BUDGET JUSTIFICATIONS

The United States Department of the Interior

and Performance Information
Fiscal Year 2014

BUREAU OF OCEAN ENERGY MANAGEMENT

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References to FY 2013 (*2013 Full Year CR*) signify annualized amounts appropriated in P.L. 112-175, the Continuing Appropriations Act. These amounts are the 2012 enacted numbers annualized through the end of FY 2013 with a 0.612 percent across-the-board increase for discretionary programs. The FY 2013 amounts shown do not incorporate reductions associated with the Presidential sequestration order issued in accordance with section 251A of the Balanced Budget and Emergency Deficit Control Act, as amended (BBEDCA), 2 U.S.C. 109a. This column is provided for reference only.

BUREAU OF OCEAN ENERGY MANAGEMENT
FY 2014 PERFORMANCE BUDGET

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Bureau of Ocean Energy Management

Director's Preface

"Our direction from the President and Secretary Salazar was both simple and daunting — reform offshore drilling and oversight so that the American people can be confident that oil and gas development on our oceans, which is vital to our economy, will be safer, for workers and for the environment, and overseen by strong, independent and effective regulators."

— Tommy P. Beaudreau, BOEM Director
January 25, 2012

The Department of the Interior established the Bureau of Ocean Energy Management (BOEM) effective October 1, 2011, following a comprehensive re-organization and reform of offshore energy oversight functions in the wake of the *Deepwater Horizon* oil spill. BOEM is charged with managing the Nation's offshore resources in a balanced way that promotes efficient and environmentally responsible energy development through oil and gas leasing, renewable energy development, and a commitment to rigorous, science-based environmental review and study. BOEM plays an important role in advancing the Obama Administration's all-of-the-above approach to expanding responsible development of domestic energy resources as part of a broad effort to secure the nation's energy future, benefit the economy, and create jobs.

Over the last year, this agency has made significant progress toward achieving a number of important priorities, including:

- **Completion of the Five Year Outer Continental Shelf Oil and Gas Leasing Program for 2012-2017.** The Secretary approved a new Five Year Program on August 27, 2012. The Program makes available for exploration and development areas with more than 75 percent of undiscovered technically recoverable oil and gas resources estimated to be on the Outer Continental Shelf (OCS), while advancing an innovative, regionally-tailored approach to offshore oil and gas leasing designed to take into account the particular resource potential, environmental and social concerns, and infrastructure condition of each planning area. The Five Year Program schedules 15 potential sales within the Western and Central Gulf of Mexico, the portion of the Eastern Gulf of Mexico not under Congressional moratorium, as well as offshore Alaska in the Chukchi and Beaufort Seas and in the Cook Inlet.

- **Conducting Offshore Oil and Gas Lease Sales.** In calendar year (CY) 2012, BOEM held two lease sales in the Gulf of Mexico. BOEM held the final sale of the 2007-2012 Five Year Program – Central Gulf of Mexico Sale 216/222 – on June 20, 2012, making about 38 million acres available and yielding high bids on about 2.4 million acres, valued at nearly $1.7 billion. BOEM held the first sale of the new Five Year Program, Western Gulf of Mexico Sale 229, on November 28, 2012, making over 20 million acres available and yielding almost $134 million in high bids on 652,522 acres. In March 2013, Interior held the second sale under the new OCS Plan, which generated more than $1.2 billion in high bids.

This was the first of five Central Gulf of Mexico lease sales that will be held under the program, and the next sale, Western Gulf of Mexico Sale 233, is tentatively scheduled in 2013. Central Planning Area Lease Sale 231 is tentatively scheduled to be held in 2014. Lease sales 233 and 231 will be the third and fourth sales scheduled in the current Five Year Program. In addition to conducting the 2013 lease sales, BOEM will continue the planning process for the 2014-2017 lease sales included within the Five Year Program.

- **Conducting rigorous scientific and environmental analysis to support all stages of the OCS Lands Act process – from pre-sale planning through exploration and development.** In 2012 BOEM finalized reviews necessary to hold the first Central and Western Gulf lease sales of the new Five Year Program. Throughout fiscal years 2013 and 2014, BOEM will complete environmental reviews in support of mission-critical activities and lease sales included in the new Five Year Program, finalize the environmental impact statement for the first Eastern Gulf lease sale, and complete supplemental National Environmental Policy Act (NEPA) documents for annual Western and Central Gulf lease sales. In 2014, BOEM will begin the NEPA process for the first Arctic lease sale under the new Five Year Program, to be held in 2016. In anticipation of this, the Bureau is currently working with the National Oceanic and Atmospheric Administration (NOAA) to publish an environmental review of activities in the Arctic. BOEM is also analyzing proposed geological and geophysical activities in the Mid- and South Atlantic, the results of which may be used to inform the development of the next Five Year Program. On the applied research side, BOEM has leveraged partnerships with academic institutions and other Federal agencies to effectively double its allocated research budget, and continues to advance those partnerships and continue to produce top-tier scientific work within the coming year. Notably, two BOEM studies recently received national awards.

- **Conducting efficient and thorough reviews of exploration and development plans.** Consistent with strengthened environmental analyses, BOEM is committed to ensuring that its process for reviewing and approving plans is rigorous, efficient, and transparent. BOEM works collaboratively with industry throughout the review of plans, with the goals of ensuring that operators comply with BOEM's heightened operational and environmental standards and that the review process is efficient. BOEM is requesting funding for an initiative to develop an ePlans Portal, which will modernize and streamline the plan submission and review process. The ePlans initiative consists of four key elements: electronic submittal, automated business rules, review and automation, and automated final action.

- **Advancing a focused policy for the Arctic.** BOEM is advancing a region-specific set of policies for the Arctic, including a targeted leasing strategy, described in the Five Year Program and focused on balancing exploration of energy resources with consideration for the environment and native communities' cultural and subsistence needs. In overseeing recent and proposed exploration activities, BOEM upholds standards that are tailored to the unique conditions of the Arctic, including extreme weather and limited supporting infrastructure. BOEM will continue these efforts into this fiscal year, drawing on insights from the recently-completed, high-level Departmental review of Shell's limited exploration activities during the summer of 2012. Additionally, BOEM is working with NOAA to complete a broad

environmental impact statement for seismic and exploratory activity in the Arctic. Finally, BOEM has begun implementing its new authority to regulate air quality for certain areas offshore Alaska – a responsibility transferred to the Department of the Interior (DOI) from the Environmental Protection Agency (EPA) as a provision of the Consolidated Appropriations Act, 2012. BOEM is undergoing a review of its existing air quality program for both the Gulf of Mexico and offshore Alaska, and has requested additional funding in FY 2014 for this program, in light of its expanded scope.

- **Advancing a region-specific strategy for the Atlantic.** BOEM is pursuing a strategy for the Atlantic that is focused on expediting efforts to facilitate updated resource evaluation to support future leasing decisions. This includes completing an environmental review in the coming year that could support approval of new seismic and other survey activity in the Mid- and South Atlantic, as well as outlining monitoring and mitigation measures to reduce potential impacts. BOEM released a draft of the review in 2012. BOEM is also working in collaboration with the Department of Defense and others to identify and resolve potential conflicts that have been identified in the region.

- **Making significant progress towards renewable energy leasing and development.** In the past year, BOEM has achieved significant progress with respect to offshore wind development – including announcing the first competitive offshore sales for areas offshore Virginia, Rhode Island and Massachusetts, issuing a commercial lease for a wind farm offshore Delaware, and making significant progress in planning and environmental work with regard to a proposed transmission line along the east coast. In addition to work along the Atlantic Coast, BOEM is working towards wind development off the Pacific Coasts (e.g. offshore Oregon and Hawaii) and marine hydrokinetic testing offshore Florida and Oregon. Among anticipated milestones in the coming year, BOEM expects to hold the first competitive sales within the coming year, and to announce additional competitive sales in a number of areas, including offshore New Jersey, Maryland, and Massachusetts.

- **Managing offshore sand and gravel resources.** In FY 2012, BOEM's Marine Minerals Program completed three projects and conveyed more than 11 million cubic yards of sand and gravel to restore 18 miles of coastline in Louisiana. As of March 2013, BOEM had completed four projects and conveyed more than 3.8 million cubic yards of sand to restore 26 miles of coastline in Virginia, North Carolina, and Florida. During FY 2013, BOEM will continue assisting recovery from Hurricane Sandy and implementing other coastal restoration projects by working with states, localities, tribal and Federal partners on site analysis, environmental issues, and leasing.

The FY 2014 budget requests $169.4 million, which includes $97.9 million in offsetting collections ($95.2 million from rental receipts and $2.7 million from cost recovery fees). This is an overall increase of $8.7 million above the FY 2012 and an $11.9 million increase in net appropriations. The request will support critical ongoing efforts and important initiatives detailed within the General Statement of this book. The requests for funding increases are limited, reflecting difficult tradeoffs given the state of the economy and tight fiscal constraints. BOEM's FY 2014 request reflects a careful analysis of the resources needed to develop the Bureau's capacity and to execute its functions carefully, responsibly, and efficiently. Consistent

with the overall contours of BOEM's FY 2014 request, these targeted increases are critical to advancing Administration priorities that are vital to BOEM's mission.

General Statement

FY 2014 PERFORMANCE BUDGET

Bureau of Ocean Energy Management

General Statement

The Bureau of Ocean Energy Management (BOEM) manages the environmentally and economically responsible development of the Nation's offshore energy and mineral resources. The Bureau's functions include offshore leasing, resource and economic evaluation, review and administration of oil and gas exploration and development plans, renewable energy development, National Environmental Policy Act (NEPA) analysis, and environmental studies. BOEM's functions are described in more detail in the following narrative.

Bureau of Ocean Energy Management Mission

The mission of the Bureau of Ocean Energy Management is to manage development of the nation's offshore energy and mineral resources in an environmentally and economically responsible way.

Leasing. BOEM is responsible for both conventional and renewable energy leasing policies and programs. For conventional energy, this applies to all Outer Continental Shelf (OCS) leasing and development issues for oil, gas and other marine minerals. This includes developing a Five Year Oil and Gas Program and designing individual oil and gas lease sales in a way that makes oil and gas resources available, protects communities and the environment, ensures fair value to the American taxpayer, and provides incentives for diligent development of leases. For renewables, BOEM manages offshore leasing and oversees all activities for renewable energy and alternate-use projects.

Plan Administration. BOEM conducts in-depth reviews of Exploration Plans, Development and Production Plans, and Development Operation Coordination Documents to ensure that plan activities are conducted in accordance with applicable laws, regulations, and lease terms. BOEM is committed to ensuring that its process for reviewing and approving plans is rigorous, efficient, and transparent to industry. BOEM works collaboratively with industry throughout the review of plans, with the goals of ensuring that operators comply with rigorous operational and environmental requirements and that the review process is efficient.

Environmental Assessment and Studies. BOEM is committed to ensuring that both conventional and renewable energy decisions are informed by the best available science. Through its Environmental Studies Program, BOEM facilitates top-quality research by talented scientists from a range of disciplines, which is targeted to support policy needs and priorities. Applied research through the studies program informs the environmental reviews that BOEM prepares to support decision-making. BOEM's Chief Environmental Officer oversees both applied research and environmental review, to ensure their full integration.

Economics. BOEM conducts economic, statistical, engineering, and cost-benefit analyses for bureau and Departmental energy and minerals programs. The objective is to evaluate,

recommend, design, and implement policies and legislative proposals relating to lease terms, bidding systems, auction designs, rulemaking, revenue forecasts, post-sale bid adequacy determinations, and revenue sharing with the states. This work involves broad interfaces with other bureaus and offices within the Department of the Interior (DOI), with other Federal departments, and with Congressional energy resource committees.

Resource Evaluation. BOEM's resource evaluation program includes: fair market value determination, which is focused on thoroughly assessing the oil and gas potential and associated economic value of OCS tracts offered for lease; resource assessment, which is focused on identifying geologic plays on the OCS that offer the highest potential for hydrocarbon resources; reserves inventory, or the identification of resources that can be extracted using current technology; and acquisition and analysis of geological and geophysical (G&G) data, as well as permitting of G&G activity to ensure that pre-lease exploration, prospecting, and scientific research operations in Federal waters are conducted in a balanced way that protects wildlife and the environment, as well as cultural and archaeological resources, and minimizes conflicts with other uses of the OCS – such as subsistence use and exploration and development on nearby leases.

Renewable Energy Development. The Energy Policy Act of 2005 authorizes DOI grant leases, easements, or rights-of-way for activities on the OCS that produce or support production, transportation, or transmission of energy from renewable sources. Renewable energy and alternate-use projects can include wind, wave and ocean current energy, as well as projects that make alternative use of existing oil and natural gas platforms in Federal waters. The Department and BOEM have continued to advance renewable energy efforts, as part of the President's all-of-the-above strategy. This includes advancing the "Smart from the Start" initiative, which aims to facilitate efficient and environmentally responsible siting, leasing, and construction of new wind energy projects in the Atlantic. BOEM is also working to facilitate renewable energy off the coast of Pacific States.

BUREAU BUDGET STRUCTURE

Budget activities for BOEM are funded through the Ocean Energy Management (OEM) account and support resource evaluation, planning, and leasing of the Nation's offshore energy and mineral resources in an appropriately balanced way that promotes economic development, energy independence, and environmental protection. The OEM account is comprised of the following activities:

Renewable Energy. This activity funds renewable energy leasing activities for the OCS, including program development and implementation; environmental analysis, assessment, and compliance work in support of competitive and noncompetitive leasing actions; review of site assessment and construction and operations plans; consultation with state and local governments, Federal agencies, tribes, and other stakeholders; and development of a multipurpose marine cadastre. The renewable energy activity supports the Smart from the Start initiative described above.

Conventional Energy. Activities funded through Conventional Energy include: OCS oil and gas leasing, and the development of the Five Program; surveying OCS boundaries; implementing

the lease sale process; administering leases; and reviewing exploration and development plans and G&G permit applications. Resource evaluation is a critical component of the program that provides the information needed to support program decision making. This includes technical and economic analysis; tract evaluation; assessment and modeling; conservation of resources; reserves inventories; G&G data acquisition; and fair market value determinations. Also funded through Conventional Energy are coastal and marine spatial planning and activities involving marine minerals other than oil and gas.

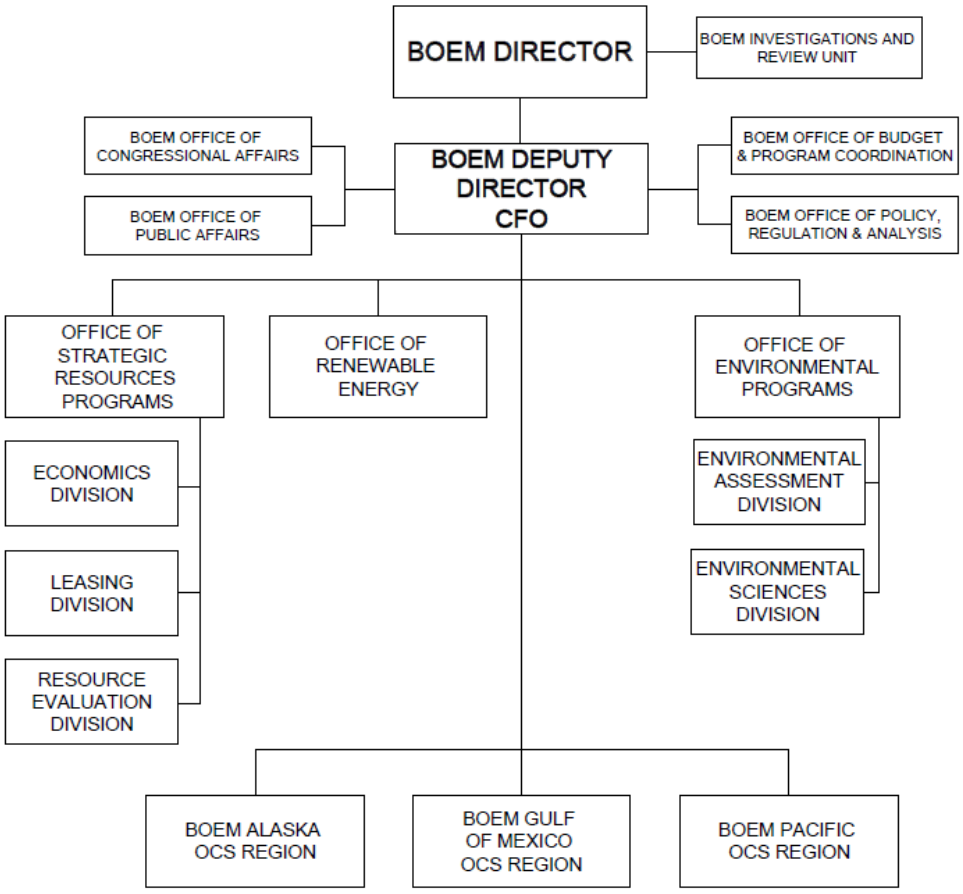
Environmental Assessment and Studies. This activity funds environmental analyses such as environmental impact statements and environmental assessments needed to assess potential environmental impacts of proposed actions in accordance with NEPA and related regulations. It also supports applied research through the environmental studies program, designed to support policy priorities and ensure that environmental reviews conducted in support of policy decisions incorporate rigorous scientific analysis.

General Support Services. This activity funds shared support services for the bureau. These expenses relate to administrative services including finance, human resources, procurement, facilities, information management, and equal employment services; rental and security of office space; workers' compensation and unemployment compensation; voice and data communications; centrally-provided services funded by the Department's Working Capital Fund; annual building maintenance contracts; mail services; and printing costs. BOEM obtains most of these services from BSEE through a reimbursable service agreement.

Executive Direction. This activity funds bureau-wide leadership, direction, management, coordination, communications strategies, outreach, and regulatory development. It includes functions such as budget, congressional and public affairs, policy analysis, and regulations. The Office of the Director is funded within this activity and is responsible for providing general policy guidance and overall leadership within BOEM. The Director's Office also oversees administrative direction and coordination for all administrative activities within BOEM.

Functions and funds within these activities are divided among program offices located at headquarters and regional offices, which are described below. BOEM's organizational structure is designed to advance each of the elements of its mission. The national functions are grouped into three offices headquartered in the Greater Washington area and focus on strategic resource development, environmental analysis and applied science, and offshore renewable energy development. Additionally, BOEM has three regional offices that handle a number of key agency responsibilities. This structure is summarized below and displayed in the organizational chart in Figure 1.

Figure 1: BOEM Organizational Chart



The Office of Strategic Resources is committed to managing offshore resources to help meet the Nation's energy and resource needs by developing programs to provide access to, and fair return to the American taxpayer for offshore energy and mineral resources through strategic planning and resource and economic evaluation. This includes: development of the Five Year Program; assessment of mineral resource potential, tracking of inventories of oil and gas reserves, and development of production projections; and economic evaluation to ensure the receipt of fair value through lease sales and lease terms.

The Office of Renewable Energy Programs aims to advance a sustainable OCS renewable energy future through interactive site planning and environmentally responsible operations and energy generation. Among other things, this office supports the Secretary's Smart from the Start initiative to facilitate siting, leasing, and construction of new projects, spurring the responsible development of offshore wind resources off the Atlantic coast.

The Office of Environmental Programs conducts and oversees applied science and environmental assessments at every stage of the offshore energy development planning process – for both conventional and renewable energy activities – in order to inform decisions for environmentally responsible ocean energy and mineral development.

BOEM has three regional offices – Gulf of Mexico, Pacific and Alaska – which are located in New Orleans, Louisiana; Camarillo, California; and Anchorage, Alaska, respectively. The regional offices are integrated into the national programs and are integral to all aspects of each program's responsibilities, especially oil and gas resource evaluations, environmental studies and assessments, leasing activities, review of exploration and development plans, fair market value determinations, and G&G permitting.

Headquarters and Regions work together to implement BOEM's various activities. In addition, strong partnerships with other Federal agencies, state and local governments, environmental and other interest groups, the general public, and the oil and gas and renewable energy industries enable the Regions to best coordinate development to fulfill BOEM's resource management responsibilities.

FY 2014 PERFORMANCE BUDGET REQUEST

Funding for BOEM is requested through the OEM appropriation account. The OEM appropriation is partially offset by a portion of OCS rental collections and cost recovery fees.

