

## **RFI for New 5 Year Outer Continental Shelf Oil and Gas Leasing Program**

### **FAQ:**

#### **Q: Why is MMS doing another 5-year program now?**

A: In light of the current energy situation and President Bush's lifting of the Presidential Withdrawal, the Secretary of the Interior directed MMS to begin the initial steps for developing a new five-year program. We are, in effect, getting a two-year jumpstart on that process. It is still a multi-step, and multi-year process to develop a five-year program.

The current five-year program took effect on July 1, 2007 at a time when oil was only \$64 a barrel and does not contain many of the areas that were under Withdrawal and remain under Congressional ban. Should the Congressional ban be lifted, a new program would have to be developed to make those areas available.

#### **Q: With this new program, will you be able to lease new areas that were under Presidential Withdrawal?**

A: This action begins a process that will open discussions about expanding our domestic energy production. If Congress acts by removing their ban, then new areas could become available, but only after a lengthy process involving active public input and strong safety and environmental protections.

#### **Q: Did Congress lift their ban?**

A: They have not. Current moratoria for the Atlantic, Pacific coasts and a small portion of the Eastern Gulf of Mexico are established through the annual appropriations process. However, most of the Eastern Gulf of Mexico was placed under a different statutory ban that is set to remain until 2022. Congress would have to either delete or modify language in upcoming appropriations bills or enact specific legislation to make those areas available.

#### **Q: What happens if the new administration doesn't want the new 5-year program? Will they have an opportunity to change it?**

A: The next administration will have every opportunity to take advantage of today's action. Decisions to continue or stop this process will be theirs.

#### **Q1: Are you going to open up the entire OCS or just certain sections?**

A: This action is designed to encourage discussions about the OCS areas of greatest interest, with the greatest potential. New areas will not be available for leasing until the Five Year Program is complete, having incorporated multiple rounds of public comment and Congressional approval.

**Q: How much oil do you really think is out there?**

A: The Minerals Management Service estimates about 17.84 billion barrels of oil and 76.47 trillion cubic feet of natural gas to be technically recoverable in the areas currently off limits. Those numbers are very conservative as little exploration has been conducted in most of those areas during the past 20-30 years. Our estimates are based on the available data. We have seen, though, that the numbers tend to increase dramatically as technology improves and exploration activities occur.

**Q: What are the steps in the 5-year leasing process?**

A: The process currently used by the Minerals Management Service includes three separate public comment periods, two separate draft proposals, development of an environmental impact statement, and the final proposal. It culminates in a decision by the Secretary of the Interior on a new 5-year program. Additionally, there is an “annual review” step for the years when a 5-year program is in place and a new one is not yet being developed.

**Q: Who may provide comments during this first step?**

A: The Minerals Management Service welcomes comments from all interested and affected parties, including individuals, organizations, and government entities.

**Q: What type of information is MMS seeking?**

A21: The Minerals Management Service (MMS) would like to receive all comments and suggestions of national or regional application that would be useful in formulating the offshore oil and gas leasing program. Specific categories of comments that MMS feels would be particularly useful can be found on the MMS web site at [www.mms.gov](http://www.mms.gov).

**Q: Which areas are considered to be under the congressional ban?**

A: The congressional ban currently encompasses all of the Outer Continental Shelf located along the west coast, east coast, most of the Eastern Gulf of Mexico Planning Area, and a portion of the Central Gulf of Mexico Planning Area.

**Q: How much energy does the Outer Continental Shelf provide our nation?**

A: The Outer Continental Shelf currently provides about 27% of domestic oil production and about 15% of domestic natural gas production.

**Q: Will this shorten, or eliminate the requirement for the environmental reviews since MMS just went through that process last year?**

A: A new program will require additional environmental reviews in compliance with the National Environmental Policy Act as well as numerous other environmental laws affecting OCS exploration and development.

**Q: How will the new program affect the current program?**

A: If implemented, the new program will replace and supersede the portion of the current program remaining after the effective date of the new program. Currently scheduled sales for mid-2010 to mid-2012 would likely be included in any new program.

**Q: What is MMS doing to make companies produce on the leases they already have?**

A: MMS encourages due diligence by establishing primary terms of leases that allow only the minimum length of time a company should need to explore a lease. At the end of the primary term, the lease must produce in paying quantities or the operator must conduct continuous operations in order to keep the lease in effect unless MMS grants an extension. If an extension is granted, the MMS monitors activity closely and ensures that approved milestones are met in a timely fashion.

**Q: Will MMS prepare an Environmental Impact Statement (EIS) as part of the process to develop a new 5-Year program?**

A: Yes. If the decision is made to prepare a new 5-Year program, MMS will publish a Notice of Intent (NOI) announcing its decision to prepare an EIS in accordance with the National Environmental Policy Act (NEPA). The NOI will also announce the public scoping process. Throughout the scoping process, Federal, state, and local government agencies and other interested parties will have the opportunity to aid MMS in determining the significant issues and alternatives for analysis in the EIS. The public will have an additional opportunity to comment on the Draft EIS. All comments received on the Draft EIS will be addressed in the Final EIS. Subsequent NEPA documents may be prepared with additional comment periods.

**Q: MMS has an extensive regulatory program and daily inspections; can you describe this a bit more?**

A: The oil industry cannot just begin operations once they obtain a lease. Many regulatory approvals are required. A company must file an exploration plan before drilling any wells and that is subject to a technical and environmental review by MMS. Once a discovery is made the company has to file a development plan for MMS to again conduct a technical and environmental review before production could begin. For major facilities, MMS conducts an onsite inspection before allowing production to begin. Often this is a joint inspection with the US Coast Guard. Air emissions permits and water discharge permits must also be obtained from the EPA. MMS has over 60 inspectors that daily fly offshore to conduct safety and environmental inspections