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Interior Department Announces Draft Strategy for Offshore Oil and Gas Leasing

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Regionally-tailored plan continues balanced approach to leasing, development; Draft proposal would protect sensitive resources—makes available nearly 80% of estimated undiscovered technically recoverable oil and gas resources on US Outer Continental Shelf

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WASHINGTON, DC – As part of President Obama's all-of-the-above energy strategy to continue to expand safe and responsible domestic energy production, Secretary of the Interior Sally Jewell and Bureau of Ocean Energy Management (BOEM) Director Abigail Ross Hopper today announced the next step in the development of the nation's Outer

Continental Shelf (OCS) Oil and Gas Leasing Program for 2017-2022.

The Draft Proposed Program (DPP) includes 14 potential lease sales in eight planning areas – 10 sales in the Gulf of Mexico, three off the coast of Alaska, and one in a portion of the Mid- and South Atlantic.

“The safe and responsible development of our nation's domestic energy resources is a key part of the President's efforts to support American jobs and reduce our dependence on foreign oil,” said Secretary Jewell. “This is a balanced proposal that would make available nearly 80 percent of the undiscovered technically recoverable resources, while protecting areas that are simply too special to develop.”

Release of the draft is an early step in a multi-year process to develop a final offshore leasing program for 2017-2022. Before the program is finalized, the public will continue to have multiple opportunities to provide input. Today's draft proposal was informed by more than 500,000 comments from a wide variety of stakeholders and states.

“The draft proposal prioritizes development in the Gulf of Mexico, which is rich in resources and has well-established infrastructure to support offshore oil and gas programs,” added Jewell. “We continue to consider oil and gas exploration in the Arctic and propose for further consideration a new area in the Atlantic Ocean, and we are committed to gathering the necessary science and information to develop resources the right way and in the right places. We look forward to continuing to hear from the public as we work to finalize the proposal.”

The OCS Lands Act requires the Secretary of the Interior to prepare a five-year program that includes a schedule of potential oil and gas lease sales and indicates the size, timing and location of proposed leasing activity as determined to best meet national energy needs, while addressing a range of economic, environmental and social considerations.

BOEM currently manages about 6,000 active OCS leases, covering more than 32 million acres – the vast majority in the Gulf of Mexico. In 2013, OCS oil and gas leases accounted for about 18 percent of domestic oil production and 5 percent of domestic natural gas production. This production generates billions of dollars in revenue for state and local governments and the U.S. taxpayer, while supporting hundreds of thousands of jobs.

A REGIONALLY TAILORED APPROACH

The draft proposal reflects a continuation of the regionally tailored leasing strategies employed in the current 2012-2017 Program that are specific to each planning area. The

options in the draft proposal involve sales in offshore areas that have the highest oil and gas resource potential, highest industry interest, or are off the coasts of states that expressed a strong interest in potential energy exploration, while still considering potential environmental impacts, stakeholder concerns, and competing uses of ocean and coastal areas.

Gulf of Mexico:

The draft proposal includes ten sales in the Gulf of Mexico, one of the most productive basins in the world and where oil and gas infrastructure is well established. The draft proposal includes a new approach to lease sales in the Gulf of Mexico by proposing two annual lease sales in the Western, Central, and the portion of the Eastern Gulf of Mexico that is not subject to Congressional moratoria. This shifts from the traditional approach of one sale in the Western and a separate sale in the Central Gulf each year.

"This new approach will allow for BOEM to more effectively balance the sales while providing greater flexibility to industry to invest in the Gulf, particularly given the significant energy reforms recently adopted by the Mexican government," said BOEM Director Hopper

Alaska:

In Alaska, the draft proposal continues to take a careful approach by utilizing the targeted leasing strategy set forth in the current program, which recognizes the substantial environmental, social and ecological concerns in the Arctic. The draft proposal proposes one sale each in the Chukchi Sea, Beaufort Sea, and Cook Inlet areas.

Also today, President Obama – using his authorities under the OCS Lands Act – designated portions of the Beaufort and Chukchi Seas as off limits from consideration for future oil and gas leasing in order to protect areas of critical importance to subsistence use by Alaska Natives, as well as for their unique and sensitive environmental resources. In December, President Obama used this same authority to place the waters of Bristol Bay off limits to oil and gas development, protecting an area known for its world-class fisheries and stunning beauty.

"We know the Arctic is an incredibly unique environment, so we're continuing to take a balanced and careful approach to development," said Jewell. "At the same time, the President is taking thoughtful action to protect areas that are critical to the needs of Alaska Natives and wildlife."

Four of the five areas withdrawn today by President Obama were previously excluded from leasing in the current 2012-2017 oil and gas program; three of the five were also excluded by the prior Administration. Those areas include the Barrow and Kaktovik whaling areas in the Beaufort Sea, and a 25-mile coastal buffer and subsistence areas in the Chukchi Sea. The withdrawal also includes the biologically rich Hanna Shoal area in the Chukchi Sea, which has not previously been excluded from leasing. Extensive scientific research has found this area to be of critical importance to many marine species, including Pacific walruses and bearded seals.

The proposed Alaska sales would be scheduled late in the program to provide additional opportunity to gather and evaluate information regarding environmental issues, subsistence use needs, infrastructure capabilities, and results from any exploration activity associated with existing leases from previous sales.

Atlantic:

The draft proposal invites public comment on one potential lease sale late in the program for a portion of the Mid- and South Atlantic OCS, which includes areas offshore Virginia, North and South Carolina and Georgia.

“At this early stage in considering a lease sale in the Atlantic, we are looking to build up our understanding of resource potential, as well as risks to the environment and other uses,” said Jewell.

The potential lease sale would require a 50-mile coastal buffer to minimize multiple use conflicts, such as those from Department of Defense and NASA activities, renewable energy activities, commercial and recreational fishing, critical habitat needs for wildlife and other environmental concerns.

The July 2014 Programmatic Environmental Impact Statement on Atlantic Geological and Geophysical activities furthered the Atlantic area strategy by establishing a path forward to update information on the region's offshore oil and gas resources, which is more than 30 years old. Today's proposal is in line with comments received from adjacent states and reflects the Administration's thoughtful approach to potential lease sales in new areas, pending further public review and comment.

Pacific:

Areas off the Pacific coast are not included in this draft proposal, consistent with the long-standing position of the Pacific coast states opposed to oil and gas development off

their coast.

NEXT STEPS

“Public input is a critical part of our process and we encourage citizens and groups to provide comments to help guide our decisions,” said Hopper. “We anticipate robust dialogue with stakeholders in the coming months that will help us prepare a program that emphasizes protection of the marine environment and coastal economies and uses the best available science and technology to inform our decision-making.”

In conjunction with the announcement of the DPP, the Department is also publishing a Notice of Intent to Develop a Draft Environmental Impact Statement (EIS), in accordance with the National Environmental Policy Act (NEPA). Following significant public comment and environmental review, the Department will prepare a Draft EIS and Proposed Program, and a Final EIS with the Proposed Final Program (PFP).

The Request for Information, published on June 16, 2014, began a process of broad consideration of all 26 areas of the OCS that are available for leasing and gradually narrows as a result of many stages of public comment and environmental analysis. This DPP is the first such narrowing. Prior to any individual lease sale in the future, BOEM will continue to incorporate new scientific information and stakeholder feedback in its environmental reviews to further refine the geographic scope of the lease areas.

The Draft Proposed Program and the Notice of Intent to Develop a Draft Environmental Impact Statement will be available for public comment for 60 days following the publication of the documents in the Federal Register.

For more information, including maps, please visit: <http://www.boem.gov/Five-Year-Program/>

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