In FY 2014, BOEM requests $169.4 million in total budget authority, an increase of $8.7 million over the FY 2012 enacted, as shown in Table 1. BOEM's request includes $95.2 million from offsetting rental collections and $2.7 million from cost recovery fees.

Table 1 : Summary of BOEM Budget Request

BUREAU OF OCEAN ENERGY MANAGEMENT **Bureau and Account Level** *(dollars in thousands)*				
	2013 Full Year CR	**2012 Enacted**	**2014 Request**	**2014 Change from 2012**
Total, Ocean Energy Management	***161,143***	**160,778**	**169,440**	**+8,662**
Offsetting Collections				
Rental Receipts	*-98,993*	-98,993	-95,162	+3,831
Cost Recovery Fees	*-2,089*	-2,089	-2,729	-640
Total, Offsetting Collections	***-101,082***	**-101,082**	**-97,891**	**+3,191**
Total Current Appropriation, BOEM	***60,061***	**59,696**	**71,549**	**+11,853**
Full Time Equivalents (FTE) [1/]	*572*	560	580	+20

[1/] 2012 FTE amounts reflect actual usage, not 2012 enacted formulation estimates. The total FTE increase estimated for FY 2014 is +8. A technical adjustment of +12 FTE has been included to reflect the difference between the 2012 actual and enacted FTE levels.

FY 2014 BUDGET HIGHLIGHTS

BOEM's FY 2014 Budget Request includes limited funding increases, reflecting difficult tradeoffs given the state of the economy and tight fiscal constraints. The BOEM FY 2014 request reflects a careful analysis of the resources needed to develop the agency's capacity and to execute its functions carefully, responsibly, and efficiently. The request includes increases for the development of an ePlans Portal, Atlantic G&G data acquisition and management, the BOEM air quality regulatory program, Alaska Region plan review, and the BOEM Marine Minerals Program. The request also reflects an adjustment resulting from a revised offsetting collections estimate. Table 2 below shows the following proposed changes relative to the FY 2012 enacted level.

Table 2: Analysis of Budgetary Changes from 2012-2014

Bureau of Ocean Energy Management
Analysis of 2014 Budgetary Changes
Dollars in Thousands

Activity	Program Change	Total BA	Offsetting	Net	FTE [1/]
BOEM FY 2012 ENACTED		**160,778**	**-101,082**	**59,696**	**560**
Renewable Energy	Auction Support Services	+1,296			
Environmental	Environmental Studies	+700			
Offsetting Collections	Increase in Estimated Cost Recoveries		-322		
Bureau-Wide	2013 and 2014 Fixed Costs	+2,910			
Bureau-Wide	FTE Technical Adjustment				+12
Conventional Energy	Development of ePlans Portal	+1,500			
Conventional Energy	Atlantic G&G Data Acquisition/Management	+655			+1
Conventional Energy	Marine Minerals Program	+1,470			+2
Conventional Energy	Alaska Region Plan Review	+800			+3
Environmental	Air Quality Review Program	+1,100			+2
Offsetting Collections	Marine Minerals Administrative Fee		-470		
Offsetting Collections	Decrease in Estimated Rental Receipts		+3,983		
Bureau-Wide	Programmatic Base Adjustments	-1,769			
FY 2014 Budgetary Changes		**+8,662**	**+3,191**		**+20**
BOEM FY 2014 BUDGET REQUEST		**169,440**	**-97,891**	**71,549**	**580**

[1/]2012 FTE amounts in this table reflect formulation estimates and actual FTE program changes. The total FTE increase estimated for FY 2014 is +8. A technical adjustment of +12 FTE has been included to reflect the difference between the 2012 actual and enacted FTE levels.

Development of ePlans Portal (+$1,500,000; +0 FTE). The requested funds will be used to develop critical IT infrastructure to modernize and streamline the plan submission and review process. This will achieve significant gains for both the rigor of analysis and the efficiency of plan review. The efficiencies gained by implementing ePlans are projected to reduce review processing time by 30-40% for exploration plans and reduce the number of amendments to plans due to submission errors for both exploration and development plans from an average of four

returns to no more than one per submittal once business rules are developed that will not accept erroneous submissions. The reduction in returns is critical to reducing the processing time as each resubmittal requires additional review time. In addition, ePlans will reduce decision time by 40%, thus lessening operator costs and providing the potential for operators to invest the savings in additional OCS leases or in the additional exploration and development of energy resources. As previously mentioned, the ePlans initiative consists of four key elements: electronic submittal, automated business rules, review and automation, and automated final action.

Atlantic Geological and Geophysical Data Acquisition and Management (+$655,000; +1 FTE). The requested increase will be used for the acquisition and management of G&G data in the Mid- and South Atlantic. Current G&G information regarding oil and natural gas resource potential in the Mid- and South Atlantic is based on older data collected in the 1970s and 1980s. Modern G&G data, including seismic surveys and other scientific information, is needed to evaluate the resource potential in these areas and to inform decision makers about whether and where any leasing should take place. Accordingly, BOEM has assigned a high priority to moving forward to facilitate resource evaluation in these areas, including conducting a programmatic environmental impact statement relating to G&G surveys in the Mid- and South Atlantic planning areas. BOEM issued this draft environmental impact statement for public comment in March 2012 and expects to complete the environmental impact statement in 2013, which could mean G&G surveys in the Mid- and South Atlantic may move forward as early as 2013.

Air Quality Review Program (+$1,100,000; +2 FTE). The FY 2012 Consolidated Appropriations Act (P.L. 112-74) transferred jurisdiction for air pollution from the Environmental Protection Agency (EPA) to the Department of Interior for OCS sources located offshore of the North Slope Borough of the State of Alaska. The new jurisdiction includes both the Beaufort Sea and Chukchi Sea OCS Planning Areas (Arctic OCS). With this statutory change in place, DOI – through BOEM – now has responsibility for thoroughly reviewing the potential air quality effects of new offshore operations in these Arctic areas, in addition to areas of the Western and Central Gulf of Mexico where BOEM already has jurisdiction. The funds would support BOEM's air quality program as it works to continue implementing the recently expanded authority. Specifically, increases would fund activities including: air quality research and NEPA studies, air quality legal expertise, air quality program expertise, and air quality data management.

Alaska Region Plan Review (+$800,000; +3 FTE). Funding would support additional staff expertise, in anticipation of capacity needs, as additional companies indicate renewed interest in exploration offshore Alaska. Staff levels in the Alaska region have remained low, given the lack of recent industry activity, other than a single production facility (i.e. Northstar) that produces from both state and Federal lands. However, the Alaska Region is now experiencing increasing industry interest, with multiple companies filing or expected to file exploration plans in the coming years, and additional funds are needed to effectively manage the associated increase in workload.

Marine Minerals Program (+$1,470,000/-$470,000; +2 FTE). BOEM currently has no specifically-identified funding for the Marine Minerals Program, but it does have the statutory

responsibility to consider and approve, if appropriate, the use of marine mineral resources for shore restoration, wetlands protection, and projects to protect federal infrastructure. BOEM is seeking additional funds to support the Marine Minerals Program. In light of recent events, particularly Hurricane Sandy, BOEM anticipates significant new needs to review sand and gravel requests for shore restoration, infrastructure, and protection projects. These costs will be partially offset by a proposed cost recovery fee.

Programmatic Base Adjustments (-$1,769,000). Base programmatic changes consist of a $1,383,000 decrease to Conventional Energy and a $386,000 decrease in Environmental Assessments and Studies. These adjustments are discussed in greater detail in the respective chapters.

Federal Oil and Gas Reforms. The 2014 budget includes a proposed package of legislative and administrative proposals to reform the management of Interior's onshore and offshore oil and gas programs, with a key focus on improving the return to taxpayers from the sale of these Federal resources and on improving transparency and oversight. Proposed 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 oil and gas royalty rate; analyzing a price-based tiered royalty rate; and repealing legislatively mandated royalty relief. Diligent development requirements include shorter primary lease terms, stricter enforcement of lease terms, and monetary incentives to get leases into production, e.g., a new per-acre fee on nonproducing leases. Revenue collection improvements include simplification of the royalty valuation process, elimination of interest accruals on company overpayments of royalties, and permanent repeal of the Department’s authority to accept in-kind royalty payments. Collectively, these reforms will generate roughly $2.5 billion in net revenue to the Treasury over ten years, of which nearly $1.7 billion would result from statutory changes. Many states will also benefit from higher Federal revenue sharing payments as a result of these reforms.

In addition, the Department is submitting an additional legislative proposal to implement the Agreement between the United States of America and the United Mexican States Concerning Transboundary Hydrocarbon Reservoirs in the Gulf of Mexico (Agreement), signed by representatives of the United States and Mexico on February 20, 2012. The Agreement establishes a framework for the cooperative exploration and development of hydrocarbon resources that cross the United States-Mexico maritime boundary in the Gulf of Mexico. The Agreement would also end the moratorium on development along the boundary in the Western Gap. The agreement will make an area along the U.S.-Mexico boundary in the Gulf of Mexico that is roughly the size of Delaware more accessible for exploration and production activities. That area is estimated to contain up to 172 million barrels of oil and 304 billion cubic feet of natural gas. BOEM estimates the Federal portion of bonus payments will total as much as $50 million in 2014.

MANAGEMENT INITIATIVES

Information Technology Transformation. The FY 2014 President's Budget Request includes $135,000 for BOEM participation in the Department's Information Technology (IT) Transformation efforts through the Department's Working Capital Fund. These funds will support IT Transformation project-level planning and coordination and the implementation of enterprise IT services.

Data Center Consolidation. As part of the Administration's Management Priorities, the Department has initiated a plan for IT Transformation designed to reduce spending by the consolidation of IT infrastructure and services under a single Chief Information Officer. The new IT shared services organization will transform the way that IT is delivered to over 70,000 DOI employees, using advances in technology to provide better services for less. BOEM supports the Department's initiative to reduce 95 data centers by FY 2015 without disruption to mission.

Enterprise Reforms. The Department of the Interior supports the President's Management Agenda to cut waste and implement a government that is more responsive and open. BOEM budget supports the Department's plan to build upon the Accountable Government Initiative through a set of integrated enterprise reforms designed to support collaborative, evidence-based resource management decisions; efficient Information Technology Transformation; optimized programs, business processes, and facilities; and a network of innovative cost controlling measures that leverage strategic workforce alignment to realize an effective 21st Century Interior organization.

Real Property. In support of the Administration's real property cost savings efforts, the Department issued a policy restricting the maximum amount of Bureau/Office-leased and GSA-provided space to FY 2010 levels and reducing the target utilization rate (square feet per person) for office space by ten percent. Through actions such as consolidations, collocations, and disposals, BSEE plans to achieve a utilization rate of 180 usable square feet per person by the end of FY 2014 for all new BSEE/BOEM occupancy agreements. BSEE and BOEM efforts to consolidate space will result in achieving a net reduction of over 35,000 rentable square feet.

Campaign to Cut Waste. Over the last three years, the Administration has implemented a series of management reforms to curb uncontrolled growth in contract spending, terminate poorly performing information technology projects, deploy state of the art fraud detection tools, focus agency leaders on achieving ambitious improvements in high-priority areas, and open government up to the public to increase accountability and accelerate innovation.

In November 2011, President Obama issued an Executive Order reinforcing these performance and management reforms and the achievement of efficiencies and cost-cutting across the government. This Executive Order identifies specific savings as part of the Administration's Campaign to Cut Waste to achieve a 20 percent reduction in administrative spending from 2010 to 2013 and sustain these savings in 2014. Each agency is directed to establish a plan to reduce the combined costs associated with travel, employee information technology devices, printing, executive fleet services, and extraneous promotional items and other areas.

The Department of the Interior is on target to reduce administrative spending by $217 million from 2010 levels by the end of 2013, and to sustain these savings in 2014. To meet this goal, the Department is leading efforts to reduce waste and create efficiencies by reviewing projected and actual administrative spending to allocate efficiency targets for Bureaus and Departmental Offices to achieve the 20 percent target. Additional details on the Campaign to Cut Waste can be found at http://www.whitehouse.gov/the-press-office/2011/11/09/executive-order-promoting-efficient-spending.

NATIONAL OCEAN POLICY

The National Ocean Policy, created by Executive Order on July 19, 2010, coordinates and aligns coastal and ocean-related actions of the Federal agencies to bolster our ocean economy, improve ocean health, support local communities, strengthen our security, and access the best available information to ensure ocean resources are used to the maximum benefit of all taxpayers.

Through the 27-member National Ocean Council, the Policy provides the needed coordination of the Federal government's ocean-related activities to avoid delays, extra business costs, and conflict. The Policy is an example of common-sense good government; without creating new regulations, missions, or authorities, it directs agencies to:

- Identify common priorities and their benefits to the economy, environment, safety and security, and local communities;
- Gather, use and share science and information to improve decision-making;
- Coordinate across all levels of government, and with partners, stakeholders, and the public; and
- Eliminate wasteful duplication and red tape.

The National Ocean Policy and the National Ocean Council's forthcoming Implementation Plan also outline marine planning, which is a voluntary, regional process for advancing a region's objectives for current and future use of marine resources in their region. Regions that choose to move forward will define the scope, scale and content of their efforts.

The Bureau will continue multiple activities that support the National Ocean Policy (NOP) by leveraging Federal resources and improving coordination on national ocean priorities. Ongoing collaboration with multiple Federal, state, tribal and other public entities will continue as BOEM executes its missions and programs. BOEM will continue its extensive interaction with regional ocean planning groups such as the Northeast Regional Ocean Council, the Mid-Atlantic Regional Council on the Ocean and the West Coast Governors Agreement on Ocean Health. Each of these groups and BOEM will interface directly with the regional planning bodies that are being developed as a result of the NOP. This will increase the interaction and collaboration of all constituents in the various regions.

The foundational elements of the NOP will be advanced through BOEM's renewable energy task forces with the Coastal States, high-level BOEM participation on regional planning bodies, and through BOEM research efforts and data sharing. The Bureau's Environmental Studies Program

will continue to include NOP priorities in the identification of data and information gaps, and the studies to address those gaps, fully leveraged through groups such as the National Ocean Partnership Program. BOEM's MarineCadastre.gov (formerly named Multipurpose Marine Cadastre) and Environmental Studies Program Information System will continue to be data portals for study results and decision support tools nationwide. Such research and data efforts directly support the NOP priority objectives, including coastal habitats, ocean planning, clean coastal waters, ocean hazards, and ecosystem based management. The mapping efforts are directly linked into Ocean.data.gov, as outlined in the national information management strategy.

COLLABORATIVE CONSERVATION

The FY 2014 Budget builds on the work done over the last three years on landscape-level and ecosystem-wide conservation, oceans policy, and climate adaptation, and moves toward institutionalizing the approaches and principles that the Administration has followed over the past three years with respect to conservation strategies. Conservation, as applied to environmentally responsible offshore ocean energy development, is a key component of BOEM activities. In keeping with the BOEM mission (to manage development of the nation's offshore energy and mineral resources in an environmentally and economically responsible way), consideration of environmental impacts from oil and gas development, marine mineral activities, and renewable energy projects are taken into account prior to exploring and extracting resources.

The FY 2014 BOEM budget continues to support these practices through important partnerships and collaborative efforts. BOEM leverages its funds and expertise with other Federal agencies, state and local governments, academia, and industry. By contributing personnel, equipment, facilities and funds, the partners are able to extend the scope of the research to enable all partners involved to obtain maximum results from research efforts. Additionally, students may have the opportunity to learn through the collaborative projects and often their participation leads to publications in peer reviewed literature, or a Master's thesis or Doctoral dissertation.

One such example of BOEM's collaborative conservation activities with other entities is work conducted under the auspices of the National Oceanographic Partnership Program (NOPP). The NOPP is a collaborative community of Federal agencies that partners with state and local governments, academia, and industry with the goal of increasing knowledge and understanding of the ocean environment through research, including the areas of resource management, research and exploration, technology development, and ocean education. An independent peer review process is utilized to evaluate and recommend proposals submitted for the research projects solicited by NOPP members each year. NOPP encourages research that offers a component that benefits public education. Additionally, NOPP supports educational projects that directly and/or indirectly involve educators and students, and sponsors the National Ocean Sciences Bowl – a high school level national academic competition related to the study of oceans.

An example of a BOEM partnership with NOPP is the Broad Agency Announcement entitled "Developing Environmental Protocols and Monitoring to Support Ocean Renewable Energy and Stewardship" initiated in 2010, with results due during the course of FY 2013. A suite of eight

projects was awarded in partnership with the Department of Energy and the NOAA totaling $4.7 million dollars. Many of the projects have the goal of developing standardized protocols for evaluating environmental factors prior to development of renewable energy facilities. Overall, these projects have been successful. Results of the collaborative work will be used to inform the next suite of studies needed and to assist both regulators and developers in collecting the most relevant environmental information needed to advance monitoring and site assessment activities.

Another research project, "Exploration and Research of Mid-Atlantic Deepwater Hard Bottom Habitats and Shipwrecks with Emphasis on Canyons and Coral Communities", is a three year effort that began in 2011 and involves partnerships with the National Oceanic and Atmospheric Administration and the U.S. Geological Survey (USGS). The research uses sonar to map deepwater canyons and identify coral communities, sensitive biological habitats, and archeological sites. Thus far, this project has been successful in achieving its aforementioned goals; BOEM anticipates the project concluding around late 2013.

In the Arctic, BOEM anticipates actively partnering with other Federal entities through NOPP to undertake a suite of efforts that will investigate biological systems, biogeochemical and physical interactions, and ocean currents on the ecosystem level. These projects will address climate change, ocean acidification, and monitoring using an integrated ecosystem approach and will respond to several of the Administration's initiatives and recommendations for research priorities. This project is still in the planning stages at this time.

In addition to BOEM's work with NOPP, NOAA and the USGS, BOEM has successfully partnered with other Federal agencies including the National Aeronautics and Space Administration (NASA), U.S. Navy, U.S. Air Force, U.S. Army Corps of Engineers, and the National Park Service to study, analyze, develop and construct various conservation activities related to the strategic placement of dredged material from the OCS. BOEM is responsible for leasing OCS sediment resources for coastal restoration projects, and in addition to Federal partners has active partnerships with Coastal States, such as Louisiana, Florida and Virginia. These partnerships have resulted in the successful utilization of more than 73 million cubic yards of OCS sediment resources being placed on the U.S. shoreline protecting billions of dollars of infrastructure as well as important ecological habitat.

For example, in 2010, BOEM collaboratively worked with Louisiana and the U.S. Department of Agriculture, Natural Resources Conservation Service to use 750,000 cubic yards of OCS sediment to restore back barrier wetlands at Raccoon Island in Terrebonne Parish; construction began in fall 2012. Also in 2012, BOEM partnered with Louisiana for the Caminada Headland Restoration Project in Lafourche Parish and the Cameron Parish Shoreline Restoration Project. The Caminada Headland project will use up to 5.2 million cubic yards of OCS sand from Ship Shoal Borrow Area to restore 280 acres of beach and dune habitat and protect the interior wetlands of the Barataria-Terrebonne National Estuary. The Cameron Parish project will use up to 5 million cubic yards of OCS sand from Sabine Bank to restore over eight miles of beach and dune habitat and protect over 40,000 acres of unique brackish and freshwater wetlands from inundation by higher salinity Gulf waters.

PERFORMANCE MANAGEMENT

The FY 2014 budget request provides the resources needed to carry out the mission of the Bureau of Ocean Energy Management, including Conventional Energy activities, environmental studies and assessments, and Renewable Energy activities. Additionally, the Renewable Energy Program directly supports the Secretary's Priority Goal for Renewable Energy.

The FY 2011-2016 DOI Strategic Plan, in compliance with the principles of the Government Performance and Results (GPRA) Modernization Act of 2010, provides a collection of mission objectives, goals, strategies and corresponding metrics that provide an integrated and focused approach for tracking performance across a wide range of DOI programs. While the DOI Strategic Plan for FY 2011–2016 is the foundational structure for the description of program performance measurement and planning for the FY 2014 President's Budget, further details for achieving the Strategic Plan's goals are presented in the DOI Annual Performance Plan and Report. Bureau and program specific plans for FY 2013 are fully consistent with the goals, outcomes, and measures described in the FY 2011-2016 version of the DOI Strategic Plan and related implementation information in the Annual Performance Plan and Report.

