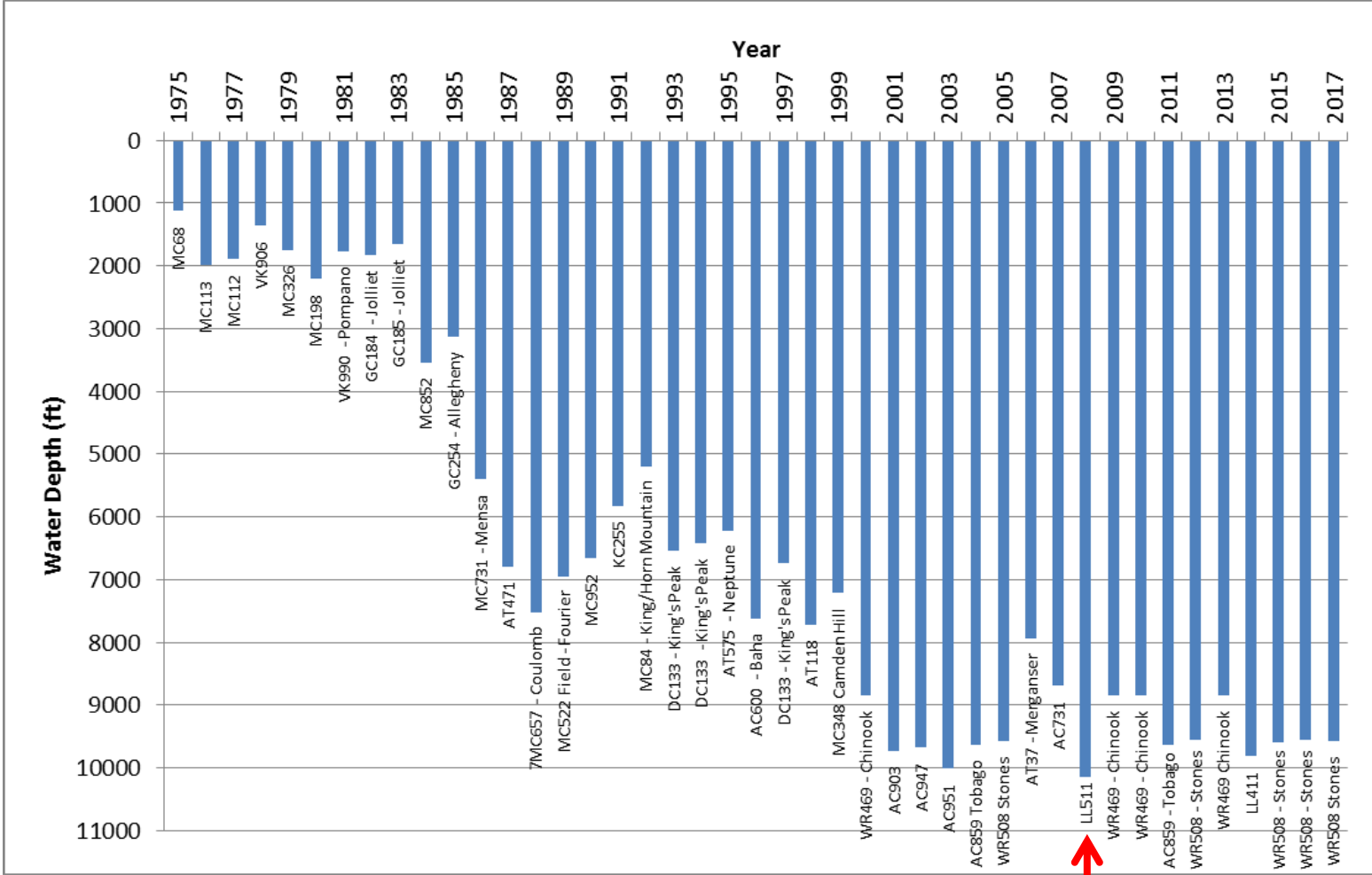
Deepwater Leasing







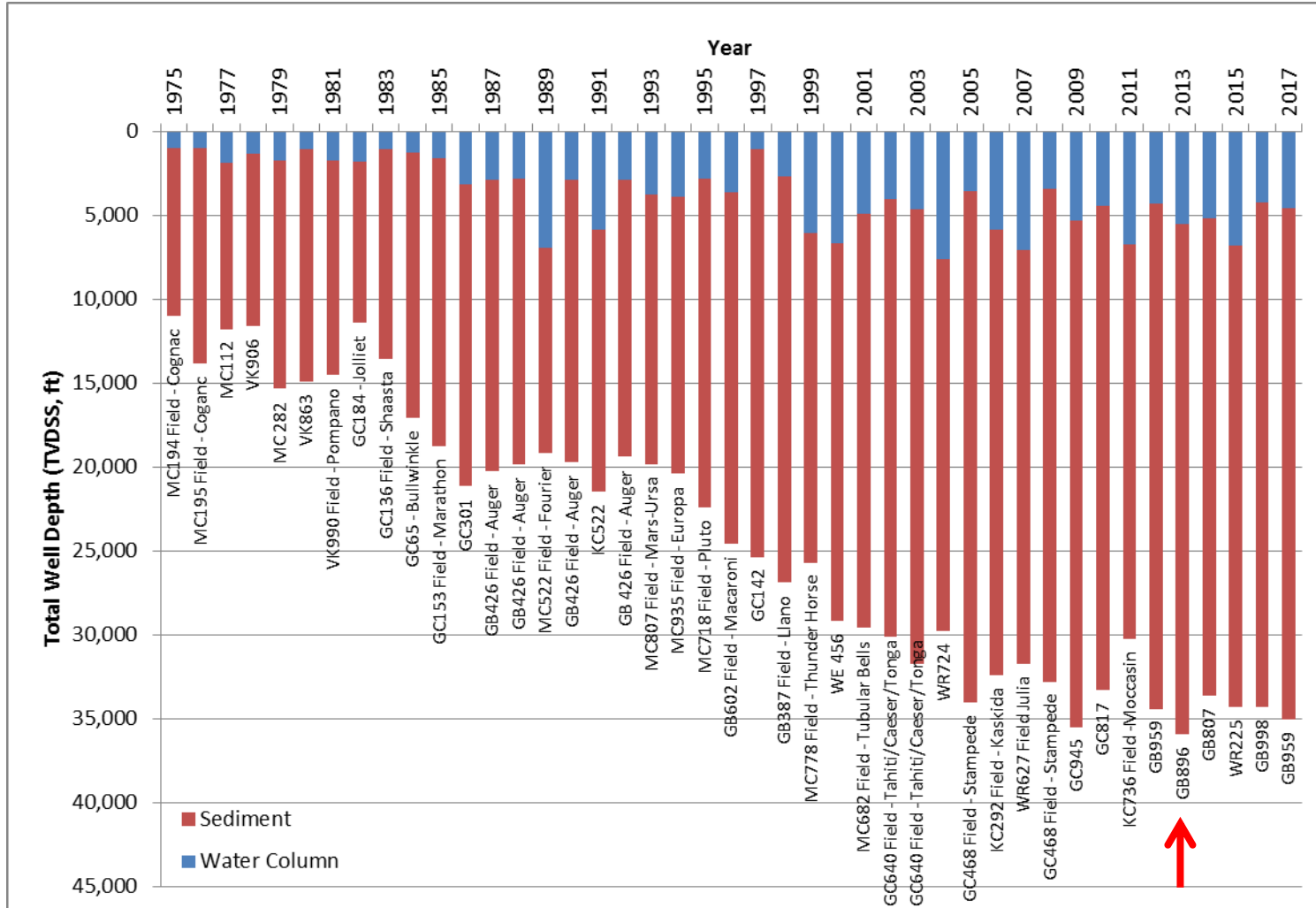
Deepwater Wells Drilled in the Deepest Water



