

Virginia Frequently Asked Questions (FAQs)

Q1: Does the Call/NOI indicate that this lease sale offshore Virginia will definitely take place?

A1: No, Lease Sale 220 was included in the OCS Oil and Gas Leasing Program 2007-2012 at the request of the Governor of Virginia as a special interest sale which means that the first step includes a request for interest/nominations and comments from the oil and gas industry. The decision to proceed with the leasing process for Lease 220 will be made after consideration of the comments and interest received.

Q2: What function does the Call serve?

A2: The Call serves several functions.

- (1) It informs the public of the area under consideration for oil and natural gas leasing.
- (2) It solicits comments from all interested parties on areas or subjects that should receive special attention and analysis.
- (3) It invites potential bidders to indicate areas and levels of interest.
- (4) It invites public input regarding possible advantages and disadvantages of potential oil and natural gas leasing, exploration, and development to the region and the Nation.

This initial information-gathering step is important for ensuring that all interests and concerns are communicated to the DOI for consideration in the decision-making process.

Q3: How is the information collected in the Call used?

A3: The MMS uses the information submitted in response to the Call for several purposes. Expressions of industry interest are used to further define the areas of potential for oil and natural gas development. Comments on possible environmental effects and multiple-use conflicts are used to analyze environmental conditions in and near the Call area. Comments also are used to understand and consider potential conflicts between offshore oil and natural gas activities and the States' interests, and to develop lease terms and conditions to ensure safe offshore operations and to mitigate offshore and onshore impacts.

Q4: What is the function of the Notice of Intent to Prepare an Environmental Impact Statement (NOI)?

A4: The NOI officially announces the start of public participation, called *scoping* by the National Environmental Policy Act, and invites public participation in determining the significant issues, mitigating measures, and alternatives to the proposed action to be analyzed in the EIS.

The scoping process is public and involves all interests—Federal, State, local and tribal governments; Natives; commercial interests; environmental groups; and the general public. Typically, scoping meetings are scheduled early in the pre-lease process in communities that may be affected by activity resulting from the lease sale. Government to government consultation among MMS and tribal government entities occurs throughout the leasing process.

Q5: What is the next step once the comment period closes for the Call/NOI?

A5: After the comment period for the Call closes, the MMS develops, evaluates, and recommends options for continued environmental analysis and consideration for leasing. This process step is known as *Area Identification*.

Q6: If the decision is made to hold the lease sale, when will it be scheduled?

A6: In the OCS Oil and Gas Leasing Program, 2007-2012, Lease Sale 220 is tentatively scheduled for 2011.

Q7: If leases are awarded from the Sale in 2011, when will exploration activity begin, i.e. drilling off the coast of Virginia?

A7: Once a lease is awarded, there is survey work required to gather additional data. An operator must submit an Exploration Plan for approval by MMS and secure a drilling rig. This survey work and permitting can take anywhere from 12 months forward.

Q8: What is the function of the process step termed Area Identification?

A8: It determines the geographical area of the proposed action to be analyzed in an ensuing environmental analysis document, such as an EIS, any alternatives to the proposed action, and mitigating measures and other issues to be analyzed and considered further.

In general, all leasing blocks that may have hydrocarbon potential or otherwise may be of interest to industry are included in the area identification, if they can meet an initial balancing test between energy values and potential environmental harm or conflict with other uses of the seabed.

The intent is to carefully consider all environmental concerns and still to allow industry wide latitude for making its investment decisions and testing various exploration strategies. Thus, the MMS attempts in the area identification step to develop proposals that include as much acreage with leasing and hydrocarbon potential as practical, given the mandates of the OCSLA as amended. At the same time, the DOI strives to address as many issues as possible at this step to prevent unnecessary conflicts throughout the remainder of the presale process. Early resolutions serve to reassure the public and help industry and the Federal Government (and ultimately the taxpayer) focus on promising acreage and avoid needless expense.

Q9: in deciding what area should be studied in the EIS, what is considered?

A9: In identifying the area to be studied in the EIS, consideration is given to the level of industry interest; comments of States, Federal Agencies, local and tribal governments, environmental groups, and other interested parties; geologic and geophysical information; historic bidding, exploration, and drilling data for the area; environmental conditions and effects of development; and other economic and social considerations. At this stage, areas may be deleted from further study where both significant multiple-use conflicts may exist and the potential for hydrocarbon discovery is low.

Q10: How is the Area Identification made public?

A10: Public notice of the area identified is usually made through a press release and a fact sheet that includes a map of the proposed sale area.

Q11: Are there any 8(g) blocks in the area of the Call

A11: No, 8(g) blocks exist in a zone from the state/federal boundary three miles seaward. The area included in the Call begins 50 miles offshore and therefore does not contain any 8(g) blocks.

Q12: Will the leases resulting from the proposed Lease Sale 220 include any revenue-sharing provisions?

A12: Not at this time, any revenue-sharing provision has to be enacted into law through Congressional legislation.

Q13: What other opportunities will Virginia and other affected States have to comment after the Call/NOI steps?

A13: There are opportunities available for public comment throughout the leasing process leading up to the Lease Sale. There are public comment periods associated with the draft EIS and the proposed notice of sale. There are additional opportunities in the leasing process where affected States are consulted. Following the completion of the final EIS, MMS completes a Consistency Determination by analyzing the potential impacts of the proposed sale with the affected State's coastal zone management plan. If there are differences, the MMS and the State have the opportunity to work together to resolve.

Q14: If there is a sale offshore Virginia and leases are awarded, will Virginia have any say over offshore activities?

A14: After leases are awarded, operators must submit an Exploration Plan (EP) before any activities are begun. Affected States review these EPs and determine their consistency with the State's coastal zone program. Prior to any development or production activity, operators must submit for approval a development plan that is also reviewed by affected States for consistency with their coastal zone program. States also review seismic survey activity and right-of-way pipeline applications.

Q15: The Commonwealth of Virginia indicated interest in possibly having gas-only leasing, as part of Virginia's Energy Policy as defined in Virginia Code § 67-300. Is that an option?

A15: No, gas-only leasing is not currently an option because the OCS Lands Act does not allow for leasing of and exploration for natural gas only, as it authorizes "oil and gas leases" under section 8 (43 U.S.C. 1337). Additionally, there are technical and engineering challenges to gas-only leasing including maintaining appropriate reservoir development and determining what would happen if oil was found.

Q16: What are the resources for the Sale 220 Program Area?

A16: Based on the 2006 National Assessment, we estimate the mean Undiscovered Technically Recoverable Resources contained in the Sale 220 area to be 130 million barrels of oil and 1,140 billion cubic feet of gas.