Within the DOI Strategic Plan for FY 2011–2016, BOEM is aligned under the second mission area: Sustainably Manage Energy, Water, and Natural Resources. Specifically, the Renewable Energy functions support Strategy Two: *Develop renewable energy potential*. The specific GPRA measure, *Number of megawatts of approved capacity authorized on public land and the OCS for renewable energy development while ensuring full environmental review*, is a cumulative measure that tracks the cumulative number of approved megawatts based on the total capacity of the equipment to be installed, as specified in an approved construction and operations plan. The Conventional Energy activities support Strategy Three: *Manage conventional energy development*. The GPRA measure, *Number of offshore lease sales held consistent with the Secretary's Five Year Program*, tracks the quantity of lease sales conducted during the current Five Year Program. Environmental studies, assessments, and other activities conducted by BOEM support both strategies.

AGENCY PRIORITY GOAL – RENEWABLE ENERGY

BOEM supports the Renewable Energy Priority Goal: *Increase the approved capacity for production of energy from domestic renewable resources to support a growing economy and protect our national interests while reducing our dependence on foreign oil and climate-changing greenhouse gas emissions. By September 30, 2014, increase approved capacity authorized for renewable (solar, wind, and geothermal) energy resources affecting Department of the Interior managed lands, while ensuring full environmental review, to reach 15,429 megawatts.*

Bureau Contribution. BOEM supports the Renewable Energy Priority Goal primarily through its Office of Renewable Energy Programs, which advances a sustainable OCS renewable energy future through interactive site planning and environmentally responsible operations and energy generation. Support of the Secretary's Smart from the Start initiative to facilitate siting, commercial and limited leasing, and construction of new projects will spur the responsible

development of offshore wind resources, consistent with this Priority Goal. Currently, the Cape Wind energy project off the coast of Massachusetts is the only permitted OCS renewable energy project contributing to this Priority Goal.

BOEM management closely monitors the renewable energy program. One of the mechanisms used to monitor the renewable energy initiative and BOEM's contribution toward the renewable energy Priority Goal is through performance metrics. The Department employs a set of internal measures and milestones to monitor and track achievement of the Priority Goal. Progress is reported and reviewed throughout the year by the Department to identify and address any need for enhanced coordination or policy measures to address barriers to the achievement of the Priority Goal. Funding for the BOEM renewable energy activities includes funding from the Renewable Energy activity as well as renewable energy studies and assessments funded through the Environmental Assessment and Studies activity. The performance information is based on a cumulative funding (i.e., funding from both activities) for FY 2012 of $31 million, $29 million for FY 2013, and $30 million for FY 2014. BOEM's performance measures and metrics, and further information are contained within DOI's Annual Performance Plan and Report.

Implementation Strategy. As required by the Energy Policy Act, BOEM issues renewable energy leases and grants on a competitive basis unless it determines that no competitive interest exists. Leases and grants are generally issued through a competitive sale, but if it is determined that no competitive interest exists, then BOEM may proceed with the non-competitive lease or grant negotiation process. In either case, the developer must submit and receive approval of appropriate plans or FERC license applications prior to moving forward with their proposed activities. At the end of the lease or grant term, the developer must decommission facilities in compliance with BOEM regulations.

To issue leases, BOEM must conduct a multi-step process entailing information gathering, consultation with interested and affected parties, NEPA review and compliance, and analysis in light of other applicable Federal requirements for each affected state. BOEM finalized one offshore NEPA document (environmental impact statement/environmental assessments) for Renewable Energy during FY 2011 and one during FY 2012. BOEM anticipates finalizing five NEPA documents during FY 2013 and four during FY 2014. BOEM also tracks the number of offshore renewable energy leasing or ROW/RUE grant processes initiated (i.e., first public notice issued). BOEM initiated four offshore renewable energy leasing or ROW/RUE grant processes during FY 2011 and four during FY 2012. BOEM anticipates initiating two offshore renewable energy leasing or ROW/RUE grant processes during FY 2013 and one during FY 2014.

Limited Leases. The number of leases issued is highly dependent upon the amount of interest and demand for the leases, and this economic uncertainty can lead to variability in the issuance of leases from year to year. To date, BOEM has issued four limited leases. BOEM did not issue any limited leases during FY 2011 or FY 2012. However, BOEM anticipates issuing two limited leases during FY 2013 and two limited leases during FY 2014.

Commercial Leases. BOEM continues to make strides on renewable energy leasing activities. In November 2010, Secretary Salazar signed the nation's first commercial lease for wind energy development on the OCS for the Cape Wind energy project. In April 2011, the Cape Wind Energy Project construction and operations plan was approved and announced by the Secretary

with an approved capacity of 468 megawatts. The Bureau reported the approval of the construction and operations plan toward the Renewable Energy Priority Goal metric, which focuses on the number of megawatts of approved capacity for renewable energy development and tracks the cumulative number of approved megawatts based on the total capacity of the equipment to be installed, as specified in an approved construction and operations plan.

BOEM issued a second commercial lease, offshore Delaware, in November 2012 and anticipates being able to issue additional commercial leases for the offshore development of renewable energy in the near future after the required public consultation and environmental analyses are completed: four commercial leases during FY 2013, and eight commercial leases during FY 2014.

Smart from the Start. On November 23, 2010, Secretary Salazar announced the Smart from the Start initiative to facilitate the siting, leasing, and construction of new projects. The Smart from the Start initiative calls for the identification of OCS areas that appear most suitable for commercial wind energy activities; these areas are known as Wind Energy Areas and are discussed in further detail within the Renewable Energy activity.

Federal/State Task Forces. BOEM recognizes the importance of coordinating and consulting with state, local, Tribal, and Federal stakeholders to develop a comprehensive renewable energy program for the OCS. During FY 2012, BOEM supported 12 Federal/state task forces for renewable energy development (Maine, Massachusetts, Rhode Island, New York, New Jersey, Delaware, Maryland, Virginia, North Carolina, South Carolina, Oregon, and Hawaii). These task forces consist of representatives of Federal agencies and state, local, and Tribal governments to facilitate coordination throughout the OCS renewable energy leasing and development process. In FY 2013 and FY 2014, BOEM will continue to support these existing state task forces and plans to support new stakeholder collaboration each year.

Performance Metrics. BOEM tracks and monitors performance metrics and milestones in support of the Renewable Energy Priority Goal. The performance metric targets are provided in the preceding text. Additional performance information may be viewed within DOI's Annual Performance Plan and Report.

Table 3 : Goal Performance

Mission Area 2: Sustainably Manage Energy, Water, and Natural Resources
Goal #1: Secure America's Energy Resources
Strategy #2: Develop renewable energy potential

Outputs, Supporting Performance Measures, and/or Milestones	2008 Actual	2009 Actual	2010 Actual	2011 Actual	2012 Plan	2012 Actual	2013 Plan	2014 Plan
GPRA Measure: Number of megawatts of approved capacity authorized on public land and the OCS for renewable energy development while ensuring full environmental review (cumulative)	N/A	N/A	N/A	468 MW	468 MW (cum.)	468 MW (cum.)	468 MW (cum.)	468 MW (cum.)
Number of offshore renewable energy leasing or ROW/RUE grant processes initiated (i.e., first public notice issued)	N/A	0	1	4	7	4	2	1
Number of limited leases issued for offshore renewable energy testing and data collection, including §238 research leases	N/A	0	4	0	0	0	2	2
Number of commercial leases issued for offshore renewable energy generation	N/A	0	0	1	1	0	4	8
Number of right-of-way/right-of-use and easement grants issued for offshore renewable energy transmission	N/A	N/A	0	0	0	0	0	2
Number of NEPA documents (EIS/EAs) finalized for Renewable Energy	N/A	3	1	1	2	1	5	4

Mission Area 2: Sustainably Manage Energy, Water, and Natural Resources
Goal #1: Secure America's Energy Resources
Strategy #3: Manage Conventional Energy Development

Outputs, Supporting Performance Measures, and/or Milestones	2008 Actual	2009 Actual	2010 Actual	2011 Actual	2012 Plan	2012 Actual	2013 Plan	2014 Plan
GPRA Measure: Number of offshore lease sales held consistent with the Secretary's Five-Year Oil and Gas Program	5	2	1	-	2	2	3	3
Number of blocks/tracts evaluated	8,341	11,287	8,233	24,870	9,300	14,612	9,300	9,300
Percent of high bids on leases accepted or rejected within 60 days	41.2% (898/2,181)	65.3% (431/660)	56% (264/472)	N/A	55%	54% (355/662)	60%	60%
Maintain the ratio of 1.8 to 1 (+/-0.4) of accepted high bids to BOEM's estimated value [1]	2.49 to 1	1.7 to 1	1.8 to 1	N/A	1.8 to 1 (+/- 0.4)	2.013 to 1	1.8 to 1 (+/- 0.4)	1.8 to 1 (+/- 0.4)
Percent of environmental studies program (ESP) projects rated "Moderately Effective" or better by BOEM internal customers	85% (29/34)	91% (20/22)	91% (10/11)	91% (21/23)	95% (21/22)	95%	88% (N/A)	88% (N/A)

Budget Tables

Bureau of Ocean Energy Management
Bureau Budget Tables

References to FY 2013 (*2013 Full Year CR*) signify annualized amounts appropriated in P.L. 112-175, the Continuing Appropriations Act. These amounts are the 2012 enacted numbers annualized through the end of FY 2013 with a 0.612 percent across-the-board increase for discretionary programs. The FY 2013 amounts shown do not incorporate reductions associated with the Presidential sequestration order issued in accordance with section 251A of the Balanced Budget and Emergency Deficit Control Act, as amended (BBEDCA), 2 U.S.C. 109a. This column is provided for reference only.

Table 4 : Budget at a Glance

BOEM Budget at a Glance
(Dollars in Thousands)

Account/Activity	*2013 Full Year CR*	2012 Enacted	Fixed Costs 2012-2014	Program Changes 2012-2014	2014 President's Budget
Ocean Energy Management					
Renewable Energy	*22,731*	22,685	+115	+1,296	24,096
Fixed Costs			+115		
Auction Support Services				+1,296	
Conventional Energy	*47,394*	47,245	+654	+3,042	50,941
Fixed Costs			+654		
Development of ePlans Portal				+1,500	
Atlantic G&G Data				+655	
Marine Minerals Program				+1,470	
Alaska Plan Review				+800	
Base Adjustments				-1,383	
Environmental Assessment	*62,110*	62,016	+397	+1,414	63,827
Fixed Costs			+397		
Environmental Studies				+700	
Air Quality Review Program				+1,100	
Base Adjustments				-386	
General Support Services	*12,806*	12,785	+1,535	+0	14,320
Fixed Costs			+1,535		
Executive Direction	*16,102*	16,047	+209	+0	16,256
Fixed Costs			+209		
Total, Ocean Energy Management	***161,143***	**160,778**	**+2,910**	**+5,752**	**169,440**
Offsetting Rental Receipts	*-98,993*	-98,993		+3,831	-95,162
Cost Recovery Fees	*-2,089*	-2,089		-640	-2,729
Total, Offsetting Collections	***-101,082***	**-101,082**		**+3,191**	**-97,891**
NET APPROPRIATION, BOEM	***60,061***	**59,696**	**+2,910**	**+8,943**	**71,549**
Full Time Equivalents (FTE) [1/]	*572*	560		+20	580

[1/] 2012 FTE amounts reflect actual usage, not 2012 enacted formulation estimates. The total FTE increase estimated for FY 2014 is +8. A technical adjustment of +12 FTE has been included to reflect the difference between the 2012 actual and enacted FTE levels.

Table 5 : Summary of Requirements Table

Bureau of Ocean Energy Management
Summary of Requirements
(Dollars in Thousands)

	2013 Full Year CR (P.L. 112-175)		2012 Enacted		Fixed Costs &	Internal	Program Changes (+/-)		2014 President's Budget		Changes from 2012	
	FTE	*Amount*	*FTE* [1/]	Amount	Related	Transfers	*FTE*	Amount	*FTE*	Amount	*FTE* [2/]	Amount
Ocean Energy Management												
Renewable Energy	***48***	***22,731***	***44***	**22,685**	**+115**	**0**	***+4***	**+1,296**	***48***	**24,096**	***+4***	**+1,411**
Direct Appropriation	*48*	*8,684*	*44*	7,454	+115	+3,756	*+4*	-	***48***	11,325	*+4*	+3,871
Offsetting Collections	*0*	*14,047*	*0*	15,231	-	-3,756	*+0*	+1,296	*0*	12,771	*+0*	-2,460
Conventional Energy	***272***	***47,394***	***282***	**47,245**	**+654**	**0**	***-4***	**+3,042**	***278***	**50,941**	***-4***	**+3,696**
Direct Appropriation	*272*	*24,541*	*230*	24,301	+654	+2,530	*+48*	+1,042	*278*	28,527	*+48*	+4,226
Offsetting Collections	*0*	*22,853*	*52*	22,944	-	-2,530	*-52*	+2,000	*0*	22,414	*-52*	-530
Environmental Assessment & Studies	***165***	***62,110***	***152***	**62,016**	**+397**	**0**	***+15***	**+1,414**	***167***	**63,827**	***+15***	**+1,811**
Direct Appropriation	*165*	*13,906*	*128*	15,403	+397	-789	*+39*	+310	*167*	15,321	*+39*	-82
Offsetting Collections	*0*	*48,204*	*24*	46,613	-	+789	*-24*	+1,104	*0*	48,506	*-24*	+1,893
General Support Services	***0***	***12,806***	***0***	**12,785**	**+1,535**	**0**	***0***	**0**	***0***	**14,320**	***+0***	**+1,535**
Direct Appropriation	-	*3,330*	-	3,476	+1,358	-	*0*	-	*0*	4,834	-	+1,358
Offsetting Collections	-	*9,476*	-	9,309	+177	-	*0*	-	*0*	9,486	-	+177
Executive Direction	***87***	***16,102***	***82***	**16,047**	**+209**	**0**	***+5***	**0**	***87***	**16,256**	***+5***	**+209**
Direct Appropriation	*87*	*9,600*	*73*	9,062	+209	+2,271	*+14*	-	*87*	11,542	*+14*	+2,480
Offsetting Collections	*0*	*6,502*	*9*	6,985	-	-2,271	*-9*	-	*0*	4,714	*-9*	-2,271
Total, Ocean Energy Management	***572***	***161,143***	***560***	**160,778**	**+2,910**	**0**	***+20***	**+5,752**	***580***	**169,440**	***+20***	**+8,662**
Offsetting Collections	***0***	***-101,082***	**0**	**-101,082**	**0**	**0**	**0**	**+3,191**	**0**	**-97,891**	**0**	**+3,191**
Rental Receipts	-	*-98,993*	-	-98,993	-	-	-	+3,831	-	-95,162	-	+3,831
Cost Recovery Fees	-	*-2,089*	-	-2,089	-	-	-	-640	-	-2,729	-	-640
Net Appropriation, BOEM	***572***	***60,061***	***560***	**59,696**	**+2,910**	**0**	***20***	**+8,943**	***580***	**71,549**	***+20***	**+11,853**

[1/] 2012 FTE amounts reflect actual usage, not 2012 enacted formulation estimates

[2/] Estimated changes in FTEs compare against actual 2012 FTE usage, not 2012 enacted formulation estimates. The total FTE increase estimated for FY 2014 is +8. A technical adjustment of +12 FTE has been included to reflect the difference between the 2012 actual and enacted FTE levels.

Table 6: Program and Financing Tables

Program and Financing (MAX Schedule P)

(dollars in millions)

Treasury Account ID: 14-1917		FY 2012	FY 2013	FY 2014
Obligations by program activity - Direct program				
0003	Appropriations	64	60	63
0004	Offsetting collections	-	119	116
0192	**Total direct program**	**64**	**179**	**179**
Obligations by program activity - Reimbursable program				
0801	Offsetting collections	94	-	-
0802	Reimbursable support agreements	-	6	6
0899	**Total reimbursable program**	**94**	**6**	**6**
0900	**Total new obligations (direct & reimbursable)**	**158**	**185**	**185**
Budgetary resources - Unobligated balance				
1000	Unobligated balance brought forward[1/]	108	30	15
1010	Transfer to other accounts (14-1700)[1/]	-36	-	-
1010	Transfer to other accounts (14-0102)[1/]	-54	-	-
1021	Recoveries of prior year unpaid obligations	6	3	3
1050	**Total unobligated balance**	**24**	**33**	**18**
Budgetary resources - Budget authority				
1100	**Appropriations, discretionary (total)**	**60**	**60**	**71**
1700	Collected - Offsetting collections	167	163	98
1700	Collected - RSAs	-	6	4
1701	Change in uncollected payments	-1	-	-
1710	Offsetting collections transferred to other accounts (14-1700)[2/]	-62	-62	-
1750	**Offsetting collections, discretionary (total)**	**104**	**107**	**102**
1900	**Total budget authority**	**164**	**167**	**173**
1930	**Total budgetary resources available**	**188**	**200**	**191**
1941	Unexpired unobligated balance (non-add)	[30]	[15]	[6]

Program and Financing (continued)

(dollars in millions)

Treasury Account ID: 14-1917		FY 2012	FY 2013	FY 2014
Change in obligated balance - Uncollected payments				
3060	Uncollected pymts, Fed sources, brought forward Oct.1	-4	-3	-3
3070	Change in uncollected pymts, Fed sources, unexpired	1	-	-
3090	**Total unpaid obligations, end of year**	**-3**	**-3**	**-3**
3100	Obligated balance, start of year (non-add)	158	105	92
3200	**Obligated balance, end of year**	**105**	**92**	**102**
Budget authority and outlays, net				
4000	**Budget authority, gross**	**164**	**167**	**173**
4010	Outlays from new discretionary authority	83	110	116
4011	Outlays from discretionary balances	86	85	56
4020	**Outlays, gross**	**169**	**195**	**172**
4030	Offsetting collections from Federal sources	-4	-	-
4033	Offsetting collections from non-Federal sources (Rental receipts, cost recovery fees, royalty-in-kind)	-163	-169	-102
4040	**Total offsets against gross budget authority and outlays**	**-167**	**-169**	**-102**
	Additional offsets against gross budget authority only			
4050	**Change in uncollected pymts, Fed sources, unexpired**	**1**	**-**	**-**
4180	**Total budget authority, net discretionary**	**-2**	**-2**	**71**
4190	**Total outlays, net discretionary**	**2**	**26**	**70**

[1/] An unobligated balance of $108 million was brought forward from BOEMRE. Pursuant to the reorganization of the former Minerals Management Service, funds were transferred to BSEE (account 14-1700) and ONRR (account 14-0102). FY 2012 was first year of independent BOEM operations.

[2/] Appropriations language in 2012 and 2013 requires BSEE's inspection fees be collected by BOEM into the Ocean Energy Management account. The fees are then transferred from BOEM to BSEE. In 2014, the appropriations language is corrected to reflect the fees should be collected in BSEE's Offshore Safety and Environmental Enforcement account.

Table 7: Budget Object Classification Table

Object Classification (MAX Schedule O)
(dollars in millions)

Treasury Account ID: 14-1917		FY 2012	FY 2013	FY 2014
Direct Obligations				
11.1	Personnel Compensation: Full-time permanent	40	50	51
12.1	Civilian personnel benefits	11	14	14
21.0	Travel and transportation of persons	1	2	2
24.0	Printing and reproduction	1	1	1
25.2	Other services from non-Federal sources	11	100	99
26.0	Supplies and materials	-	1	1
31.0	Equipment	-	1	1
41.0	Grants, subsidies, and contributions	-	10	10
	Total, Direct Obligations	**64**	**179**	**179**
Reimbursable Obligations				
11.1	Personnel Compensation: Full-time permanent	9	-	-
12.1	Civilian personnel benefits	3	-	-
21.0	Travel and transportation of persons	1	-	-
25.2	Other services from non-Federal sources	69	6	6
26.0	Supplies and materials	1	-	-
31.0	Equipment	1	-	-
41.0	Grants, subsidies, and contributions	10	-	-
	Total, Reimbursable Obligations	**94**	**6**	**6**
Total New Obligations		**158**	**185**	**185**

Table 8: Fixed Costs and Internal Realignments

Note: FY 2012 amounts are not shown because this was the first year of operation for BOEM as an independent bureau.