10,141 ft

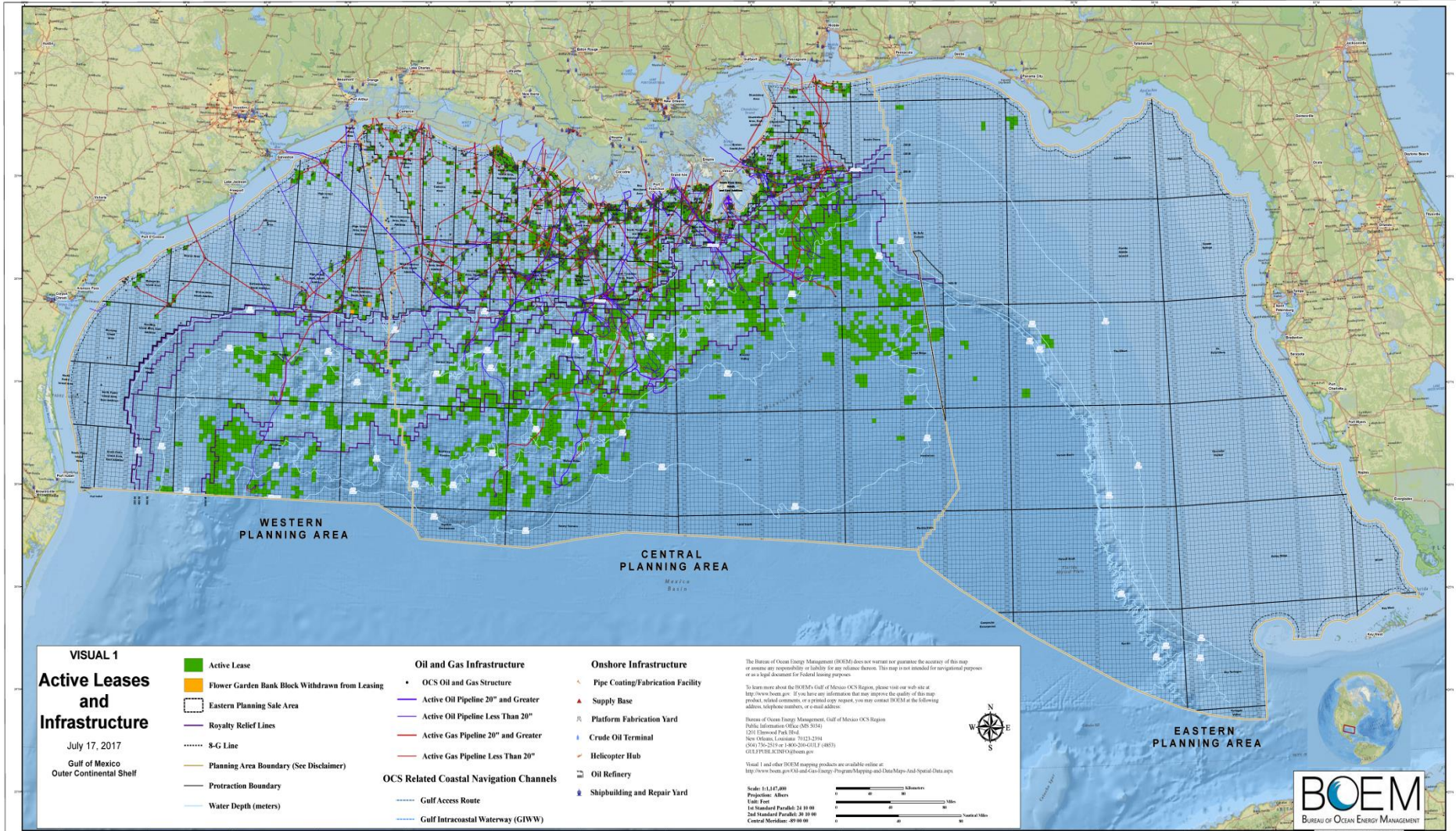


Deepest Wells Drilled in Deepwater Each Year

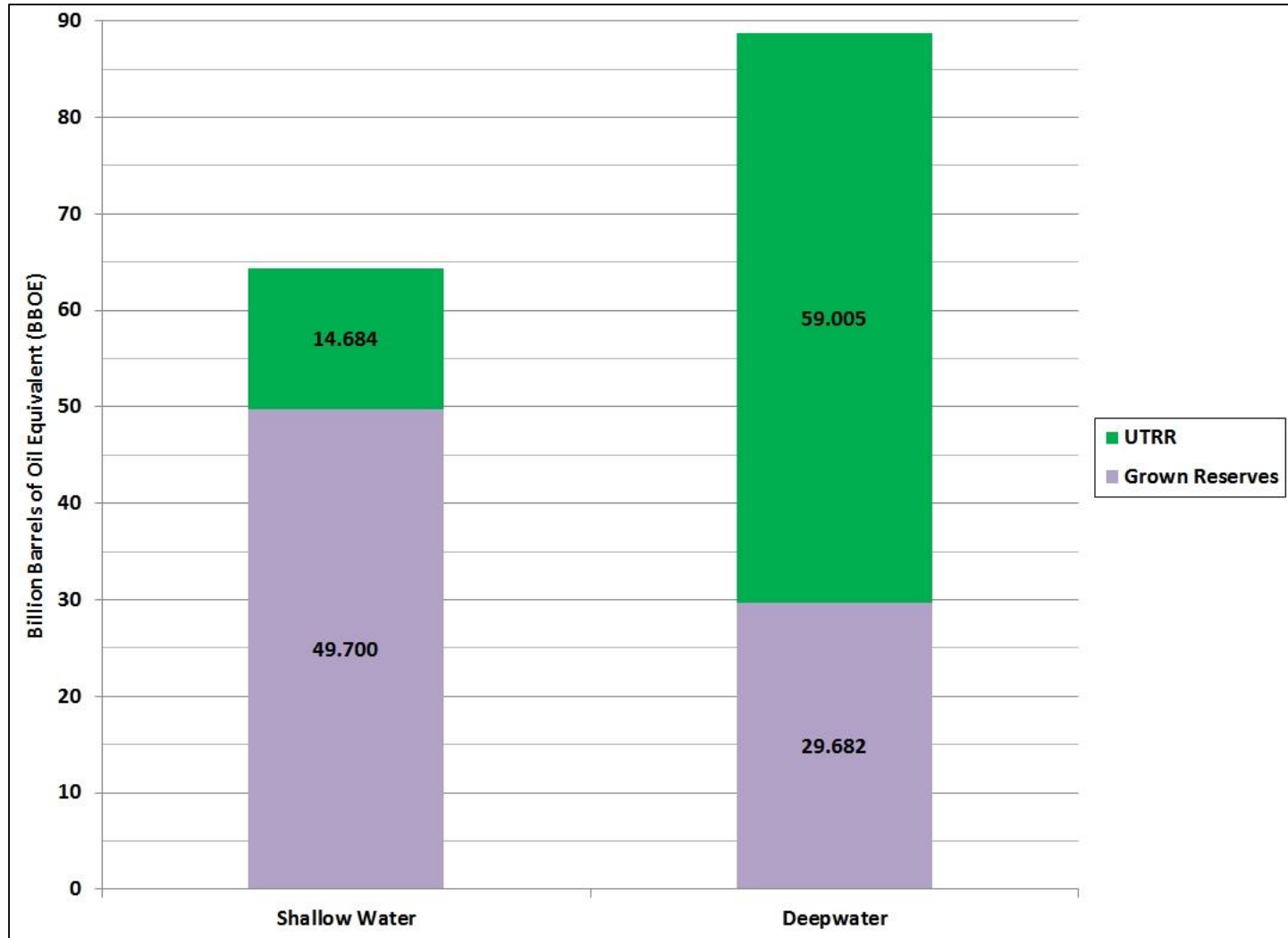


35,935 ft TVDSS





Shallow Water vs. Deepwater



- Very Deep Water
- Remote location from infrastructure
- Thick overlying salt of complex shapes
- Deep subsea drilling
- High well costs
- Low porosity and permeability
- Low gas-to-oil ratio



The United States Depends on the Gulf of Mexico

For the entire Gulf of Mexico, the deepwater portion is assessed to contain 80 percent of the remaining undiscovered resources.

The deepwater Lower Tertiary trend has spurred the acquisition of numerous, nonexclusive wide-azimuth (WAZ) and full-azimuth (FAZ) seismic surveys.

The Lower Tertiary and Jurassic Norphlet trends in deepwater continue to be excellent exploration targets.