Other Fixed Cost Changes and Projections	FY 2012 to FY 2014 Change
Change in Number of Paid Days	+244
The combined fixed cost estimate includes an adjustment for one additional paid day between FY2012 and FY2013. The number of paid days do not change between FY2013 and FY2014.	
Pay Raise	+766
The 2012 column reflects the total pay raise changes as included in the the 2012 President's Budget. The 2014 Change column reflects the total pay raise changes between FY2012-FY2014.	
Employer Share of Federal Health Benefit Plans	+365
The change reflects expected increases in employer's share of Federal Health Benefit Plans.	
Departmental Working Capital Fund	+587
The change reflects expected changes in the charges for centrally billed Department services and other services through the Working Capital Fund. This includes an assessment for the Department's IT Transformation initiative. These charges are displayed in the Budget Justification for Department Management.	
Worker's Compensation Payments	-754
The adjustment is for changes in the costs of compensating injured employees and dependents of employees who suffer accidental deaths while on duty. Costs for 2014 will reimburse the Department of Labor, Federal Employees Compensation Fund, pursuant to 5 U.S.C. 8147(b) as amended by Public Law 94-273.	
Unemployment Compensation Payments	-6
The adjustment is for projected changes in the costs of unemployment compensation claims to be paid to the Department of Labor, Federal Employees Compensation Account, in the Unemployment Trust Fund, pursuant to Public Law 96-499.	
Rental Payments	+1,708
The adjustment is for changes in the costs payable to General Services Administration (GSA) and others resulting from changes in rates for office and non-office space as estimated by GSA, as well as the rental costs of other currently occupied space. These costs include building security; in the case of GSA space, these are paid to Department of Homeland Security (DHS). Costs of mandatory office relocations, i.e. relocations in cases where due to external events there is no alternative but to vacate the currently occupied space, are also included.	

Total, Fixed Costs and Related Changes in 2014	+2,910

Internal Realignments and Non-Policy/Program Changes	**FY 2014**
Renewable Energy - direct appropriations/offsetting collections	+3,756/-3,756
BOEM realigned direct appropriations and offsetting collections to more closely reflect the actual obligation of funds in FY 2012.	
Conventional Energy - direct appropriations/offsetting collections	+2,530/-2,530
BOEM realigned direct appropriations and offsetting collections to more closely reflect the actual obligation of funds in FY 2012.	
Environmental Assessment & Studies - direct appropriations/offsetting collections	-789/+789
BOEM realigned direct appropriations and offsetting collections to more closely reflect the actual obligation of funds in FY 2012.	
Executive Direction - direct appropriations/offsetting collections	+2,271/-2,271
BOEM realigned direct appropriations and offsetting collections to more closely reflect the actual obligation of funds in FY 2012.	

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Renewable Energy

FY 2014 PERFORMANCE BUDGET

Bureau of Ocean Energy Management

Renewable Energy Activity

Table 9: Renewable Energy Budget Summary

		2013 Full Year CR	2012 Enacted [1/]	Fixed Costs (+/-)	Program Changes (+/-)	2014 Budget Request	Change from 2012 (+/-)
Renewable Energy	($000)	*22,731*	22,685	+115	+1,296	24,096	+1,411
	FTE	*48*	44		+4	48	+4

SUMMARY OF PROGRAM CHANGES

Program Changes from 2012 Enacted	Amount ($000)	FTE
FTE Technical Adjustment		+4
Auction Support Services	+1,296	-
Net Total Change	**+1,296**	**+4**

The FY 2014 President's Budget request for BOEM's renewable energy program is $24,096,000 and 48 FTE, a program change of +$1,296,000 and +4 FTE from the 2012 enacted level. This increase is comprised of:

FTE Technical Adjustment (+4 FTE). There is no FTE change estimated for this activity in FY 2014. The technical adjustment of +4 represents the difference between the 2012 actual and enacted FTE. No additional funding is requested/associated with this adjustment.

Renewable Energy Auction Support Services (+$1,296,000; +0 FTE). This initiative was proposed in FY 2013 to support the Secretary's renewable energy goal outlined in the "Smart from the Start" initiative. BOEM is working to accelerate the auction schedule of potential wind leases by acquiring wind resource data and contracting the technical support and expertise necessary to design and manage these auctions.

PROGRAM OVERVIEW

The Outer Continental Shelf (OCS) has significant potential as a source of new domestic energy generation from renewable energy resources. Section 388 of the Energy Policy Act of 2005 gave the Secretary of the Interior the authority to issue leases, easements, and rights-of-way on the OCS for activities that produce or support production, transportation, or transmission of energy from sources other than oil and gas. Section 388 also authorized the Secretary to permit OCS activities that repurpose facilities currently or previously used for activities authorized under the OCS Lands Act. Renewable energy and alternate use projects may include wind, wave energy,

and ocean current projects, as well as projects that make alternative use of existing oil and natural gas platforms in Federal waters.

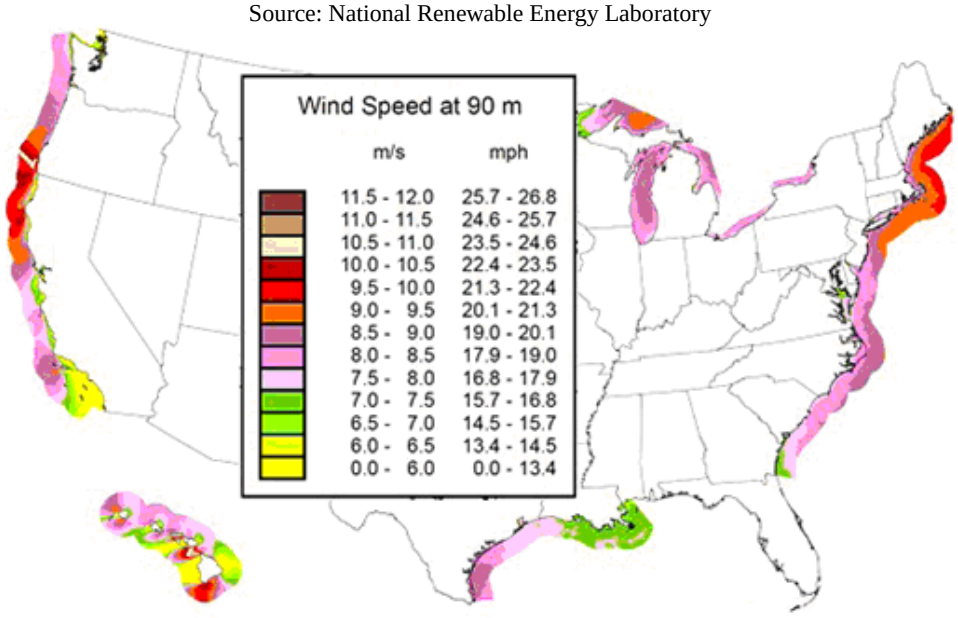
In 2009, President Obama and the Secretary announced the promulgation of BOEM's renewable energy regulations. These regulations established a framework for the Renewable Energy Program's planning, leasing and plan authorization processes that would allow for orderly, safe and environmentally responsible OCS renewable energy development and provide for a fair return for use of OCS lands. Also in 2009, the Minerals Management Service (MMS) and the Federal Energy Regulatory Commission (FERC) signed a Memorandum of Understanding that provides for joint regulation of potential OCS wave and ocean current projects. Following the reorganization of the MMS, the Renewable Energy Program under BOEM continues to support these activities on the OCS.

In the foreseeable future, BOEM anticipates development of renewable energy on the OCS from three general sources:

1. *Offshore Wind Energy*. Offshore wind turbines are being used in a number of countries to harness the energy of the moving air over the oceans and convert it to electricity. Offshore winds tend to flow at higher sustained speeds than onshore winds, making turbines more efficient. As seen in Figure 3, below, offshore wind speeds along the Atlantic and Pacific coasts indicate those areas as having the greatest potential for offshore wind energy production.

Figure 2: Offshore Wind Speeds in Coastal Areas

Source: National Renewable Energy Laboratory



In 2011, the Department of the Interior and the Department of Energy announced a National Offshore Wind Strategy with a scenario for achieving ten gigawatts of wind capacity in the OCS and Great Lakes by 2020 (potential renewable energy development

in the Great Lakes is regulated by the Army Corps of Engineers). Winds offshore the Atlantic coast alone have the technical potential to produce an estimated 1,000 gigawatts of energy; wind offshore the Hawaiian Islands is considered to be an option for addressing the cost of electricity in Hawaii, which has the highest electricity costs in America (as the state is almost exclusively dependent on oil/gas transported to the islands aboard ships and barges). The Strategy seeks to harness a small portion of this potential by driving down the cost of offshore wind production to make it competitive with other electricity generating sources.

2. *Ocean Wave Energy (Hydrokinetic).* There is tremendous energy in ocean waves, and technology and project developers are evaluating existing and developing wave technology to capture this energy. Wave power devices extract energy directly from the surface motion of ocean waves. A variety of technologies have been proposed to capture that energy, and some of the more promising designs are undergoing demonstration testing. West Coast States (California, Oregon and Washington) and Hawaii have all received attention from developers as sites for wave parks.

3. *Ocean Current Energy (Hydrokinetic).* Ocean currents also contain an enormous amount of energy that can be captured and converted to a usable form. Some of the ocean currents on the OCS are the Gulf Stream, Florida Straits Current, and California Current. At this time, the area with the greatest potential for ocean current energy development is the Florida coast. Technology is still at an early stage of development, but it is likely that submerged water turbines similar to wind turbines will be employed to extract energy from ocean currents.

LEASING AND PROJECTS

As required by the Energy Policy Act of 2005, BOEM will issue a renewable energy lease or grant on a competitive basis unless it determines that no competitive interest exists in obtaining that lease or grant. The competitive process for the issuance of renewable energy leases and grants involves BOEM holding a sale and awarding a lease or grant to the highest bidder, whereas the noncompetitive process takes the form of a negotiation between BOEM and the one interested developer. In either case, the developer must submit and receive approval of appropriate plans (or FERC license applications for marine hydrokinectic projects) prior to moving forward with its proposed activities. At the end of the lease or grant term, the developer must decommission facilities in compliance with BOEM regulations.

To help inform BOEM's planning and leasing process, BOEM has established Intergovernmental Task Forces in states that have expressed interest in development of offshore renewable energy. The role of each task force is to collect and share relevant information that would be useful to BOEM during its decision-making process. BOEM Intergovernmental Task Forces have been established in Maine, Massachusetts, Rhode Island, New York, New Jersey, Delaware, Maryland, Virginia, North Carolina, South Carolina, Oregon and Hawaii. Task Force meetings have been extremely productive and have helped identify areas of significant promise and interest for offshore development, in addition to providing early identification and steps toward

resolution of potential conflicts.

- **Identification of Wind Energy Areas**

On November 23, 2010, the Secretary announced the "Smart from the Start" renewable energy initiative, which is applicable to both the Atlantic and Pacific OCS, to simplify the responsible commercial development of renewable energy resources on the OCS. One element of the initiative is the identification and refinement of Wind Energy Areas, which are areas on the OCS that appear to be particularly suitable for renewable energy development due to fewer potential multiple use and environmental conflicts. In consultation with BOEM's Intergovernmental Task Forces, BOEM has identified Wind Energy Areas on the OCS offshore Rhode Island, Massachusetts, New Jersey, Delaware, Maryland, and Virginia. In FY 2013 and 2014, BOEM expects to identify additional areas offshore North Carolina and other Coastal States.

- **Commercial Leasing in the Atlantic Region**

As of February 2013, BOEM has issued two commercial wind leases on the OCS: a commercial wind lease for the Cape Wind Energy Project offshore Massachusetts in 2010 (described further in the next section), and in 2012 a commercial wind lease to Bluewater Wind Delaware, LLC for a project proposed offshore Delaware.

As a result of collaboration and coordination with various Intergovernmental Task Forces and outreach efforts with relevant stakeholders, BOEM's renewable energy program has made significant progress in its planning and leasing process to date. In addition to issuing the leases described above, BOEM issued proposed sale notices for Virginia and Rhode Island/ Massachusetts in November 2012 and anticipates issuing proposed sale notices for New Jersey, Maryland and Massachusetts in FY 2013. While it is difficult to determine the exact number of competitive lease sales and noncompetitive lease issuances, BOEM anticipates issuing four commercial leases during FY 2013 and eight commercial leases during FY 2014.

BOEM's environmental assessment for the Wind Energy Areas offshore New Jersey, Delaware, Maryland, and Virginia allowed for a non-competitive lease issuance in FY 2013 (offshore Delaware), and will allow for commercial leasing to occur in FY 2013 and FY 2014. BOEM is working to complete the environmental review of Wind Energy Areas offshore Rhode Island and Massachusetts and has initiated a similar environmental review for areas offshore North Carolina.

- **Cape Wind Energy Project**

BOEM assumed statutory responsibility for the Cape Wind Energy Project through the Energy Policy Act of 2005. In October 2010, the Department issued a lease to Cape Wind Associates, making it the Nation's first OCS commercial wind lease. Cape Wind Associates proposes to install 130 wind turbines, totaling 468 megawatts of installed generating capacity, in Nantucket Sound offshore Martha's Vineyard, Nantucket Island, and Cape Cod, Massachusetts. Cape Wind Associates' Construction and Operations Plan, which details the project's construction and operations activities, was approved on April 19, 2011. Before construction activities can

commence, Cape Wind Associates must submit a Facility Design Report and a Fabrication and Installation Report for BOEM review. BOEM reported the 468 megawatts of approved capacity to the Department as its contribution toward the Renewable Energy Priority Goal, based on the total capacity specified in the approved plan.

- **Limited and Research Leasing in the Atlantic Region**

In November 2007, the former MMS announced an Interim Policy as a measure to jumpstart resource data collection and technology testing activities on the OCS prior to the promulgation of final regulations. The Interim Policy allowed for limited leasing and was designed for resource data collection and technology testing activities. Leases issued under the Interim Policy have a five year term and provide no subsequent rights to commercial development. In November 2009, BOEM issued four Interim Policy leases, three offshore New Jersey and one offshore Delaware. As a requirement of these Interim Policy leases, a project plan must be submitted that provides details on fabrication methods, engineering specification, inspections, archeological resources, and safety systems for BOEM review. Two Interim Policy lessees have deployed meteorological buoys off the coast of New Jersey. These two leases are set to expire in November 2014. The other two leases were relinquished in 2012.

BOEM is currently processing applications for additional leases under the Interim Policy for projects proposed offshore Georgia and Florida. On April 7, 2011, Southern Company submitted an Interim Policy lease application for the leasing of a three-block area on the OCS offshore Georgia for offshore alternative energy resource assessment activities. BOEM received addenda to the application in May and October 2012. BOEM deemed the application as complete in December 2012, and has published a Notice of Intent to Prepare an Environmental Assessment in the *Federal Register*.

In August 2011, Florida Atlantic University submitted its final application to BOEM for an Interim Policy lease to conduct marine hydrokinetic technology testing. In April 2012, BOEM published an Environmental Assessment for public review that considers the environmental impacts of the University's proposed project, which would entail the installation and testing of submerged turbine generators. BOEM will complete the Environmental Assessment and associated consultations in FY 2013.

During FY 2012, BOEM received an unsolicited application for a research lease from the Virginia Department of Mines, Minerals and Energy (DMME), proposing to install meteorological towers to facilitate wind resource assessment within the Virginia Wind Energy Area. In FY 2013, a determination of no competitive interest (DNCI) was published in the *Federal Register* on the project. The DNCI clears the way for BOEM to proceed with the noncompetitive research lease process for an area within the Virginia Wind Energy Area for meteorological tower installation. In FY 2013, BOEM received a second application, also from DMME, requesting a second lease area outside of the western boundary of the Virginia Wind Energy Area to install two six-megawatts, grid-connected wind turbines as a demonstration project.

- **Commercial Leasing in the Pacific Region**

The Pacific Regional Office has received interest in commercial leases for wind and wave projects. In January 2013, the Region received a commercial lease application for an area on the OCS offshore Hawaii and expects another in the coming months. Additional applications for offshore wind leases are expected in FY 2013 for both Hawaii and Oregon. At this time, the Region expects a competitive lease sale offshore Hawaii in FY 2014. While the lease block grid has already been created for Hawaii, the work of generating the offshore boundaries, such as those required by the Submerged Lands Act, will start in March 2013. It is anticipated that the final mapping products will be available in November 2014.

- **Research Leasing in the Pacific Region**

In the spring of 2013, the Pacific Region expects to receive the Pacific Marine Energy Center's unsolicited application for a research lease, proposing the first grid-connected wave energy test site in the United States to be located on the OCS offshore Newport, Oregon.

- **Right-of-Way Grants**

BOEM has the authority to issue right-of-way grants that allow developers to build electricity transmission lines that connect renewable energy installations to the onshore electrical grid. During FY 2012, BOEM initiated two right-of-way grant processes. BOEM published two requests for competitive interest in the *Federal Register* for a proposed transmission backbone project that would run from Virginia to New York (Atlantic Wind Connection), and a cable project that would support a wind project to be located in Rhode Island State waters (Block Island Transmission System). BOEM expects additional unsolicited applications for right-of-way grants in the near future. BOEM does not anticipate issuing any right-of-way/right-of-use grants in the Atlantic waters in FY 2013. During FY 2014, BOEM anticipates making decisions on right-of-way grants in the Atlantic, the Block Island Transmission System offshore Rhode Island, and offshore Maine for a demonstration project in state waters.

The Pacific Region expects receiving requests for right-of-way grants in the future, including one to allow transmission through Federal waters between certain islands off Hawaii. One component of the Hawaii Clean Energy Initiative is an inter-island cable to transmit power from future energy-producing installations on various islands to Oahu, the main demand center. A portion of this cable will be on the OCS. The Pacific Region is working with Hawaii and the Department of Energy on programmatic issues associated with the inter-island cable as part of a programmatic environmental impact statement on Hawaii wind energy. BOEM anticipates receiving a right-of-way/right-of-use grant application for a Hawaii inter-island cable in FY 2014.

- **Payments**

As required by the Energy Policy Act of 2005, BOEM has established payment terms to ensure fair return to the U.S. Treasury for the rights conveyed by OCS renewable energy leases and grants. All lessees and grantees must pay rent, and lessees must pay an operating fee in lieu of

rent when commercial electrical generation commences. The operating fee is based on the installed capacity of the wind turbine generators. In FY 2014, BOEM estimates it will collect more than $2.6 million in payments on OCS renewable energy leases and grants. In FY 2012, BOEM collected $115,419, and in FY 2013, BOEM estimates it will collect $1,245,860.

- **Coordination and Collaboration**

In addition to the establishment of BOEM Intergovernmental Task Forces, discussed above, the Department has established Memorandum of Understandings with other Federal agencies to facilitate coordination on OCS renewable energy development.

BOEM and FERC responsibilities intersect for marine hydrokinetic projects, with BOEM issuing commercial marine hydrokinetic leases and FERC issuing licenses for construction and operation of these projects. The agencies have worked together to achieve efficiencies for both the agencies and potential applicants. To that end, the two agencies signed a Memorandum of Understanding in April 2009, issued joint guidelines for potential marine hydrokinetic developers later that year, and updated those guidelines in July 2012.

The Department has also established a memorandum of understanding relevant to offshore renewable energy coordination with the Department of Energy, the U.S. Fish and Wildlife Service, the Department of Defense, the U.S. Coast Guard, and the National Oceanic and Atmospheric Administration.

RESEARCH

The Renewable Energy Program is supported by a substantial investment in research. The areas that are appropriate for renewable energy development have likely never been studied for such development and, in some cases; there is a dearth of information about the physical and biological environment. BOEM has worked closely with a broad spectrum of agencies, universities and stakeholders to identify the critical data gaps and independently or through partnerships sought to fund studies through BOEM's Environmental Studies Program. The need for continuing to pursue information to ensure access to the OCS for renewable energy development and to ensure that such development is environmentally appropriate is a high priority for BOEM and described in some detail in the Environmental Assessment and Studies activity.

In FY 2012, BOEM initiated eight new studies through the Environmental Studies Program (funding for which comes through the Environmental Assessment and Studies budget activity) to address science needs along the Atlantic coast in support of renewable energy development. Three of these studies were identified in July 2011. For FY 2013, five additional studies were identified and are in the process of being procured. The current study efforts focus on birds, bats, fishing, cultural resources, and air and water quality. In addition, the Renewable Energy Program reached out to Task Force members for study ideas to include in the FY 2014-2016 planning process. This resulted in over 30 proposals from all geographic areas along the Atlantic coast. These study ideas will be evaluated and

prioritized based on appropriateness within BOEM mandates, comparison with ongoing efforts, and availability of resources. Several ongoing studies are expected to be completed in FY 2013.

On the Pacific Coast, BOEM initiated seven new studies through the Environmental Studies Program to address science needs in support of renewable energy development. External input yielded a total of 12 external ideas from the National Oceanic and Atmospheric Administration, U.S. Geological Survey, National Park Service, State of California, State of Hawaii, and the State of Oregon.

- **Renewable Energy Workshops and Conferences**

In November 2012, BOEM's Pacific Region held an OCS Renewable Energy Studies Workshop to identify studies that have been conducted and data gaps that should be considered by BOEM and other agencies in planning for offshore renewable energy proposals. A workshop report will be available in April 2013. Data gaps and appropriate studies and partnerships were identified through BOEM's Intergovernmental Task Forces and through other interaction with state partners. Additional information about environmental studies is located within the performance section of the Environmental Assessment and Studies activity.

In February 2013, BOEM hosted a workshop titled: "Offshore Wind Energy Development Site Assessment and Characterization: Evaluation of the Current Status and European Experience." This workshop brought together European experts to further inform the development of site assessment and characterization guidelines for surveys of avian species, benthic habitat, and archaeological resources.

The Pacific Region also plans to hold public workshops in both Oregon and Hawaii in FY 2013. These workshops will be conducted under a contract with the Department of Energy's National Renewable Energy Laboratory and will provide information on technologies specific to the Region (floating wind in Hawaii and marine hydrokinetic and wind in Oregon).

- **Technology Assessment and Research Studies**

Recently awarded projects continue to build on the lessons learned from developers of commercial wind projects offshore in Europe while focusing on the unique operating environment of the United States Outer Continental Shelf. International structural design standards have been reviewed and research gaps have been identified that include the anticipated effects of hurricanes and open-ocean breaking waves, as well as the structural integrity of floating wind turbines under reasonably-foreseeable ocean conditions. Much is known about the meteorological and oceanographic conditions in the Gulf of Mexico, but this data needs to be obtained in both the Atlantic and Pacific regions to ensure that these new structures are designed to the appropriate parameters. Studies planned for FY 2013 include: Study of Fundamental/Structural Soil Conditions Requirements, and Fatigue Design Methodologies and Design Criteria.

Conventional Energy

FY 2014 PERFORMANCE BUDGET

Bureau of Ocean Energy Management

Conventional Energy Activity

Table 10: Conventional Energy Budget Summary

		2013 Full Year CR	2012 Enacted [1/]	Fixed Costs (+/-)	Program Changes (+/-)	2014 Budget Request	Change from 2012 (+/-)
Conventional Energy	($000)	*47,394*	47,245	+654	+3,042	50,941	+3,696
	FTE	*272*	282		-4	278	-4

SUMMARY OF PROGRAM CHANGES

Program Changes from 2012 Enacted	Amount ($000)	FTE
FTE Technical Adjustment		-10
Development of ePlans Portal	+1,500	-
Atlantic G&G Data Acquisition and Management	+655	+1
Marine Minerals Program	+1,470	+2
Alaska Plan Review	+800	+3
Adjustment to Base Program	-1,383	-
Net Total Change	**+3,042**	**-4**

The FY 2014 President's Budget request for BOEM's Conventional Energy program is $50,941,000 and 278 FTE, a net program change of +$3,042,000 and -4 FTE from the 2012 enacted level. This program change is comprised of the following:

FTE Technical Adjustment (-10 FTE). The total FTE change estimated for this activity in FY 2014 is +6. The technical adjustment of -10 represents the difference between the 2012 actual and enacted FTE. No funding increases or decreases are associated with this adjustment.

Development of ePlans Portal (+$1,500,000; +0 FTE). The requested funds will be used to develop information technology (IT) infrastructure to modernize and streamline the plan submission and review process. This will achieve significant gains for both the rigor of analysis and the efficiency of plan review. The ePlans initiative consists of four key elements: electronic submittal, automated business rules, review and automation, and automated final action.

Atlantic Geological and Geophysical Data Acquisition and Management (+$655,000; +1 FTE). This initiative will fund the acquisition and management of geological and geophysical (G&G) data in the Mid- and South Atlantic. Current G&G information regarding oil and natural gas resource potential in the Mid- and South Atlantic is based on older data collected in the 1970s and 1980s and does not reflect advancements in G&G data acquisition and analysis made possible by advances in instrumentation and technology. Modern G&G data will enable decision

makers to more accurately determine resource potential and identify whether and where leasing should take place. This request is consistent with BOEM's regionally targeted approach to the Atlantic, which includes a focus on establishing a better under understanding of resource potential in the region to support future decision-making.

Marine Minerals Program (+$1,470,000; +2 FTE). BOEM has the statutory responsibility to consider and approve, if appropriate, the use of marine mineral resources for shore restoration, wetlands protection, and projects to protect federal infrastructure. BOEM is seeking additional funds to support the Marine Minerals Program. In light of recent events, particularly Hurricane Sandy, BOEM anticipates significant new needs to review sand and gravel requests for shore restoration, infrastructure, and protection projects. These costs will be partially offset by a proposed cost recovery fee of $470,000, which is included in the total for BOEM's estimated 2014 offsetting collections. The fee proposal would attempt to offset some of the costs associated with the processing of applications for marine mineral resource negotiated noncompetitive agreements and is discussed in greater detail in the chapter on proposed mandatory and offsetting collections changes, as well as the Office of the Secretary budget justification.

Alaska Region Plan Review (+$800,000; +3 FTE). Experiencing significant industry interest, the Alaska Region anticipates an increase in proposed exploration and development activities within the Alaska Region, thus increasing workload. The request would fund resources needed to manage the increase in staff capacity to evaluate exploration and development plans.

Adjustment to Base Program (-$1,383,000; +0 FTE). Beginning in FY 2011, BOEM (which was then the Minerals Management Service) received funding for fair market value database development and system upgrades. While ensuring fair market value continues to be a critical responsibility of BOEM's resource evaluation program, BOEM anticipates that these developments and upgrades will be completed before FY 2014, allowing these funds to be realigned to high priority initiatives. This will not affect BOEM's ability to ensure the collection and management of all fair market value data.

PROGRAM OVERVIEW

BOEM plays a key role in securing ocean energy for the Nation. It manages access to the energy and mineral resources of the Outer Continental Shelf to help meet the energy demands and mineral needs of the Nation while balancing such access with the protection of the human, marine, and coastal environments. As of January 2, 2013, BOEM administers 6,686 active oil and gas leases on approximately 36 million OCS acres. Production from these leases will generate billions of dollars in revenue for the Federal Treasury and state governments while supporting thousands of jobs. In 2011, OCS leases provided 501 million barrels of oil and 1,867 billion cubic feet of natural gas, accounting for about 25 percent of domestic oil production and seven percent of domestic natural gas production. Energy revenues generated from BOEM leasing actions and collected by the Office of Natural Resources Revenue are a significant source of revenue for the Federal Government.

LEASING AND PLANS

Leasing and Plans Program activities include planning the Five Year OCS Oil and Gas Leasing Program, mapping and surveying OCS boundaries, implementing the lease sale process, administering leases, and reviewing and approving exploration and development plans. These activities enable BOEM to responsibly meet performance goals for the number of lease sales held, the timeliness of these sales, and the acreage offered through these sales.

➢ Five Year OCS Oil and Gas Leasing Program

Under the OCS Lands Act, the Secretary of the Interior has the responsibility to "prepare and periodically revise, and maintain an oil and gas leasing program" in order to "best meet national energy needs" while still balancing other important factors. The Department must prepare a long-range program that specifies the size, timing, and location of areas to be considered for Federal offshore natural gas and oil leasing. The Five Year Program establishes a schedule of potential lease sales over the five year period and is designed to achieve the careful balance required under the OCS Lands Act to ensure that "management of the Outer Continental Shelf shall be conducted in a manner which considers economic, social, and environmental values of the renewable and nonrenewable resources contained in the Outer Continental Shelf, and the potential impact of oil and gas exploration on other resource values of the Outer Continental Shelf and the marine, coastal, and human environments." BOEM cooperates and/or consults with stakeholders (including Federal and state agencies, local communities, federally recognized tribes, private industry, and the public) to develop a program that offers access to those areas of the OCS with the most promising potential for development of oil and natural gas resources in an environmentally responsible manner.

On June 28, 2012, the Department of the Interior announced the Five Year OCS Oil and Gas Leasing Program for 2012-2017, which BOEM prepared pursuant to the OCS Lands Act. The Secretary approved the Five Year Program on August 27, 2012, following a mandatory 60-day waiting period. The Five Year Program includes 15 potential lease sales in six planning areas in the Gulf of Mexico and Alaska, which includes the richest and most promising areas for oil and gas on the U.S. OCS. These areas include an estimated 75 percent of the total undiscovered, technically recoverable oil and natural gas resources estimated for the entire OCS.

The Five Year Program is designed to advance safe and responsible domestic energy exploration and production by offering substantial acreage for lease in regions with known potential for oil and gas development. It is tailored to specific regional considerations, including resource potential, condition of infrastructure including oil spill response capabilities, state interests and concerns, and the need for a balanced approach to the use of natural resources. The Five Year Program is informed by lessons learned from the *Deepwater Horizon* explosion and subsequent oil spill reforms that have been implemented to make offshore drilling safer and more environmentally responsible, and to ensure that we are better prepared in case a blowout or other form of oil spill occurs.

The Five Year Program is consistent with the Obama Administration's *Blueprint for a Secure Energy Future,* which aims to promote domestic energy security and reduce oil imports by half

by the end of the decade through a comprehensive national energy policy that includes a focus on expanding safe and responsible domestic oil and natural gas production.

- **Oil and Gas Lease Sales**

The Five Year Program, as approved by the Secretary in August 2012, schedules lease sales in six offshore areas where there are currently leases and/or activity. Over the next five years, these six planning areas are best situated to support lease sales with the potential to lead to responsible oil and gas exploration, development, and production. Twelve of the fifteen scheduled lease sales are within the Gulf of Mexico – which remains the area of greatest interest and known potential, and where the infrastructure supporting the oil and gas industry, including resources to respond in the event of an emergency, are the most mature and well developed. The Gulf of Mexico currently supplies more than a quarter of the Nation's oil production, and the Central and Western Gulf remain the two offshore areas of highest resource potential and industry interest.

Table 11 below shows the lease sales scheduled as part of the Five Year Program. BOEM held the first sale of the Program, Western Gulf of Mexico Lease Sale 229, in November 2012. This sale, in combination with the last two sales of the previous Five Year Program, raised over $2.1 billion in bonuses paid to the Treasury. The second sale, Central Gulf of Mexico Lease Sale 227, was held in March 2013 and generated $1.2 billion in high bids. Three of the sales included in the Five Year Program are scheduled to take place during calendar year 2014. These include: Eastern Gulf of Mexico Sale 225, Central Gulf of Mexico Sale 231, and Western Gulf of Mexico Sale 238.

Table 11: Five Year Program Lease Sale Schedule

Calendar Year	Area	Sale No.*
2012	Western Gulf of Mexico	229
2013	Central Gulf of Mexico	227
	Western Gulf of Mexico	233
2014	Eastern Gulf of Mexico**	225
	Central Gulf of Mexico	231
	Western Gulf of Mexico	238
2015	Central Gulf of Mexico	235
	Western Gulf of Mexico	246
2016	Eastern Gulf of Mexico	226
	Central Gulf of Mexico	241
	Chukchi Sea	237
	Western Gulf of Mexico	248
	Cook Inlet	244

2017	Central Gulf of Mexico	247
	Beaufort Sea	242

*Numbers listed here are not in numerical order. Sale numbers are chosen as an administrative tool to identify individual proposals, and once a number has been assigned to a sale under a Draft Proposed Program, it cannot be reused in any subsequent revisions of that Five Year Program.

**Sales in Eastern Gulf of Mexico would only include those areas that are not currently subject to moratorium under Gulf of Mexico Energy Security Act.

- **Plan Review**

BOEM conducts in-depth reviews of exploration plans, development and production plans, and development operation coordination documents, and processes them for approval within required time frames to ensure that planned activities are conducted in accordance with applicable laws, regulations, and lease terms. BOEM works to ensure that the review process is rigorous, efficient, and transparent, while also being predictable to industry. For example, BOEM now designates specific plan coordinators to ensure consistency throughout the review process and is currently developing electronic systems to make the process more user-friendly and the status more transparent.

In conducting plan reviews, which include environmental analyses required by the National Environmental Policy Act (NEPA), BOEM examines a broad spectrum of issues and resources including shallow drilling hazards, resource conservation, supplemental bonding, worst case discharge analysis, air quality, water quality, archaeological concerns, environmental resource concerns, subsistence use concerns, and military issues. While BOEM's review of existing NEPA processes is ongoing, site-specific environmental assessments, as opposed to the categorical exclusion reviews performed in the past, are being conducted for all new and revised exploration and development plans in deepwater.

These analyses provide information that is needed to support plan decisions, including the development of approval conditions to help protect communities and the environment. BOEM's regional offices, working closely with the Office of Strategic Resources and the Office of Environmental Programs, coordinate and manage the plan review process between the Conventional Energy activity and Environmental Assessment and Studies. BOEM also coordinates its review of plans with the Bureau of Safety and Environmental Enforcement (BSEE), as well as with states that have approved Coastal Zone Management Programs and with other appropriate state and Federal agencies.

During FY 2014, BOEM will undertake an initiative to develop an ePlans Portal that will digitize significant elements of the plan review process, creating significant efficiencies for both industry and government that would reduce plan processing time by up to 40 percent, yield financial savings, and improve data quality.

For example, BOEM expects that ePlans will significantly reduce the number of times that plans are returned to operators, saving both government and industry staff time, and ultimately shortening the duration of the average plan review. In FY 2012, BOEM received 505 plan submissions, and, on average, the time required to process and approve these plans was 90 days.

Of the plans submitted, 302 required revisions, which added an average of 47 days to the review process. BOEM currently returns exploration and development plans to operators an average of four times per plan – often on account of errors like incomplete fields and technical errors. With ePlans, applicants would be able to monitor the review process online and correct these types of errors in a timely manner in order to finalize their electronic transactions. BOEM expects this change to limit the number of returns to an average of one per plan, and to focus the review process on substantive corrections.

Upon completion, each ePlans module will be first tested internally, modified as needed, and deployed. Internal testing will be conducted by the BOEM/BSEE ePlans subject matter experts, and after the system is finalized, hands-on training sessions will be offered for industry users prior to deployment. BOEM will work to incorporate industry feedback into the system as each module is deployed, as appropriate. BOEM will then release guidance to introduce the ePlans system and provide instructions on how to obtain a user account.

This initiative is a joint effort with BSEE to develop an ePermits electronic portal, will digitize the plans process and establish a foundation for ongoing development of other automated submission tools such as Application for Permit to Drill (APD) and Application for Permit to Modify. The ePlans system will be able to adapt to evolving functional and technical requirements and also focus on rapid delivery.

This initiative is a critical component of BOEM's efforts to improve and modernize its core mission processes, and to facilitate coordination and data-sharing between BOEM, BSEE, and other state and Federal regulatory agencies. Through ePlans, information transfer can be managed effectively through a prescribed workflow for plan and NEPA reviewers, with timely decisions relayed back to the plans coordinator. System validation checks performed prior to plan submission will eliminate the need for plan coordinators and reviewers to perform these checks manually, allowing them more time to analyze non-routine plans.

Finally, the ePlans project addresses a number of concerns raised in the Government Accountability Office (GAO) Report 12-423, regarding the limitations of the legacy Technical Information Management System (TIMS) IT system, specifically, the lack of edit checks and means for tracking plan amendments. The requested funding for the development of ePlans reflects both BOEM's and the Department's agreement with the GAO recommendations and the overall commitment to improve the plan review process.

Gulf of Mexico Region: In FY 2014, BOEM anticipates reviewing/processing 200 exploration plans (EP) and 350 development operation coordination documents (DOCD). Table 12 below includes all plan submittals – initial, supplemental, revised, modifications, amendments, and post approval – received from 2006-2012, and plans estimated to be received in fiscal years 2013 and 2014.

Table 12: Exploration Plans and Development Operation Coordination Documents anticipated in the Gulf of Mexico Region in FY 2014

Year	Type	Number
2006	DOCD	427
2006	EP	537
2007	DOCD	667
2007	EP	528
2008	DOCD	444
2008	EP	516
2009	DOCD	350
2009	EP	619
2010	DOCD	431
2010	EP	408
2011	DOCD	837*
2011	EP	907*
2012	DOCD	327
2012	EP	170
2013	DOCD	350
2013	EP	200
2014	DOCD	400
2014	EP	230

* The increase in 2011 is due to heightened standards on information requirements on Exploration Plans (EP) and Development Operation Coordination Documents (DOCD) in the OCS.

BOEM also reviews and processes all right-of-use and easement applications. Rights-of-use and easements are granted to operators to construct or maintain platforms and other installations at OCS sites on which the operator does not have an OCS lease. In FY 2012, the Gulf of Mexico Region completed 33 right-of-use and easement requests. Right-of-use and easement requests are expected to remain level with approximately 30 requests expected for FY 2013 and 2014.

Alaska Region: In the coming years industry interest in exploration and development on the Alaskan OCS is expected to increase and BOEM will require additional staff to review and oversee offshore oil and gas drilling programs in the Beaufort and Chukchi Seas. Specifically, BOEM anticipates recruiting additional engineers with experience working in the Arctic. Experiences during the 2012 season underscore the importance of rigorous planning and oversight to ensure that industry meets high standards for operating in the Arctic.

In 2011, the Alaska Region conditionally approved exploration plans from Shell Offshore, Inc. and Shell Gulf of Mexico, Inc. for multiple year and multiple well activities in the Beaufort and Chukchi Seas. A second multiple year and multiple well plan in the Chukchi Sea, was received from ConocoPhillips, Inc. in the second quarter of FY 2012; however, BOEM required additional information before the plan could be deemed submitted. It is anticipated that the additional information will be submitted by ConocoPhilips, Inc. to BOEM in the second quarter of 2013.

In addition, BP Exploration is pursuing plans to develop the Liberty Reservoir, located in Federal waters north of Prudhoe Bay. BP is expected to submit a development and production plan before December 31, 2014. The Liberty development is likely to be the first, completely Federal offshore oil and gas complex in the Arctic. Its development will lay the foundations for all future offshore oil and gas activity in Arctic Alaska. Responsible and safe development of Liberty, and BOEM rigorous oversight during planning, will be essential.

Review of exploration and development plans requires additional environmental coordination with the U.S. Fish and Wildlife Service (FWS) and the National Oceanic and Atmospheric Administration (NOAA) to ensure compliance with the Endangered Species Act and Marine Mammal Protection Act. The Region also consults with NOAA on marine mammals and essential fish habitat, with the State Historic Preservation Offices on archaeology and historic preservation requirements, and with Native communities that could potentially be affected.

Pacific Region: BOEM's Five Year Program does not include lease sales in the Pacific – consistent with the recommendations of governors across the West Coast, as well as local agencies. However, BOEM continues to oversee activity on 43 existing leases from previous sales. The last lease sale in the Pacific Region was held in 1984. Proposed activities on these leases periodically require an update to development and production plans (DPPs), and the Region is expected to review and take action on approximately three such updates during FY 2013, and approximately three in FY 2014. Drilling from Federal Platform Hidalgo, located in the Point Arguello field, has been proposed for development in an adjacent field on the same lease, requiring a DPP revision in FY 2013. Federal Platform Irene, offshore Point Arguello, has, in the past, been proposed for use in development of state reserves in the Tranquillon Ridge field, if a state lease can be gained. If this proposal is re-introduced in FY 2014, the Region will require review and revision to the existing Federal development and production plan.