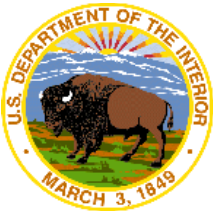
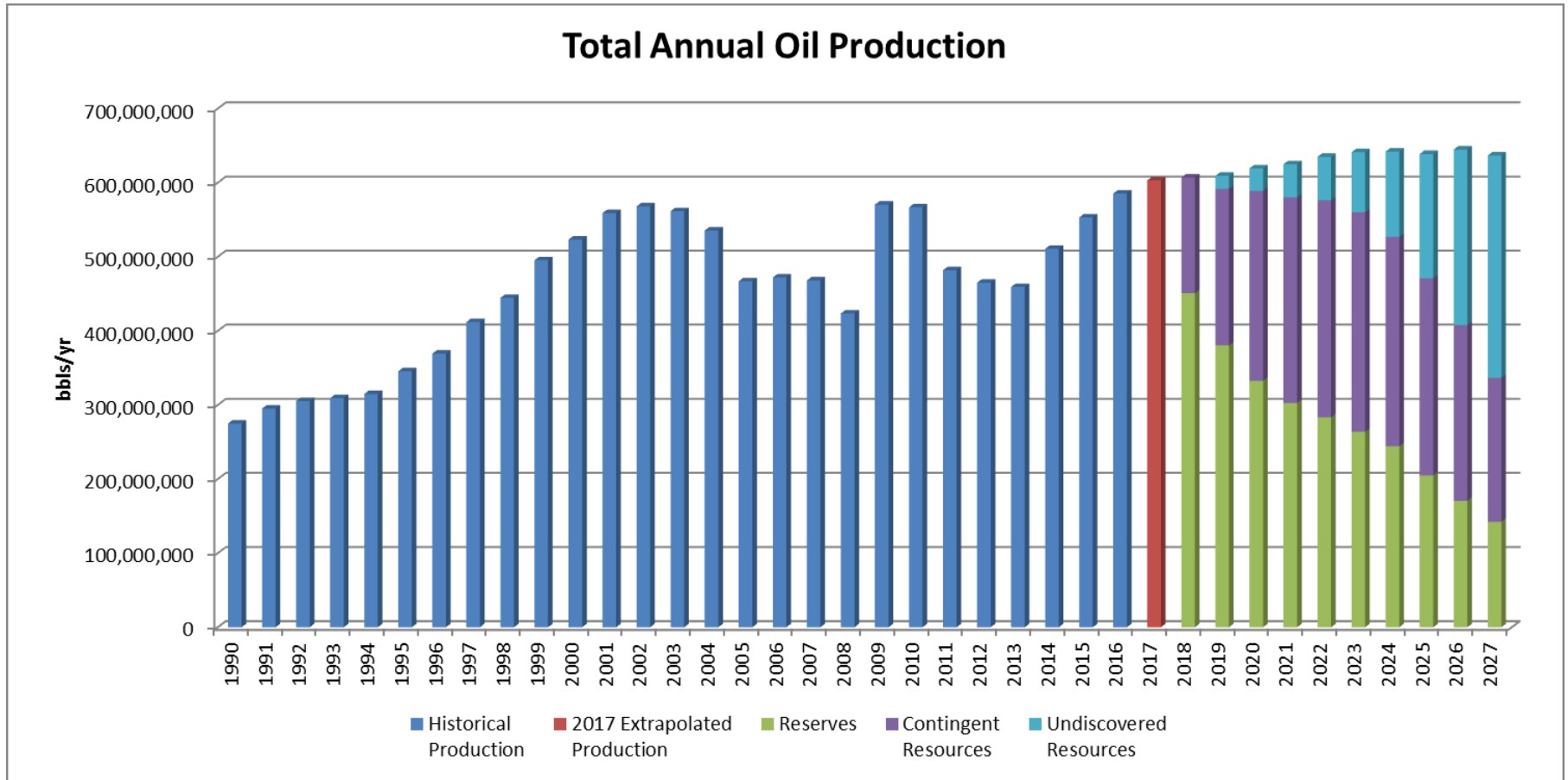
The Gulf of Mexico is one of the world's prolific hydrocarbon basins, with a production history of more than 100 years.

It is the primary offshore source of hydrocarbons for the United States, generating approximately 97 percent of all offshore oil and natural gas production.

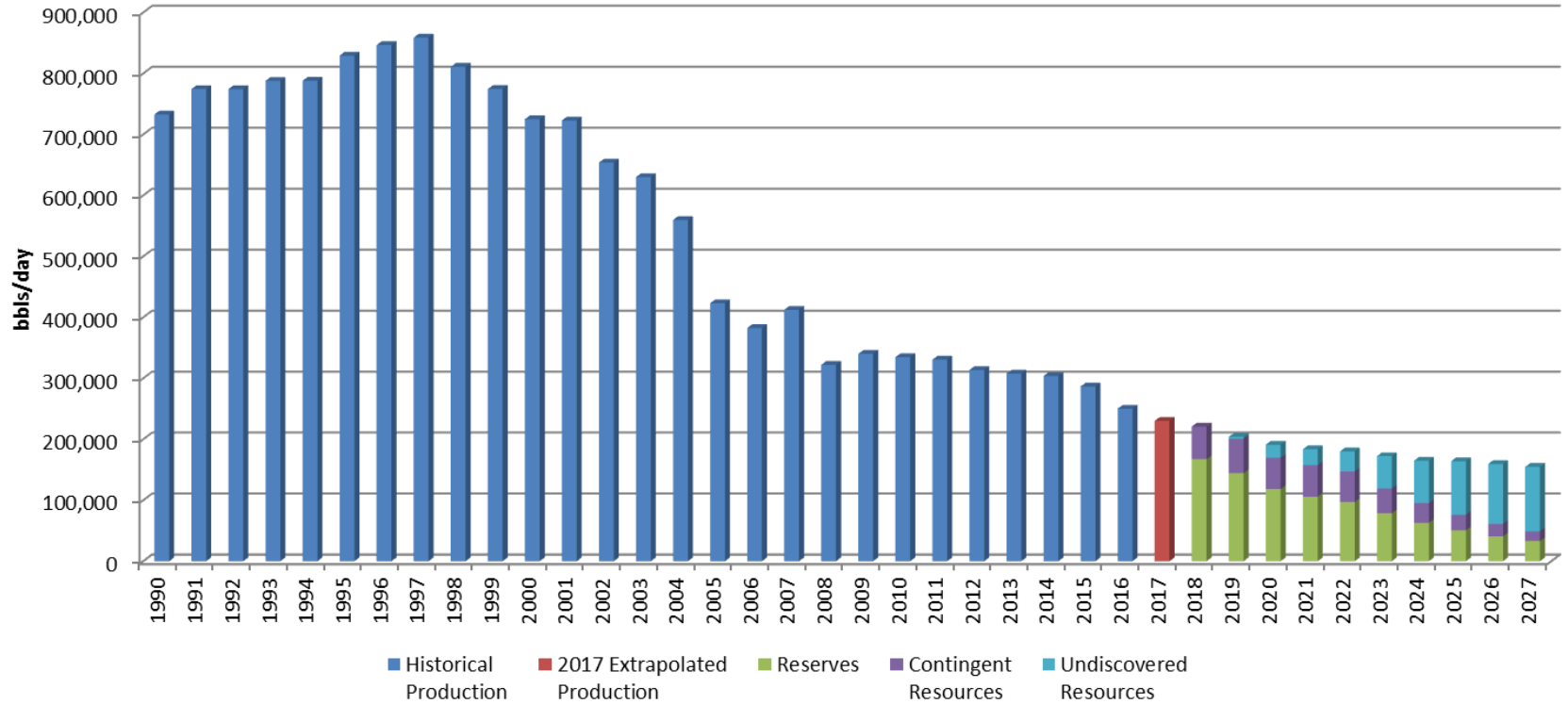
Of this Gulf production, wells in deepwater produced 82 percent of the oil and 54 percent of the natural gas.