- **Mapping and Boundary**

The Secretary of the Interior is charged by law with the administration of offshore submerged lands on the OCS for offshore energy and minerals leasing purposes. Various court decisions, treaties, legislation, policies, and procedures guide the boundary making process on the OCS. The offshore submerged lands of the OCS are subdivided into parcels referred to as OCS blocks. No submerged lands may be offered for leases that are not owned by the Federal Government, and no submerged Federally-owned lands may be offered for lease or sale by either a foreign country or a U.S. Coastal State. For these reasons, accurate offshore lease boundary lines are a foundational requirement for all BOEM offshore leasing activities.

BOEM's Mapping and Boundary Branch is responsible for producing and maintaining the official marine cadastre for the Federal OCS areas of the United States. The current focus of this work is to generate the blocks and boundary lines necessary to support leasing for renewable energy purposes in the offshore areas of Hawaii. Customized Geographic Information Systems (GIS) tools are being used for this effort, which will continue through 2014.

- **Marine Minerals Program**

BOEM is proposing increased funding for marine minerals management to address the anticipated increased need for these resources. BOEM is responsible for the policy and guidance for the development of all OCS minerals other than oil, gas, and sulphur under Section 8(k) of the OCS Lands Act. The OCS Lands Act, as amended, authorizes BOEM to convey, on a noncompetitive basis, the rights to OCS sediment resources to Federal, state, and local entities for shore protection, beach or wetlands restoration projects, or for use in construction projects funded or authorized by the Federal government. BOEM is responsible for ensuring that the issuance of negotiated leases for the use of OCS sand resources does not result in adverse environmental impacts on the marine, coastal, or human environment. Each negotiated lease requires a NEPA analysis, including endangered species and essential fish habitat consultations, as well as coastal consistency and archaeological resources reviews. BOEM is also required to coordinate biological consultations with the National Marine Fisheries Service (NMFS) and the FWS.

To date, BOEM has conveyed the rights to 73 million cubic yards of OCS sediment in 38 projects covering six states and 202 miles of coastline. In FY 2012, three negotiated noncompetitive agreements were issued to provide more than 11 million cubic yards of OCS sand for three coastal restoration/wetlands protection projects along the Atlantic and Gulf of Mexico. In FY 2013, BOEM has already completed four agreements conveying more than 3.7 million cubic yards of OCS sand, and expects to complete two more agreements.

In addition, BOEM anticipates an increasing need for marine minerals to mitigate severe coastal erosion related to storms and rising sea levels, as well as for recovery and restoration efforts specific to Hurricane Sandy. BOEM has an important role in Hurricane Sandy recovery and resiliency efforts authorizing identification and use of sand resources offshore New Jersey and New York for beach and habitat restoration projects. The depletion of sand deposits in state waters continues to elevate the demand for OCS sand and gravel resources along portions of the Gulf of Mexico and all along the Atlantic Coast.

Fulfilling BOEM's statutory responsibilities to consider and approve the use of marine mineral resources in the OCS has been challenging. The demand for marine minerals has increased dramatically due to the coastal devastation along the Mid-Atlantic resulting from Hurricane Sandy, and the requested funds will ensure BOEM's ability to respond to requests for resources for critical coastal restoration activities by identifying and delineating new OCS sand resources.

As Hurricane Sandy illustrated, natural and developed coasts are frequently subject to major storm damage and severe erosion. OCS sand resources are often needed under urgent circumstances to restore damaged shorelines and wetlands to pre-storm condition, or are needed more strategically to protect coastal areas in advance of a storm, or to re-establish important biological habitat and ecological function. In some regions, like the Gulf of Mexico, sufficient volume of sand resources for use in the long-term ecosystem scale restoration of barrier islands and wetlands is only available on the OCS. Along Atlantic and Gulf Coasts, BOEM anticipates the demand for, and importance of, OCS sand resources will continue to rise because of climate-related changes in storm activity and accelerating sea level rise, as well as an increasing number

of environmental and resource conflicts in state waters.

Many of the completed projects used sand from OCS borrow areas that were identified by the highly successful state cooperative offshore sand agreements that were in place from the mid-1990s to 2005. Information from new studies will be used by BOEM to evaluate the effects of specific proposed dredging operations, as required under current environmental laws. The results are also used to design mitigation measures that are incorporated, as appropriate, in lease requirements and stipulations for the dredging of OCS sands. Sand deposits previously identified and evaluated by the program have been used for 16 beach nourishment projects in Maryland, Virginia, Louisiana, and Florida. Sand sources identified through the cooperative effort with Louisiana are the major source of material for restoration of barrier islands located in the southwestern and central Louisiana coastal area.

Sand resource identification and delineation is critically important because identifying marine mineral resources and determining the sand deposit characteristics (sufficient quantity, appropriate grain size, environmental conditions or proximity to the placement site) enables the responsible management of these resources. To date, BOEM has identified a limited inventory of available OCS sand resources.

Maintaining and expanding the inventory of OCS sand resources is critical to the Nation's coastal restoration and resiliency efforts. The ability to use OCS resources is limited by a number of factors, including other uses of the area (e.g., fishing, military), sediment compatibility with placement locations, environmental considerations (e.g., critical habitat, endangered species mitigation), archaeological resources, and the presence of unexploded ordnance.

In order to make scientifically sound decisions about the use and environmental impacts of OCS marine minerals, BOEM must first have an understanding of the marine mineral resources currently on the OCS. While it is known that there are environmental impacts associated with the removal of OCS sand, limited funding for this program has precluded acquiring new studies and the development of specific mitigation measures related to sand removal. To conduct this critical scientific analysis, the requested funds will be used for comparative, long-term environmental studies to understand seafloor habitat and ecosystem function and the resilience of inner shelf sand bodies. These studies allow BOEM to make informed, environmentally responsible leasing decisions that more consistently align with project timelines.

The funds will support two dedicated FTE to carry out these responsibilities. These subject matter experts would specialize in complex offshore marine minerals and sediment matters and would be responsible for policy development, stakeholder coordination, scientific understanding/knowledge, and lease development, coordination, and execution. They will also specialize in complex resource management and coordinate and consult on marine mineral resource management issues across all regions, taking into consideration resource identification and delineation, relevant science, environmental resources, and multi-use concerns. These experts would work with the various regions and within headquarters to develop and implement a resource management plan for marine minerals management.

BOEM is also proposing a service fee to offset a portion of the costs associated with marine minerals management. The actual amount to be charged will be determined through an economic analysis, but BOEM estimates these fees will generate approximately $470,000 in revenue in FY 2014 and as much as $580,000 annually in the outyears. BOEM proposes to implement this fee through its existing regulatory authority under the OCS Lands Act, and it will collect and utilize these funds as offsetting collections under authority provided in annual appropriations language.

- **Marine Planning**

Marine spatial planning is an important tool for implementing ecosystem-based management, which is at the heart of the integrated resource management approach promoted by the President's National Ocean Policy. As the only agency authorized to grant renewable energy, marine mineral, and oil and gas leases on the OCS, BOEM plays a pivotal role in the marine planning process. BOEM is the DOI lead for coordinating marine planning efforts, and it is the Federal co-lead in the Mid-Atlantic region and potentially in the Alaska region by FY 2014. It is also significantly engaged in other regions with interest in developing energy and mineral resources on the OCS: the Northeast, South Atlantic, Gulf of Mexico, West Coast, and the Pacific Islands.

As a Federal co-lead, BOEM coordinates overall regional planning body responsibilities on behalf of Federal partners and provides administrative and personnel support as needed to move the marine planning initiative forward. BOEM also facilitates data and information availability, provides research on potential environmental impacts of new technologies, and identifies conflict resolution and avoidance strategies. BOEM also supports marine planning studies in coordination with other Federal agencies through collaborative groups such as the National Oceanographic Partnership Program.

The regional marine planning processes are designed to enhance regulatory efficiency through improved coordination and collaboration, as well as improved long-term stewardship of ocean and coastal resources.

- **Marine Cadastre (MarineCadastre.gov)**

The MarineCadastre.gov project, formerly known as the Multipurpose Marine Cadastre, is a web-based integrated marine information system that provides authoritative and regularly updated ocean information, including offshore boundaries, infrastructure, ocean uses, habitat distribution data, energy potential, and other data sets important to large regional ocean planning efforts, as well as project-specific planning. Data is provided as immediate viewable map data, downloadable GIS formatted data, and as map services. Most data is available directly from the authoritative source, or is updated regularly from the source(s). MarineCadastre.gov was created to comply with Section 388 of the Energy Policy Act of 2005, which mandated a comprehensive digital mapping initiative for decision-making on the OCS, and is also providing the geospatial framework needed for the broader ocean planning initiative called for in the president's National Ocean Policy. MarineCadastre.gov has three primary focus areas: web map viewers and ocean planning tools; spatial data registry; and technical support and regional capacity building.

In addition to the data sets provided by other authoritative data providers – such as NOAA, FWS, U.S. Geological Survey (USGS), U.S. Coast Guard, U.S. Navy, and others – the MarineCadastre.gov includes a variety of BOEM/BSEE data sets. Users inside and outside of BOEM have access to the most up to date versions of things like lease maps, protractions, lease blocks, boundaries, pipelines, wells, and other BOEM/BSEE generated GIS data that are important to BOEM's stakeholders for marine spatial planning and energy development planning purposes. The data and services that are provided through the MarineCadastre.gov project are used by a number of regional ocean portal projects, fulfilling BOEM's vision for the project to be the first place to find authoritative coastal and marine data. Examples of uses of the system can be found online at: http://www.marinecadastre.gov/SiteCollectionDocuments/Product_Pages_Final.pdf.

BOEM's efforts on the MarineCadastre.gov have been recognized by the Center for Environmental Innovation and Leadership (CEIL) for "Success through Collaboration" with the NOAA's Coastal Services Center. The CEIL Awards recognize military and Federal teams and programs that have demonstrated exemplary performance in integrating environmental stewardship into day-to-day activities and turned sustainability ideas into reality. Awards highlight excellence in developing and implementing innovative environmental programs to improve environmental quality, reduce greenhouse gas emissions, or increase use of renewable energy and bio-preferred products.

MarineCadastre.gov is constantly evolving and growing to include relevant issue-driven data and tools. Specialized maps in the "Gallery Page" of the project are available. Ocean planners can create custom data viewers by combining authoritative data from the Marine Cadastre Data Registry with more locally relevant web map services. Moving forward, the project team will focus on strengthening biodiversity and ocean use data, educating the users about the data and its uses, and building decision support tools to support coastal and marine spatial planning. The project can be found online at www.marinecadastre.gov.

ECONOMIC EVALUATION

BOEM's Economics Division is comprised of a team of interdisciplinary experts that provide economic analyses for the Department of the Interior, other Federal agencies, and Congress. The economic analysis expertise within the program is often called upon to analyze and implement regulatory and legislative actions affecting OCS leasing, exploration, development, and production activities. Further, the program undertakes studies, as needed; to address specific policies and compilations of data required to analyze overall OCS program responsibilities. The Division supports all BOEM program areas, including conventional oil and gas, renewable energy, and mineral leasing. The Division's efforts contribute significantly to the development of national energy strategies. To accomplish its objectives, the Economics Division:

- Works to ensure receipt of fair market value for the rights to explore and produce offshore energy and mineral resources.
- Conducts analyses to support development of regulations and evaluates policies for lease terms, conditions, and bidding systems for individual oil and gas lease sales, the Five Year Program, and the Renewable Energy Program.

- Develops and maintains economic and statistical models and databases that are the basis for sale design, resource evaluation, post-sale and operational activities, rulemaking, revenue sharing, and royalty relief programs.
- Reviews and designs policies and methods for forecasting receipts from the offshore energy programs. Accurate receipt estimates enable comparative assessments of the government's share of receipts from its offshore oil and gas program; development of operator diligence requirements; timely and efficient decommissioning of wells and structures; and appropriate evaluation of civil penalties.
- Provides economic analyses and fiscal forecasts for energy leasing policies, legal and legislative alternatives, and national energy strategies.
- Generates economic assumptions and scenarios for use in post-sale tract evaluations and in applications for royalty relief.

RESOURCE EVALUATION

BOEM's Resource Evaluation Program support all program areas, both energy and non-energy (e.g., marine minerals), through critical technical analyses. The primary program objective is to identify areas of the OCS that are the most promising for oil and gas development (including methane hydrates). To accomplish this, BOEM:

- Acquires G&G data;
- Estimates the quantities of undiscovered technically and economically recoverable resources that may exist and the volume of reserves discovered and likely to be produced;
- Forecasts future industry activity levels; and
- Determines the adequacy of high bids received for individual tracts offered for lease.

BOEM data provides the inputs to economic and statistical analyses for leasing policies and program decisions, such as the design of financial terms for lease sales. Program analyses assist in exploration and development plan decisions and help reduce the risk of safety and environmental concerns in offshore development decision-making. Involvement in international activities promotes sound resource evaluation practices around the world.

BOEM's Resource Evaluation Program consists of seven major components: resource assessment, fair market value determination, reserves inventory, regulation of prelease exploration, G&G data acquisition, worst case discharge calculation, and G&G regulatory reviews. These components are discussed below.

➢ Resource Assessment

BOEM identifies geologic plays and areas on the OCS that offer the highest potential for the occurrence of oil and natural gas development and production. Following the identification of hydrocarbon plays, BOEM assesses the play's hydrocarbon potential and its economic viability with the help of complex computer models and methodologies. The assessment process

incorporates specific geologic, petroleum engineering, and economic data and information. In addition to the estimation of undiscovered hydrocarbon resources, these studies help identify environmental and operational constraints, and assist in making leasing decisions. Comparing the data for acreage and resources offered illustrates that BOEM offers access to geologic areas on the OCS that have the highest potential for development of oil and natural gas. BOEM also estimates the amounts of oil and natural gas likely to be discovered and produced as a result of leasing, and generates potential scenarios of future industrial activities associated with exploration, development, and production. BOEM measures both the resources and acres offered annually compared to what was planned for the year and analyzes the results to improve the Program. Resource estimates support critical analyses of potential impacts of policy options, legislative proposals, NEPA analyses, and industry activities affecting OCS natural gas and oil activities — both current and future.

The scale of the assessment activities range from large (regional or OCS-wide) to sale-specific, such as individual prospects and lease tracts. In the early stages of this process, the focus is on regional areas, but as more data and information are acquired, the focus shifts to lease sales and prospect-specific areas to be offered for lease, or that are related to a specific issue, (i.e., moratoria, marine sanctuaries, quantitative analysis of legislative proposals). Once a sale area has been identified, the Program produces more detailed mapping and analyses needed to estimate the resource potential of individual prospects within that area. These prospect-specific data, maps, and analyses are also used to determine parameters for post-sale bid analyses in support of fair market value evaluations.

The *2011 Assessment of Undiscovered Technically Recoverable Oil and Gas Resources of the Nation's Outer Continental Shelf* was developed to support the 2012-2017 Five Year Program. These types of assessments lay the groundwork to support activities for the next Five Year Program, and upcoming such assessments will support the development of the 2017-2022 Five Year Plan. Assessment activities associated with the Five Year Program will continue to examine specific plan related issues, such as individual sales.

Alaska Region: BOEM plans to reassess the oil and gas potential for both the Chukchi and Beaufort Seas. This data will also be critical for fair market value determinations for BOEM sales currently scheduled in 2016 and 2017.

***Gulf of Mexico Region*:** BOEM continues to enhance and refine the analysis provided to support the *2011 Assessment of Undiscovered Technically Recoverable Oil and Gas Resources of the Nation's Outer Continental Shelf*. This assessment typically corresponds with the development of a new Five Year Program. The mapping and modeling of salt bodies in the deepwater will continue to be developed to aid in identifying subsalt prospects. In conjunction with the salt modeling, basement mapping and sand percentage calculations in specified areas are guiding a hydrates assessment update that was published for the continental United States, with Alaska being finalized during FY 2013. Work on a resource inventory for the Atlantic OCS and Eastern Gulf of Mexico planning areas continues.

- **Fair Market Value Determination**

Assuring the receipt of fair market value on OCS lands is mandated by the OCS Land Act and is one of BOEM's critical responsibilities. Regional offices, with headquarters oversight, perform the functions necessary to thoroughly assess the oil and gas potential and fair market value of OCS tracts offered for lease. Only tracts identified in the Five Year Program are available for lease. The bid review process incorporates G&G data along with reserve, resource, engineering, and economic information into a sophisticated discounted cash flow computer model that estimates economic value of the corresponding tract. The goal of that model is to achieve estimates of fair market value on tracts receiving bids.

A principal indicator of performance includes the fair market value ratio, which serves as a measure of the effectiveness of BOEM's tract valuation and bid adequacy procedures. BOEM's tract evaluation procedure is designed to assure that the government receives fair value for leased tracts. The fair market value ratio metric compares the accepted high bid on each tract to the government's estimated value for that tract. Industry strategy with respect to acquiring specific acreage could lead to a company raising its bid above this analytical value to improve their chances of winning the lease. BOEM estimates are based on a discounted cash flow analysis of a tract and are not designed to predict the high bid. Therefore, the value of this indicator should always be greater than one to achieve fair value for OCS leases. The annual target ratio of 1.8 to 1 means that on average, the industry bids received are expected to be $1.80 (+/- 0.4) for every dollar of the estimated value for each tract. This target was set using several years of historical bid data and is reviewed annually to confirm its validity. The results for this measure are discussed within the DOI Annual Performance Plan and Report, under separate cover.

***Alaska Region*:** BOEM continues to provide the Bureau of Land Management (BLM) with fair market value analyses on National Petroleum Reserve – Alaska lease sales. It is estimated that this level of activity will continue since single sales in the National Petroleum Reserve – Alaska are scheduled in both 2013 and 2014.

***Gulf of Mexico Region*:** Three OCS oil and gas lease sales in the Five Year Program are scheduled for FY 2013. The sales include: Western Gulf of Mexico Sale 229 (held on November 28, 2012), Central Gulf of Mexico Sale 227 (held on March 20, 2013), and Western Gulf of Mexico Sale 233 (scheduled to occur in the summer of 2013). Bids received during these lease sales will undergo rigorous fair market value determinations. Since 1984, bid adequacy determinations have resulted in an average rejection rate of bids of approximately 3.8 percent. Bid adequacy procedures have consistently resulted in higher returns in subsequent sales for tracts that have had bids rejected on fair market value grounds in previous sales. From 1984 through 2012, BOEM has rejected total high bids of approximately $611 million. Subsequently, the same blocks were re-offered and drew high bids of $1.654 billion, for a total net gain of approximately $1.044 billion.

- **Reserves Inventory Program**

The Department is required under the OCS Lands Act to "conduct a continuing investigation …for the purpose of determining the availability of all oil and natural gas produced or located on

the Outer Continental Shelf." In order to meet this requirement, BOEM is required to develop independent estimates of economically recoverable amounts of oil and gas contained within discovered fields by conducting field reserve studies. The reserve estimates are revised periodically to reflect new information obtained from development and production activities.

Reserve studies are critical inputs to resource assessments, the review and approval of royalty relief applications, as analogs for bid adequacy determinations, and in the review of industry plans and requests. The geologic and engineering information also support other program activities within DOI and cooperative efforts with the Department of Energy and its Energy Information Administration.

***Gulf of Mexico Region*:** In FY 2013, the Gulf of Mexico Region anticipates reviewing approximately 15 new Conservation Information Document submissions and nine revisions of prior submissions. BOEM will also begin to integrate Conservation Information Document analysis into the existing workload of field modeling, mapping and maintenance requirements, and workload associated with worst case discharge analysis. The Reserves Inventory Program anticipates publishing a number reports during FY 2013, which summarize oil and gas reserves and production from Gulf of Mexico discovered fields, including the 2013 edition of the *Section 965c Report to Congress*, which outlines the technically recoverable oil and gas resources in the OCS and state waters off the coasts of Texas, Louisiana, Mississippi, and Alabama; and summarizes of Gulf of Mexico reservoir sands and discovered fields.