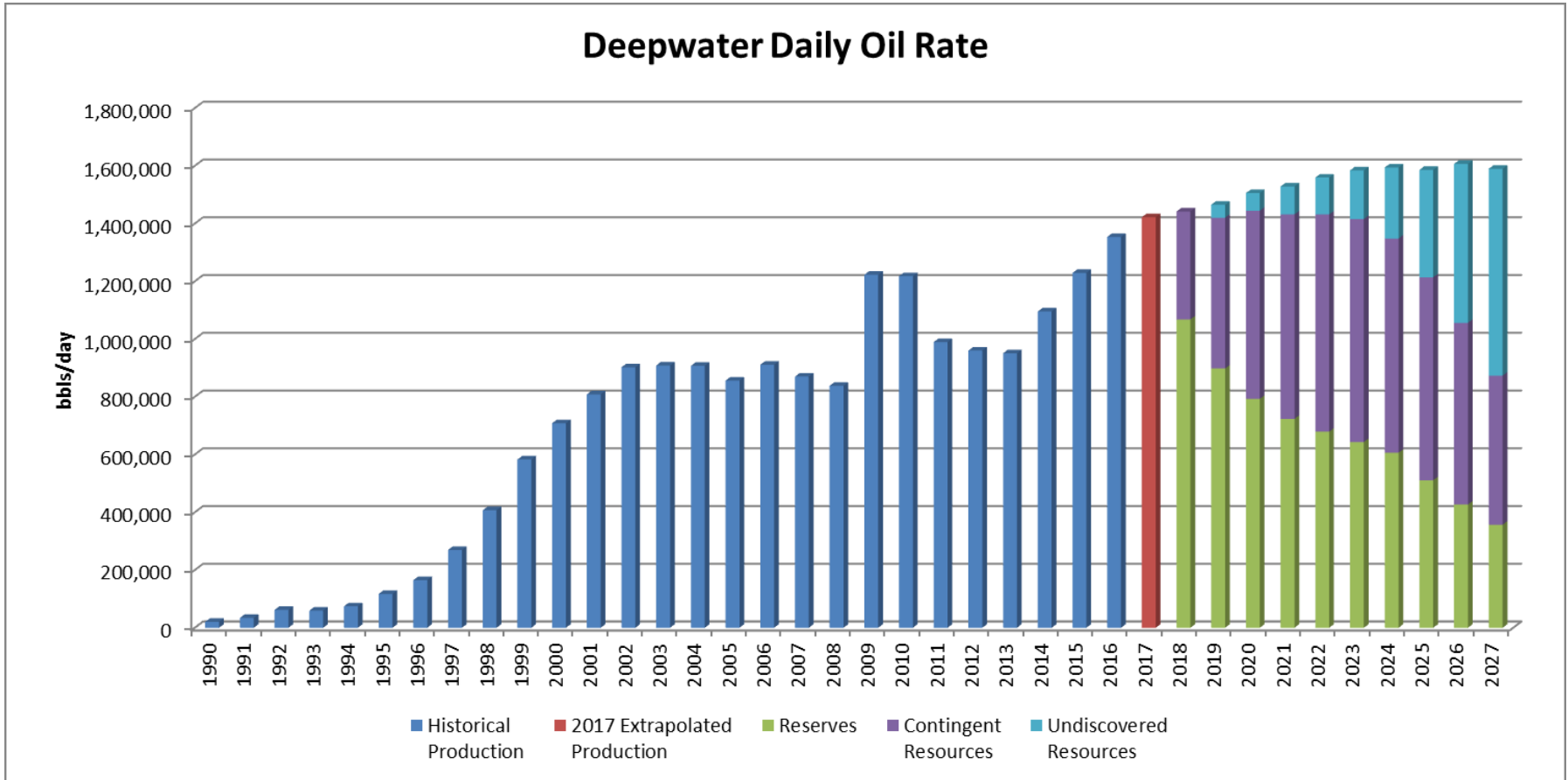


GOM Total Annual Oil Production

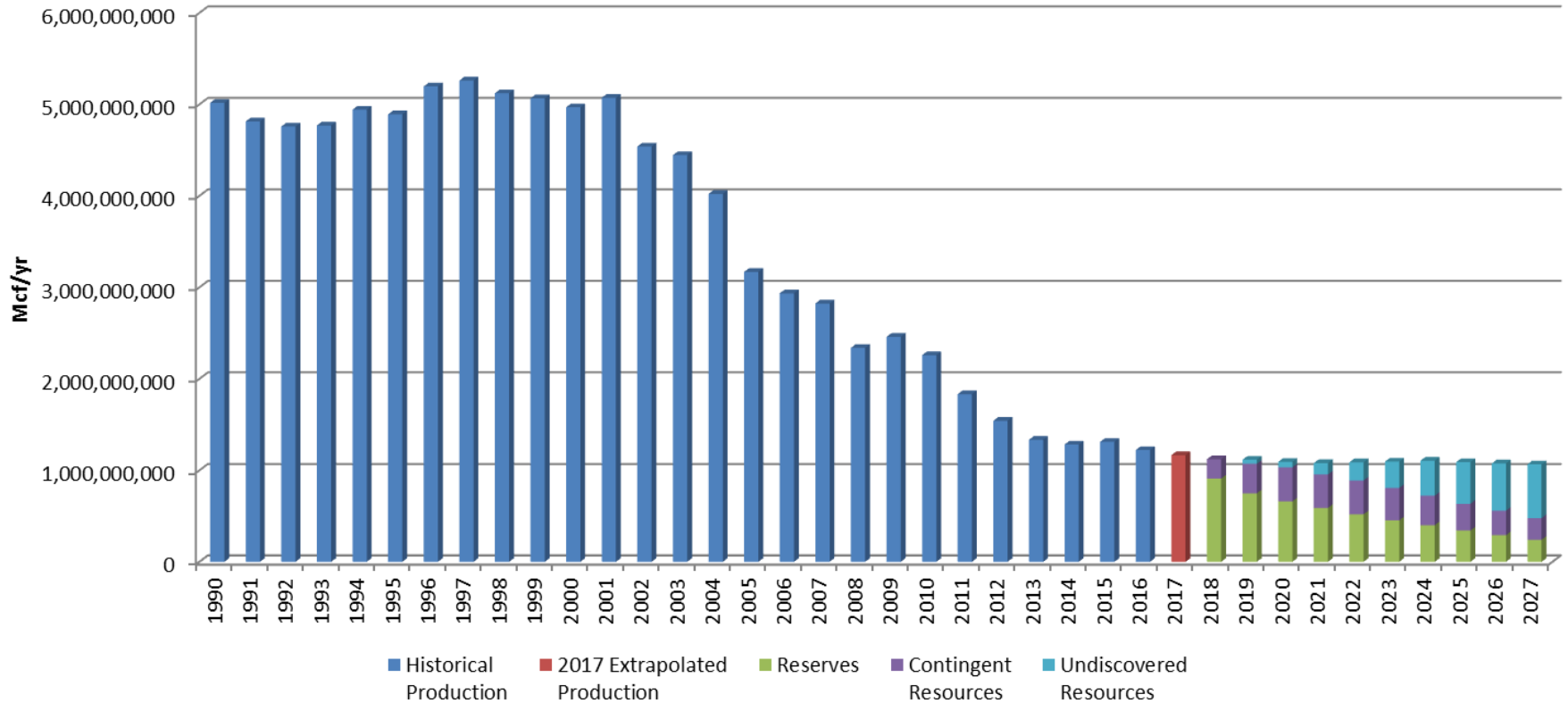


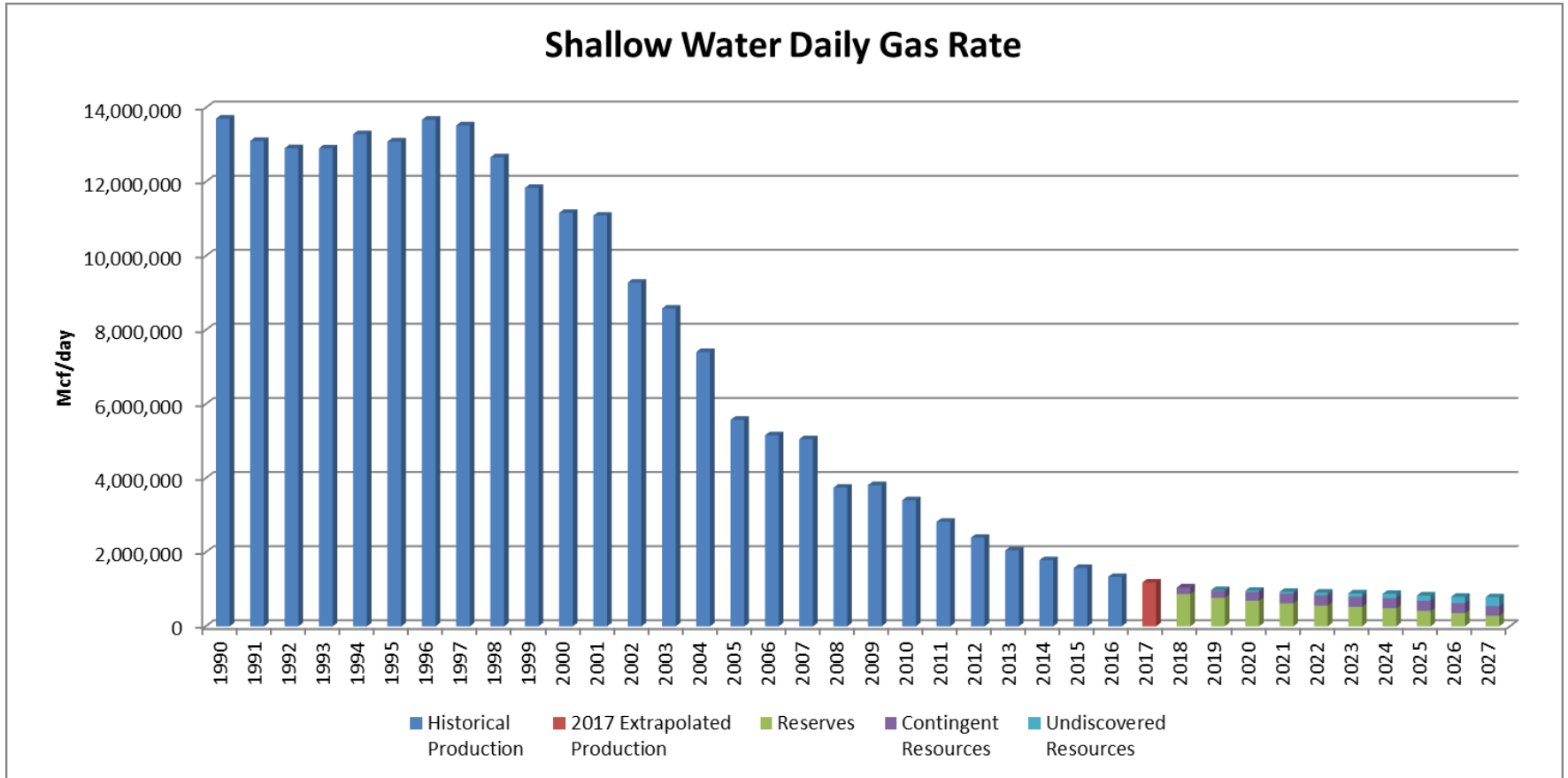
Shallow Water Daily Oil Rate

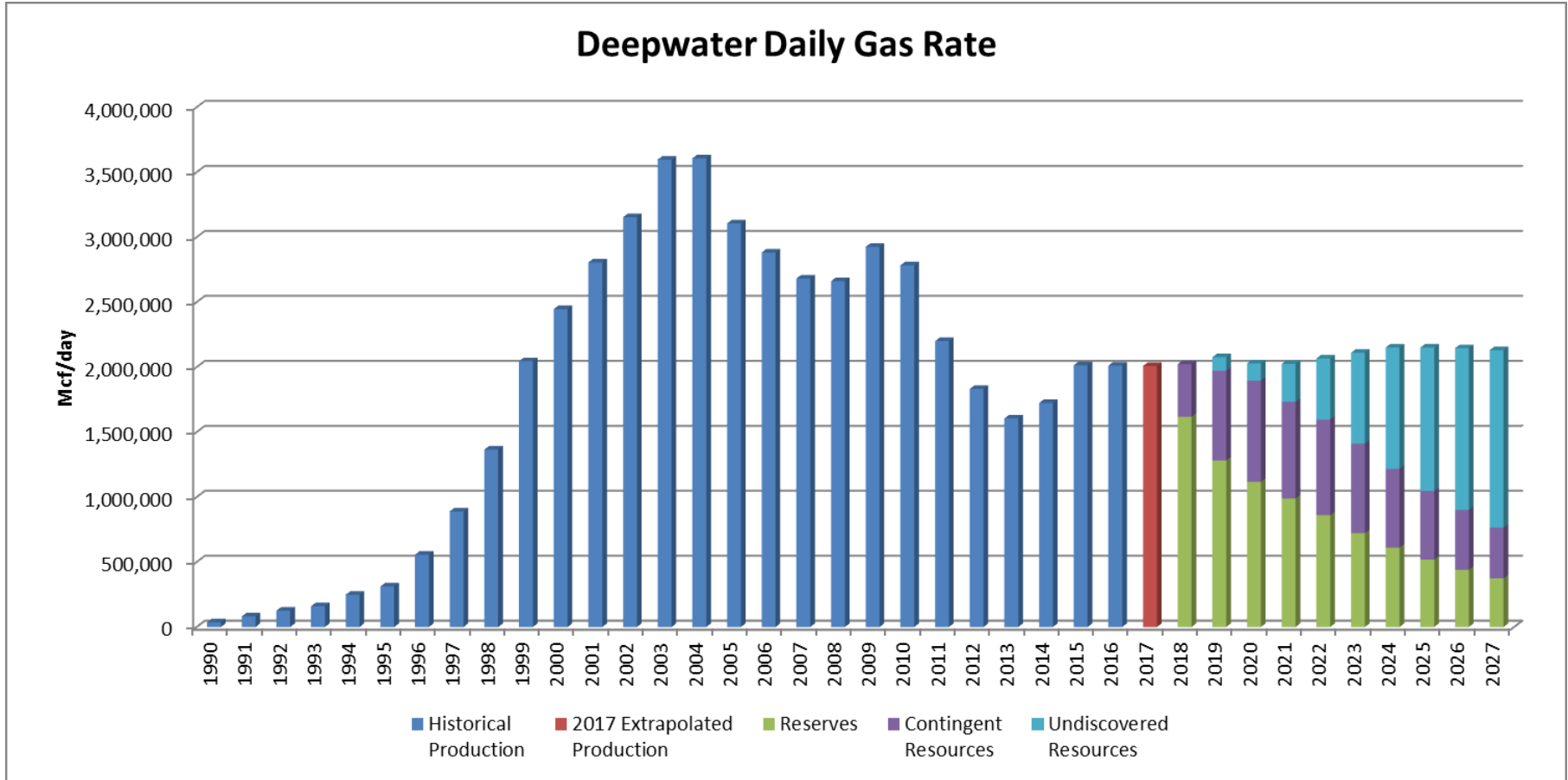




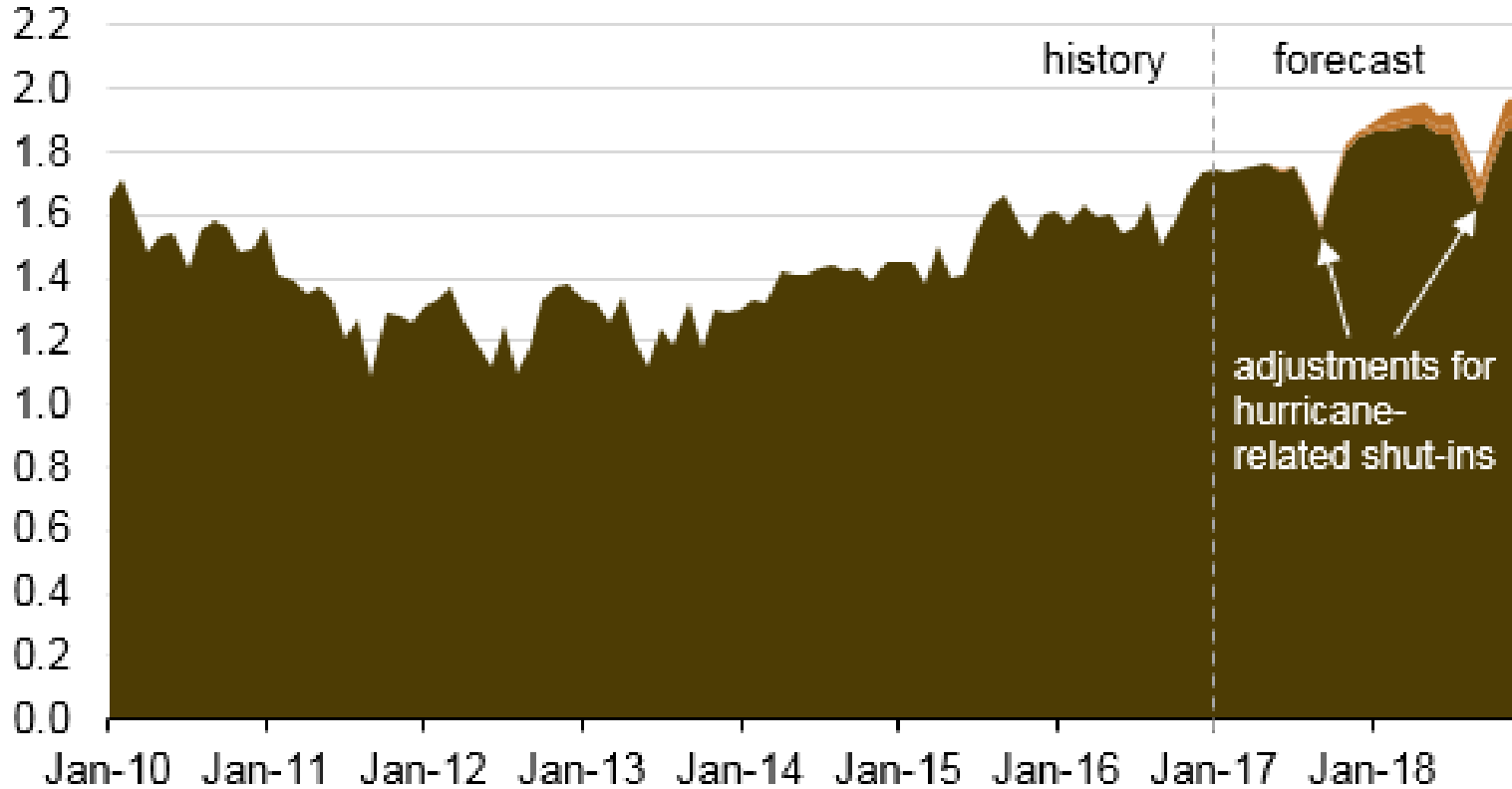
Total Annual Gas Production







Monthly oil production from U.S. Federal Gulf of Mexico