***Pacific Region*:** BOEM will generate its annual *Estimated Oil and Gas Reserves* Report during FY 2013 and FY 2014.

- **Regulation of Prelease Exploration**

Regulation of prelease exploration assures that prelease exploration, prospecting, and scientific research operations in Federal waters do not interfere with each other, with lease operations, or with other uses of the area. The regulations also encourage G&G data acquisition and adequate protection of the investment in data gathering, while assuring access to data to provide competitive balance. Adherence to these regulations ensures that exploration and research activities will be conducted in an environmentally safe manner.

G&G permits set forth the specific details for each data-gathering activity, which include the area where the data is collected, the timing of the data-gathering activity, approved equipment and methods, required environmental compliance measures, and other similar detailed information relevant to each specific permit.

Alaska Region: BOEM will continue to issue permits for both oil and gas exploration and marine minerals prospecting activities (e.g. gold). Permit activity is expected to remain at two to four permits submitted per year, primarily for deep penetration seismic surveys. All of the permittees must adhere to the Marine Mammal Protection Act and the Endangered Species Act requirements. This fact and coordination with other Federal agencies, community involvement and government-to-government activities (e.g., tribal consultations) require a higher than

average FTE commitment by the Resource Evaluation Program to manage these permits. It is expected that this workload will remain fairly constant in 2013 and 2014.

***Gulf of Mexico Region*:** BOEM will continue to issue permits for both oil and gas exploration and marine minerals prospecting activities. Permit activity is expected to be approximately 50 permits and revisions submitted per year with the majority of the permits issued for deep penetration seismic surveys. The challenge is to balance the increased need for coordination with NEPA and other environmental reviews while providing the permittee with timely access to permits to meet their business operation needs.

- **G&G Data Acquisition and Analysis**

The main objective of acquisition and analysis of G&G data is to identify areas favorable for the accumulation of hydrocarbons and develop estimates of resource volumes and economic values of these accumulations. These estimates are used to focus OCS leasing on areas of high potential as well as to help assure fair market value in lease sale bid evaluations.

The primary source of the G&G data used by the Resource Evaluation Program is the oil and gas industry, which conducts exploration, development, and production activities on OCS lands. Permittees, lessees, and operators are required by regulations to provide critical data and information to BOEM. The extensive amount of data and information acquired by BOEM is used by BOEM and BSEE geologists, geophysicists, and petroleum engineers to perform a variety of analyses leading to resource estimates, reserve inventories, and determining fair market value of the leased tracts.

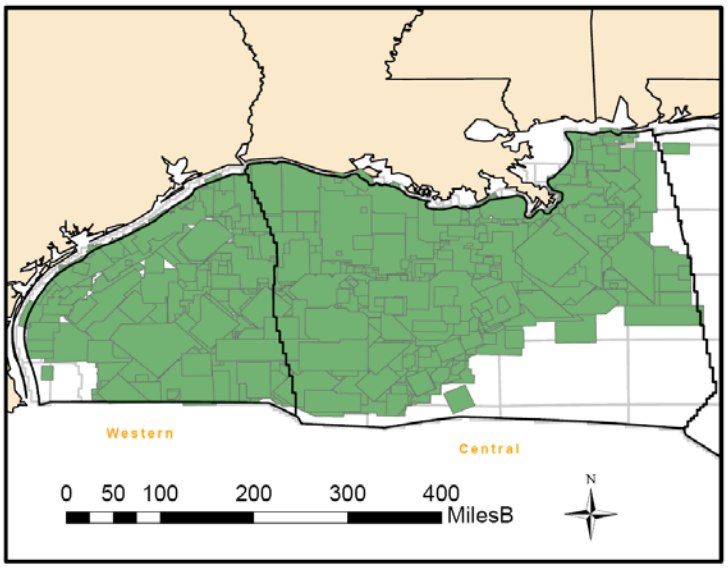
Atlantic OCS: During FY 2014, BOEM will undertake an initiative that enables the acquisition and management of G&G data within the Mid- and South Atlantic. A total of 23 pending permits from eight companies have been submitted thus far. The requested resources will allow BOEM to acquire and manage the G&G data collected under these permits. Facilitating resource evaluation in the Mid- and South Atlantic planning areas is a high priority for BOEM and the Administration, and the strategy for future efforts in those areas was laid out in the Five Year Program, as approved by the Secretary in August 2012. The region-specific strategy laid out in the Five Year Program was designed to support future decision-making regarding whether potential offshore oil and gas lease sales in the Mid- and South Atlantic planning areas would be appropriate, and if so, where future lease sales should be focused.

BOEM's strategy will support development of modern, robust scientific information about the scope and location of potential oil and gas resources in the Mid- and South Atlantic and to resolve significant potential conflicts between oil and gas activity and other important OCS uses in these areas, including military, fishing, and vessel traffic uses as well as environmental and infrastructure concerns. This initiative is an important component of this overall effort.

Alaska Region: BOEM continues to acquire and manage critical data needed to support mission functions such as the development of lease sale environmental impact statement scenarios, Five Year Program scenarios, and lease sale fair market value determinations. It is expected that this workload will remain fairly constant in 2013 and 2014.

***Gulf of Mexico Region*:** BOEM continues to acquire and manage critical data needed to support mission functions such as G&G acquisition and analysis. BOEM currently manages approximately 2,031 three-dimensional surveys, 286 two-dimensional surveys, and other critical data entailing a total volume of 269 terabytes. Data volumes grow at approximately nine terabytes per year. Figure 3 is a map view of the data coverage demonstrating the expanding use of three-dimensional technology by both industry and BOEM to study and evaluate the complex geologic picture of the Gulf of Mexico OCS.

Figure 3: BOEM Seismic Data Coverage in the Gulf of Mexico (2013)



- **Worst Case Discharge**

Worst case discharge for exploratory and development drilling operations is the daily rate of an uncontrolled flow of natural gas and oil from all producible reservoirs through the open wellbore. The package of reservoirs exposed to an open borehole with the greatest discharge potential is considered the worst case discharge scenario. Current regulations require operators and lessees to submit worst case discharge calculated volumes and associated data as part of every exploration plan and development plan.

Each Region is responsible for worst case discharge verifications and decision documentation associated with plans under their jurisdictions. BOEM geoscientists and engineers independently verify the validity of the volume calculations, assumptions, and analogs used by the operator for the worst case discharge. BOEM's worst case discharge model outputs are also used by BSEE in oil spill response plans and APD decisions.

Alaska Region: BOEM consulted with two operators in 2012 each proposing at least five wells in their future exploration programs. The workload is expected to remain constant in 2013 and 2014.

Gulf of Mexico Region: BOEM made determinations on 155 worst case discharge verifications in FY 2012. In FY 2013, worst case discharge analyses are expected to remain level or decrease slightly as the worst case discharge screening process (approved October 2012) is utilized. The Region is also working to develop trend parameters for deepwater exploration and development drilling for critical reservoir and rock properties for the worst case discharge analysis in order to enhance the efficiency of the process while maintaining the regulatory oversight needed to ensure an adequate response to an uncontrolled blowout.

- **G&G Regulatory Reviews**

G&G reviews are performed on OCS operators' development plans and APDs, to evaluate drilling hazards posed by surface and subsurface geologic conditions and man-made obstructions (30 CFR 550.201-207). In addition, geophysical reviews are performed to evaluate shallow hazards (seafloor and near seafloor) on operators' applications for pipeline rights-of-way and associated permits (30 CFR 250.1007 (5)). G&G reviews include evaluation and verification of operator's interpretations, identification and assessment of potential geohazards in the area affected by exploratory and development drilling, installation of structures, laying pipelines, and other ancillary activities related to the plans. Based on G&G surveys from operators, geoscientists identify and evaluate potential risk of shallow faulting, shallow gas zone, shallow water flows, abnormal pressure zones, lost circulation zones, and other natural and manmade hazards. In addition, geoscientists evaluate potential risk of encountering hydrogen sulfide (H_2S). The G&G reviews provide a detailed evaluation of operators' geohazards analyses and shallow hazards assessment and determine mitigations to be applied to the plans and permits approval.

Geoscientists conduct G&G evaluations that include broaching analyses in support of BSEE reviews and approvals of operators' APDs for wells. The integrity of the well design is evaluated by BSEE, and if a determination is made that the well may fail at a certain casing point, a broaching analysis is conducted by geoscientists. The broaching analysis evaluates subsurface stratigraphic and structural conditions to determine if escaping hydrocarbons from a failed casing shoe will be trapped in the formations or potentially reach the seafloor at some point in time.

***Alaska Region*:** BOEM's regional resource evaluation team conducted multiple well site reviews (shallow hazard and archeological) for three drilling prospects (multiple lease blocks) in FY 2012. BOEM provided BSEE with ten geologic reviews of APDs. The program also provided BSEE with real-time geologic support for the two wells that were being drilled in the Beaufort and Chukchi Seas in FY 2012. It is expected that the shallow hazards and geologic reviews for these APDs will remain constant in FY 2013 and 2014. The BSEE real-time geologic support work is expected to increase in FY 2014 with more wells planned in FY 2014.

Gulf of Mexico Region: In FY 2012, BOEM conducted 391 geological and 359 geophysical reviews in support of plans, renewable energy site characterization, and BSEE APD and pipeline responsibilities. Initial numbers indicate about 445 geological reviews and 409 geophysical reviews will be completed in FY 2013, and it is anticipated that FY 2014 reviews will be

comparable to the FY 2013 numbers. Increasingly complex analyses will be required for geohazard reviews due to higher resolution data collected for complex projects, especially those occurring in deepwater, and the additional workload of broaching analysis in support of the BSEE well integrity analysis. In FY 2012, the broaching analyses were completed on 27 proposed wells, and a comparable number of wells will be reviewed for well integrity in both fiscal years 2013 and 2014.

Environmental Assessment and Studies

FY 2014 PERFORMANCE BUDGET

Bureau of Ocean Energy Management

Environmental Assessment and Studies Activity

Table 13: Environmental Assessment and Studies Budget Summary

		2013 Full Year CR	2012 Enacted [1/]	Fixed Costs (+/-)	Program Changes (+/-)	2014 Budget Request	Change from 2012 (+/-)
Environmental Assessment & Studies	($000)	*62,110*	62,016	+397	+1,414	63,827	+1,811
	FTE	*165*	152		+15	167	+15

SUMMARY OF PROGRAM CHANGES

Program Changes from 2012 Enacted	Amount ($000)	FTE
FTE Technical Adjustment		+13
Environmental Studies	+700	-
Air Quality Review	+1,100	+2
Adjustment to Base Program	-386	-
Net Total Change	**+1,414**	**+15**

The FY 2014 President's Budget request for BOEM's Environmental Assessment and Studies program is $63,827,000 and 167 FTE, a net program change of +$1,414,000 and +15 FTE over the 2012 enacted level. This increase is comprised of:

FTE Technical Adjustment (+13 FTE). The total FTE change estimated for this activity in FY 2014 is +2. The technical adjustment of +13 represents the difference between the 2012 actual and enacted FTE. No additional funding is requested/associated with this adjustment.

Environmental Studies (+$700,000; +0 FTE). This initiative was proposed in FY 2013 to initiate high priority baseline characterization and monitoring studies. With the release of the new Five Year Program for oil and gas leasing on the OCS, establishing baseline information will become an increasing need in order to ensure a scientific basis for informed and environmentally responsible policy decisions.

Air Quality Review (+ $1,100,000; + 2 FTE). The FY 2012 Consolidated Appropriations Act (P.L. 112-74) transferred jurisdiction for air pollution for new OCS sources located offshore of the North Slope Borough of the State of Alaska from the Environmental Protection Agency (EPA) to the Department. The new jurisdiction includes both the Beaufort Sea and Chukchi Sea OCS Planning Areas (Arctic OCS). With this statutory change in place, DOI – through BOEM – now has responsibility for thoroughly reviewing the potential air quality effects of offshore operations in the Arctic OCS, in addition to areas of the Western and Central Gulf of Mexico

where BOEM already has jurisdiction. The initiative supports activities surrounding BOEM's newly expanded authority, including: air quality research and NEPA studies, air quality legal expertise, air quality program expertise, and air quality data management.

Adjustment to Base Program (-$386,000; 0 FTE). In order to fund its highest-priority needs in FY 2014, BOEM will realign the base funding within Environmental Assessment and Studies. Lower priority studies amounting to $386,000 will be deferred so that BOEM can support new and critical environmental work in the Arctic.

PROGRAM OVERVIEW

BOEM's Office of Environmental Programs manages Environmental Assessments and Environmental Studies; activities are coordinated with their regional counterparts in Alaska, Gulf of Mexico, Pacific and Atlantic Regional and Program offices. Each region performs two principal functions: environmental assessment and environmental studies. The environmental assessment function manages the coordination of environmental issues and stakeholder involvement, conducts environmental analyses of potential effects from specific proposed activities, undertakes supporting environmental consultations, and ensures proposed activities are in compliance with environmental statutes and requirements. The environmental studies function, managed through the Environmental Studies Program focuses on: (1) identifying, funding, and overseeing more basic studies of the marine, environment and marine resources to help BOEM; (2) predict, assess, and manage impacts from offshore energy and marine mineral activities. The two are integrally connected, as BOEM's environmental program is specifically designed to target key policy needs and to support the specific environmental reviews and consultations that BOEM conducts in order to support decision making.

BOEM's Office of Environmental Programs informs decision making on OCS energy and mineral exploration and development through applied science, rigorous assessment, and purposeful stakeholder engagement while ensuring the protection and safe development of the nation's offshore energy and mineral resources. As a responsible steward, BOEM must assess, manage, mitigate, monitor and adapt to the potential consequences of exploring for and developing these resources.

The Office of Environmental Programs is a national-level program providing forward-looking leadership and coordination to ensure BOEM is meeting the science, assessment, and stakeholder engagement responsibilities. The office supports OCS oil and gas, renewable energy, and marine minerals activities.

The Office of Environmental Programs is comprised of a diverse team of scientists, policy specialists, and technical professionals, whose expertise spans archaeology, oceanography, environmental, social and legal disciplines. These professionals are highly motivated and represent an impressive range of educational backgrounds, skills, and experiences. The Program expects the utmost integrity in the work of its employees and encourages innovation and creativity in developing and using science and assessment to support BOEM decision making. The national team works closely with regions, other agencies, including the Bureau of Safety and

Environmental Enforcement (BSEE), and other stakeholders to leverage resources and capabilities and meet BOEM mission-driven responsibilities.

Strategic goals of the Office of Environmental Programs:

- Develop and use the best available science, assessment documents, and consultation outcomes to inform decisions and promote responsible stewardship.
- Ensure and share the quality and integrity of our work.
- Establish a culture of continuous learning and constant feedback – integrating study and assessment functions and incorporating adaptive strategies into BOEM planning and decision making.
- Enhance the capability and commitment of the Office of Environmental Programs workforce by investing in existing staff, attracting and hiring the brightest talent, and providing rewarding opportunities for scientists to be scientists.
- Continually recognize and leverage our relationships and partnerships with stakeholders in order to make our programs and processes more relevant, efficient, transparent and cost-effective.
- Optimize stakeholder engagement by ensuring clear processes, providing meaningful opportunity to provide input, and communicating effectively with stakeholders.
- Incorporate environmental and societal values, alongside traditional knowledge from Tribal, Alaska Native, and Native Hawaiian communities in a systemic way so that stakeholders feel valued and engaged.

Both Assessment and Studies activities on the OCS are carefully evaluated and managed for compliance with key environmental laws including, but not limited to:

- National Environmental Policy Act (NEPA)
- Coastal Zone Management Act
- Endangered Species Act
- Magnuson-Stevens Fishery Conservation and Management Act
- Marine Mammal Protection Act
- Clean Air Act
- Clean Water Act
- National Historic Preservation Act
- Migratory Bird Treaty Act

ENVIRONMENTAL ASSESSMENT

Environmental Assessment activities ensure that critical environmental information is used to inform planning and decision making during all phases of OCS program activities, from Five Year Program planning through OCS facility decommissioning, and from initial planning for renewable energy development and marine mineral extraction to the decommissioning of

activities on leases issued for these purposes. To achieve this, BOEM coordinates and consults with interested and affected parties and prepares thoughtful and thorough environmental impact statements, environmental assessments, and other environmental documents and reports.

As steward of OCS energy and non-energy mineral resources, BOEM ensures that exploration and development activities are conducted in an environmentally sound manner. Scientists conducting environmental analysis apply the best available science to predict, assess, manage and mitigate impacts from OCS exploration and development. The outcome of the BOEM environmental review process is informative disclosure of impacts and uncertainties, identification of key mitigation and monitoring strategies that reasonably manage adverse impacts, and early recognition of ongoing scientific information needs.

Environmental assessments link applied science and public policy decisions. The NEPA process and related consultation processes are used to help public officials make informed decisions based on a thorough understanding of environmental consequences and take actions that protect, restore, and enhance the environment. BOEM uses the best available science, models, and stakeholder input to evaluate and disclose the potential environmental impacts of proposed actions in accordance with NEPA and related environmental statutes. In keeping with the principles espoused by environmental laws and strict scientific integrity requirements, BOEM solicits public participation, promotes interagency involvement, and coordinates closely with relevant stakeholders, such as the U.S. Fish and Wildlife Service (FWS), National Oceanic and Atmospheric Administration (NOAA), EPA, affected state and local governments, the Advisory Council for Historic Preservation, native communities and federally recognized tribes, and others. BOEM's goal is to develop balanced OCS policies and proposals that are transparent and promote responsible development while protecting natural, historical, and sociocultural resources.

- **Development of NEPA Analyses**

Environmental assessment is critical at each phase of the oil and gas leasing, exploration, development and decommissioning process. These analyses start with the preparation of a programmatic environmental impact statement in support of the Five Year Program. BOEM then prepares an environmental impact statement or a more focused environmental assessment prior to each scheduled planning area lease sale. The purpose of an environmental assessment is to determine if there will be significant effects resulting from a BOEM decision or approval. The purpose of an environmental impact statement is to analyze and disclose the significant effects that are possible. An environmental assessment is typically a shorter document because previous environmental analysis and public involvement already occurred. Environmental assessments have fewer procedural requirements and typically take less time to prepare. In this phased process, hundreds of additional site-specific NEPA documents are prepared annually in support of proposed oil and gas operations, including operators' plans for exploration and development, pipeline permit applications, geophysical survey and geological sampling permit applications, structure removal, and other related industry activities. In FY 2012, BOEM completed over 500 environmental assessments for such activities following lease issuance. Hundreds of categorical exclusion reviews were undertaken to support BOEM decisions in instances when significant environmental effects were not expected. BOEM expects to complete several lease sale NEPA

documents in FY 2013 and FY 2014, and at least the same number of post-lease environmental documents and reviews in FY 2013 and FY 2014.

BOEM is committed to high analytical standards for analyses conducted in compliance with NEPA and other environmental laws. This budget request continues to strengthen BOEM processes and capabilities to responsibly carry out the environmental assessment mission. BOEM continues to evaluate its application of NEPA, including its continued use of categorical exclusions, in order to develop a framework designed to ensure that environmental risks and impacts are thoroughly analyzed and appropriate protective measures are implemented. In FY 2013 BOEM, in coordination with BSEE, plans to circulate proposed changes to existing BOEM categorical exclusions and address the appropriate use of those categorical exclusions. Clearer policies and procedures are expected to be implemented as a result of this ongoing review process. In the interim, BOEM continues to apply categorical exclusions when appropriate, BOEM requires site-specific environmental assessments, as opposed to the categorical exclusion reviews performed in the past, be conducted for all new and revised exploration and development plans in deepwater or where unique environmental concerns, also known as extraordinary circumstances, are identified.

Many of these efforts must also be considered in the context of the environmental laws that, in concert, affect NEPA analyses and inform policy, leasing, plan, and permit decisions. BOEM's environmental assessment responsibilities include similar processes and requirements for implementation of the Renewable Energy and Marine Minerals Programs.

BOEM strives for its environmental review process and documents to fully disclose the potential for environmental impacts, as well as identify and support development of mitigation measures that are necessary to avoid or minimize adverse effects of a proposed action. BOEM ensures that all OCS proposed lease sales, exploration and development plans, and geophysical and decommissioning permit applications undergo intensive environmental review in the aftermath of the *Deepwater Horizon* explosion and subsequent oil spill and in the face of renewed focus on issues of oil spill risk, climate change, and noise in the marine environment. The same rigor will be applied to the environmental review and analysis of renewable energy and marine mineral proposals.