million barrels per day



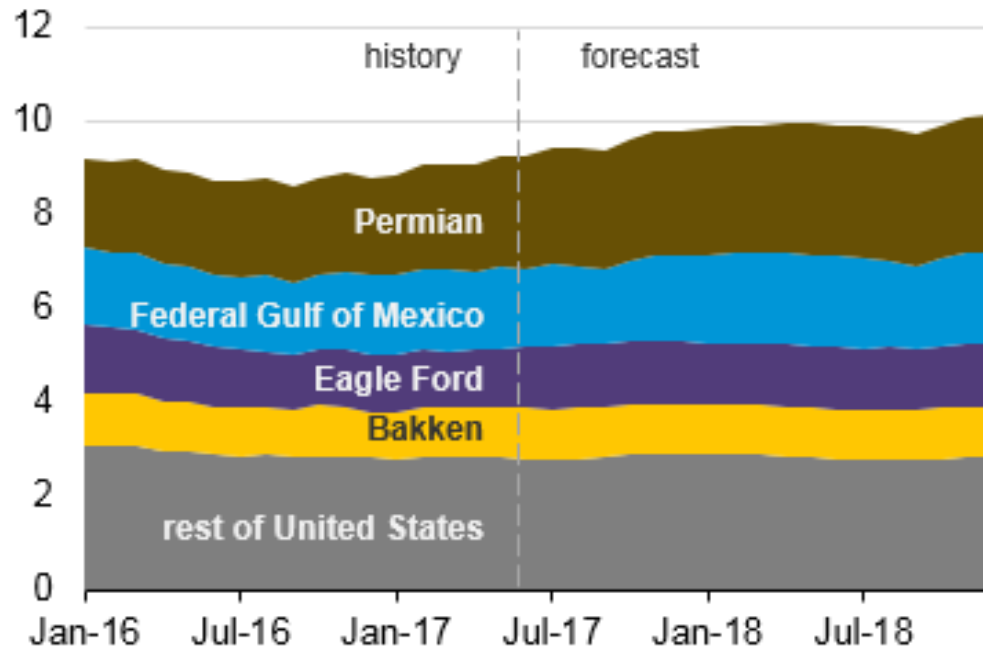
production from fields projected to start in 2017 and 2018

production from existing fields

Source: U.S. Energy Information Administration, [Short-Term Energy Outlook](#) April 2017

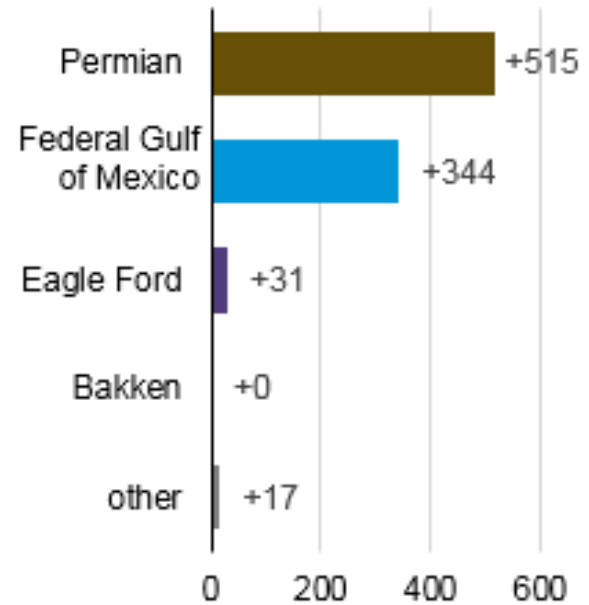


Monthly U.S. crude oil production by region
Jan 2016 - Dec 2018
million barrels per day



Source: U.S. Energy Information Administration, *Short-Term Energy Outlook*, July 2017

Forecasted change
Jun 2017 - Dec 2018
thousand barrels per day



The Gulf of Mexico
is a proven petroleum basin that still offers
significant opportunities for exploration and
development.

BOEM estimates that over 50% of the total
endowment of oil and gas in the GOM
remains to be discovered!



Questions/Comments?

Visit BOEM Website @ www.boem.gov

BOEM manages the responsible exploration and development of offshore energy and marine mineral resources on the OCS. The bureau promotes energy independence, environmental protection and economic development through responsible management of these offshore resources based on the best available science.