- **Air Quality Review**

During FY 2014, BOEM will undertake an initiative to address its expanded jurisdiction for air pollution on the North Slope in Alaska. As part of the Consolidated Appropriations Act, 2012, Congress increased the scope of BOEM's jurisdiction for air pollution to include the Beaufort Sea and Chukchi Sea OCS Planning Areas. The initiative provides funding to support critical program components noted below.

- **Air Quality Research and NEPA Studies (+$500,000; 0 FTE):** Regulations require an in-depth analysis of air quality in connection with plan reviews, including the application of models that must be approved by both EPA and BOEM. For instance, BOEM uses complex computer models to ensure that the emissions, such as diesel exhaust from the potential operations, do not adversely impact existing air quality or visibility, or violate the Clean Air Act and its amendments. In order to meet the new statutory requirements

and to obtain the information necessary to support future lease sales in Alaska, BOEM initiated the four-year, $2.5 million "Arctic Air Quality Impact Assessment Modeling" study in FY 2013. Funds are needed in FY 2014 to continue supporting the Air Quality study already in process. Without the funds for air quality, other studies will continue to be delayed or substantially reduced in scale.

- **Air Quality Legal Expertise (+$155,000; +1 FTE):** Funding will support a specialized legal expert on complex air quality matters to coordinate and consult on legal issues across all regions, including the potential for litigation on OCS air quality decisions. This expert would work within the Department's Office of the Solicitor under a reimbursable service agreement with BOEM. Most immediately, specific legal expertise is needed to review and revise regulations and to build up the air quality regulatory program in Alaska.
- **Alaska Air Quality Program Expertise (+$235,000; +1 FTE):** Because of the complexity of this new mission area, BOEM requires additional subject matter experts to develop and oversee the Air Quality Regulatory Program on the Alaska OCS.
- **Air Quality Program Management (+$210,000; 0 FTE):** In order to strengthen BOEM's air quality regulatory programs in all regions and to effectively carry out the new authority in Alaska, BOEM requests resources to train new and existing staff on the latest modeling technology.

BOEM is undertaking an integrated effort across regions and in close coordination with EPA in order to implement this new authority and to enhance the program overall. This effort is focused on a number of key priorities which include:

- ***Seamless transfer of responsibilities*:** BOEM has been working in close coordination with EPA to facilitate a seamless transition and to ensure that expertise within both agencies is utilized to protect air quality and the health of Alaska's North Slope communities.
- ***Regulatory review*:** BOEM will continue reviewing existing regulations, in consideration of ongoing developments in EPA's modeling and analysis, as well as the ongoing scientific studies concerning air emissions in both the Alaskan Arctic and the Gulf of Mexico.
- ***Review of dispersion modeling for both the Gulf of Mexico and Alaska*:** BOEM has the authority to approve the use of updated and new air emission dispersion models without amending its regulations. BOEM is pursuing scientific studies to facilitate ongoing reviews of air emission modeling, and will continue to implement administrative updates in this area. For example, BOEM recently adopted a new EPA-approved dispersion model for use in the Gulf of Mexico.
- ***Outreach and transparency*:** BOEM is reaching out to inform the public about the scope of its air quality program and standards. This includes developing a transparent process to modernize the technical guidance and tools used in air emission data submissions by industry in order to promote compliance with air quality standards.

- ***Defining the scope of regional variation*:** BOEM and regional experts are working together to ensure appropriate consistency across the agency's program, while recognizing and accounting for significant differences between the Gulf of Mexico and the Arctic.

➢ Marine Planning

Marine planning identifies areas most suitable for various types or classes of activities in order to reduce conflicts among uses, reduce environmental impacts, facilitate compatible uses, and preserve critical ecosystem services to meet economic, environmental, security, and social objectives. Marine planning is likely to increase the demand for more programmatic and comprehensive intergovernmental coordination and planning, and consequently, more integration into the NEPA and OCS Lands Act (Sections 18-19) processes. BOEM's role within marine planning is coordinated through BOEM's Strategic Resources Office within the Conventional Energy activity and is discussed in further detail within that chapter.

➢ Coordinating Environmental Policy

While BOEM continues to focus on effective and efficient environmental reviews and analyses, BOEM must also foster coordination with BSEE to improve environmental outcomes through operator and applicant compliance with laws and regulations, stipulations, and conditions of approval. BOEM and BSEE work closely together to improve and enhance OCS regulations and bureau policies, ensuring the right mitigation and enforcement tools are in place to properly manage environmental risk. New policies and procedures will continue to be developed to ensure open and effective communication and coordination between bureaus.

In FY 2014, BOEM will continue to address important national OCS environmental policy needs, including the development of guidance applicable to all regions and OCS programs. Work will continue to support the preparation of NEPA documents for Gulf of Mexico, Cook Inlet, and Arctic lease sales proposed in the Five Year Program and programmatic issues related to geophysical and geological permitting and renewable energy activities. Beginning in FY 2013, BOEM will begin preparation of the programmatic environmental impact statement for the next Five Year Program (2017-2022). So that it is more helpful to decision makers and stakeholders, as well as lease sale planning over the next few years, environmental assessment is being developed for a consistent new analytical approach to prepare and enhance this programmatic environmental impact statement. The environmental assessments will also continue in the Gulf of Mexico Region and with an environmental contractor in the preparation of a programmatic environmental impact statement for geological and geophysical activities in the Gulf of Mexico; this environmental impact statement is expected to be finalized in FY 2014. The environmental assessment will also provide the primary environmental support for regulation and promulgation for the Marine Minerals Program. In FY 2013, BOEM and BSEE plan to revise several environmental Memorandums of Agreement between the two bureaus to enhance processes and protocols in an effort to improve environmental compliance outcomes.

- **Renewable Energy Environmental Analyses**

The Environmental Assessment function coordinates, supports, and analyzes the rigorous environmental review necessary for activities associated with OCS renewable energy development. Comprehensive environmental analyses are an essential but lengthy part of the overall OCS lease planning process. The number of environmental impact statements and environmental assessments in FY 2014 will be highly dependent on the level of interest in potential leasing areas, whether the lease issuance process will be competitive or non-competitive, and the time required collecting the information necessary for a Site Assessment Plan or Construction and Operations Plan. For a non-competitive process, the financial burden of conducting the environmental assessment is borne by the applicant. In a competitive process, BOEM funds the environmental assessment or environmental impact statement. BOEM finalized several Atlantic Wind Energy Area NEPA documents during FY 2012, and anticipates finalizing additional documents in fiscal years 2013 and 2014.

- **Regional Activities**

Gulf of Mexico Region: The Gulf of Mexico Region plans to finalize three major NEPA documents in FY 2014: the Gulf of Mexico Geological and Geophysical (G&G) environmental impact statement, one for the Eastern Planning Area lease sale, and another supplemental environmental impact statement that considers new research and study results following the *Deepwater Horizon* explosion and subsequent oil spill and forthcoming data from the Natural Resource Damage Assessment and Restoration process. These new activities will follow completion of the Atlantic G&G environmental impact statement and a supplemental environmental impact statement for Western and Central Planning Areas in FY 2013. In FY 2014, the Region also expects to prepare hundreds of environmental assessments in support of Central and Western Planning Area lease activities; specific G&G permit decisions; pipeline permit decisions; exploration and development plan decisions, including an increasing number in deepwater and ultra-deep water settings; and decommissioning decisions. The Region will coordinate closely with BSEE to ensure consistency and continuity in environmental considerations between plans and permit approval and environmental enforcement issues. In fiscal years 2013 and 2014, BOEM and BSEE will continue to refine operational agreements and standard operating procedures.

***Alaska Region*:** The Alaska Region implements BOEM's authority to evaluate the air quality impacts of proposed operations on the OCS adjacent to the North Slope of Alaska. With this authority, the Alaska Region will have increased work tasks prior to approving any exploration plans or development and production plans. In FY 2013, the Alaska Region began preparation of NEPA documents in support of potential lease sales in Cook Inlet and Chukchi Sea Planning Areas under the 2012-2017 Five Year Program. In implementing the Program, the region will reach out to other Federal agencies and other entities with expertise to be cooperating agencies. Such cooperative efforts continue to promote the vision of Executive Order 13580, which established an Interagency Working Group on Coordination of Domestic Energy Development and Permitting in Alaska. The Region is providing technical expertise to the National Marine Fisheries Service (NMFS) as a cooperating agency on an Arctic G&G and exploration environmental impact statement. The Region will prepare new NEPA documents for exploration

plans and specific G&G permit decisions. They must continue to incorporate the latest information on climate science and changing environmental conditions and reflect careful consideration of local traditional knowledge, Alaska Native community and subsistence concerns, and oil spill preparedness. The Alaska Region will coordinate closely with BSEE to ensure consistency and continuity in environmental considerations between plan and permit approval and environmental enforcement issues.

***Pacific Region*:** The Pacific Region has additional responsibilities in providing environmental assessment services for both conventional and renewable energy activities. The Region is continuing its longstanding focus on assessment of conventional energy development from 23 existing OCS facilities, largely in support of BSEE environmental enforcement functions.

As a matter of course, offshore operators continue to modify operations to ensure optimal production and safety. Where these modifications result in revisions or supplements to existing Development and Production Plans, environmental assessments are routinely required to assess the impacts of the revisions. Currently under evaluation is the Carpinteria Offshore Field Redevelopment Project which involves the use of an existing Federal platform for production of state leases. BOEM and the California State Lands Commission are jointly developing an environmental impact report/environmental impact statement for the various approvals for this project. The Pacific Region will continue to actively support BSEE's environmental enforcement by developing NEPA documents, by assisting in enforcement of mitigation measures applied through the NEPA process and by assessing the effectiveness of these mitigation measures.

The Region continues to coordinate, via the task force process, with Federal and state agencies and tribal governments in support of renewable energy development offshore Oregon and Hawaii. Interest in developing both research and commercial renewable energy projects has been received, and the Region is working with the project sponsors and the states to identify opportunity areas (with minimal conflicts with other uses) as well as environmental constraints and data gaps. Once opportunity areas are identified, BOEM will develop a NEPA analysis of specific types of renewable energy activities within the boundaries to assist with future decisions including award of leases. Additionally, a joint NEPA analysis for renewable energy research activities will be developed with the Federal Energy Regulatory Commission for an Oregon site, and BOEM expects to develop a NEPA analysis for wind development offshore Hawaii.

ENVIRONMENTAL STUDIES

Within the Environmental Assessment and Studies activity, the Environmental Studies Program (ESP), initiated in 1973 under the OCS Lands Act, provides information needed for prediction, assessment, and management of impacts on the human, marine, and coastal environments of the OCS and nearshore areas that may be affected by OCS oil, gas and marine mineral development. Per the Energy Policy Act of 2005, the studies program includes renewable energy and alternate use activities in the research responsibilities. Three objectives are identified in the OCS Lands Act to meet this goal:

- To establish information needed for the assessment and management of impacts on the human, marine, and coastal environments of the OCS and potentially affected coastal areas.

- To predict impacts on marine organisms resulting from a variety of factors: chronic low level pollution or large spills associated with OCS production; discharge of drilling muds and cuttings, as well as pipeline emplacement; and onshore development.
- To monitor human, marine, and coastal environments to provide time-series and data trend information for identification of significant changes in the quality and productivity of these environments.

Consistent use of the information generated through the Environmental Studies Program informs BOEM NEPA analysis, provides data for environmental modeling, and informs decision making on OCS activities; the information is also utilized by BOEM and BSEE in the development of rules, mitigations, stipulations, and notices to lessees. The needs of the analysts, modelers, and regulators help shape the ESP research agenda.

The Environmental Studies Program is a multidisciplinary applied science program that is mission driven. Research topics are based on information needs in support of NEPA and other environmental laws that nurture scientific discovery in the marine environment and social sciences while focusing on activities that address national goals related to environmental quality, economic prosperity, and sustainable development. As a result of these efforts, BOEM is a leading contributor to the growing body of scientific knowledge about the Nation's marine and coastal environment. BOEM is committed to the adherence of the DOI Scientific and Scholarly Integrity Policy which establishes the expectation for the highest quality science and rigorous processes that must be trustworthy. More information on BOEM's Scientific Integrity Policy can be found at: http://www.doi.gov/scientificintegrity/index.cfm.

Environmental studies are designed to address specific information needs concerning the environmental and socioeconomic state of a region, both before and after an OCS activity. The program's comprehensive approach to studies planning and development integrates science needs from multiple energy resources and mineral uses of the OCS to create cost-effective and efficient research efforts to meet the needs of resource managers across all program areas. BOEM's research strategy supports the gathering of baseline or reconnaissance information in areas before activities occur, along with ecosystem research and monitoring studies to meet the needs for an ecosystem-based approach to management decisions. A major program component of the Environmental Studies Program is focused on improving scientific understanding of the fate, transport and effects of discharges and spilled materials, such as oil, in the marine environment. BOEM works closely with BSEE's Oil Spill Program to ensure the best information is available for resource and emergency management. More information on the Environmental Studies Program can be found at: http://boem.gov/Studies/.

➢ **Studies Development Plan**

The ESP has multiple layers of review to ensure that the most suitable projects are selected for study. The ESP seeks to collect the information necessary to meet the needs of the users, including BOEM scientists, rule writers, modelers, and decision makers. BOEM carefully evaluates the relevance of the study subject to the mission of BOEM, along with the scientific merit of the effort. The proposed studies must be technically feasible and appropriately timed to

use information from other efforts and to allow delivery in time for relevant actions. Finally, they must also fit within available budget authority. For each fiscal year, studies that meet specified criteria are identified in BOEM's studies development plan, which summarizes research priorities and potential new studies for the next three years.

On an annual basis, Regional and Headquarter offices identify the highest priority studies in a studies development plan that undergoes critical, internal and external peer reviews to ensure the mission relevance and scientific merit of the work proposed. The planning process emphasizes communication within BOEM as well as with Federal, state, and local governments; tribes; academia; industry; and non-government organizations. Additional program oversight is provided by the OCS Scientific Federal Advisory Committee, a select group of subject matter experts appointed by the Secretary of the Interior based on their scientific competence, reputation within their field of expertise, and ability to evaluate important elements of BOEM's research and science information efforts. The committee advises the Secretary, through the BOEM Director, on the feasibility, appropriateness, and scientific value of the program. Once the list of studies is vetted by the Scientific Committee, it is evaluated again by program leadership, principally considering program relevance, timing, and budgetary constraints. Upon final approval and pending the availability of funds, the studies are initiated through procurement via competitive procurements, cooperative agreements with a state institution or university, or through inter/intra-agency agreements with other Federal agencies. The studies selection process is flexible and dynamic in order to accommodate changing requirements. New information needs routinely arise outside the annual planning process, and, in response, proposed studies are often added or removed. This process of coordination ensures the acceptability of program products in the broader community and the applicability of the results to BOEM information needs as well as those of our contributors and partners.

In order to maximize available funds, the studies program often leverages resources with other interested Federal, state and private stakeholders, while ensuring fulfillment of its mission objectives to acquire applied research specific to the oil and gas, marine minerals, and renewable energy programs. The program seeks these partnerships wherever possible to obtain the science needed to support the BOEM's decisions while maximizing the utility of the results and leveraging available funds. More information on the studies planning process can be found here: http://boem.gov/Environmental-Stewardship/Environmental-Studies/Planning.aspx.

- **National Studies**

The studies development plan covers both regional and national priorities, and the efforts that address nationwide information requirements are managed in the Headquarters office. Nationwide information needs include studies that evaluate, for instance, relative environmental sensitivity of the 26 OCS Planning Areas. Important components of examining environmental sensitivity include an evaluation of the productivity of marine life, as well as an understanding of ecosystems' resiliency to impacts. The potential effects of OCS renewable and conventional energy exploration, development and production, and marine mineral extraction must be considered in NEPA documentation supporting all of these activities. This study serves as a sound, scientific basis for future scoping and development of NEPA documents for programmatic and project specific activities and analyses.

Some specific examples of studies funded during FY 2013, include Arctic Air Quality Impact Assessment Modeling; Mapping Oil Spills in Arctic Waters; Analysis of the Impacts of the *Deepwater Horizon* on the Seafood Industry; and Expanded Nation-Wide Scope for Archiving of Outer Continental Shelf Invertebrates by the Smithsonian National Museum of Natural History. A full list of planned FY 2013 studies can be found at: http://boem.gov/Environmental-Stewardship/Environmental-Studies/Planning.aspx.

In FY 2014, the Environmental Studies Program plans to support several efforts to improve the dissemination of information and products resulting from BOEM studies and will continue to maintain and expand tools to make collated samples, data, reports, and literature more accessible to our internal scientists and the academic and general communities. The Environmental Studies Program also has plans to study the effects of marine mineral dredging on biological and physical systems within and adjacent to sand borrow areas to ensure proper management of natural resources.

- **Regional Activities**

***Gulf of Mexico Region*:** BOEM programs in the Gulf of Mexico Region continue to require information on all aspects of ecology in every habitat of the Gulf. Long-term monitoring is needed to foster decisions built upon a firm scientific base. New and ongoing oil and gas activities touch upon every ocean province from coastal marshes to the ocean abyss. These activities are driven by new technologies that usher in exploration into deeper waters down the continental slope and onto the abyssal plains. The Region is challenged to fulfill information needs to safely develop these new frontiers where biological and other environmental information currently is sparse, while outdated information on shelf communities also needs to be updated.

Studies completed in FY 2012 provided information about archaeological resources in the Gulf of Mexico and about circulation processes in ultra-deep waters. Recently initiated BOEM activities in the Region have focused on the planning and acquisition of information in the deepwaters of the Gulf, both in U.S. and Mexican waters. Continued expansion of industry deepwater development reinforces the need to gather additional deepwater current observations that can be used to validate a basin-wide ocean current model. Since the *Deepwater Horizon* explosion and subsequent oil spill, revising baseline conditions and answering fundamental biogeochemical questions are more important than ever. For instance, a modeling effort is currently underway to hindcast the oil spill plume in the vertical and horizontal directions and to validate these results using available observations. More must be learned about the behavior of spilled and dispersed oil under these specific conditions, and more information about the interaction of dispersed oil with sediments in a deepwater environment is particularly necessary.

BOEM activities in the Region have also focused on air quality. In FY 2013, the Region will re-evaluate the current exemption level allowed in exploration plans and development operation coordination documents to determine if it is sufficient to meet the new short-term National Ambient Air Quality Standards; it has also proposed a cumulative impacts modeling study in FY 2014 which will assess if offshore OCS emissions impact onshore areas. These and other issues are helping to inform the research that BOEM will be supporting in the Gulf of Mexico in

FY 2014 and the coming years. For example, several studies proposed for consideration in FY 2014 are intended to assess the recovery and long-term impacts of the oil spill on the Gulf of Mexico's coastal, marine, and human environments while other studies propose to fill information gaps not related to the *Deepwater* Horizon explosion and subsequent oil spill.

***Pacific Region*:** The Pacific Region has a challenging and multifaceted mission, and must seek scientific information pertaining to the effects of two different types of offshore energy development (conventional and renewable) and three different technologies (oil and gas production, marine hydrokinetic wave energy conversion, and wind energy conversion) over a broad geographic area that includes the four Pacific OCS States (California, Oregon, Washington, and Hawaii). Information needs vary greatly between the different energy programs, technologies, and geographic areas.

BOEM efforts for conventional energy focus on updating and expanding physical oceanographic information to inform oil spill trajectory modeling, which is a critical component of BOEM's environmental analyses, coordination, and consultations under NEPA, the Endangered Species Act, the Magnuson-Stevens Fisheries Conservation and Management Act, and the Marine Mammal Protection Act. Efforts for renewable energy on the OCS offshore Hawaii include locating submerged and shoreline cultural sites, determining seabird presence and ecology, performing a biogeographic assessment of marine species, and mapping human uses from the shore to the exclusive economic zone limit. For the Oregon OCS, renewable energy efforts include observing the effect of power cables on electromagnetic sensitive species, assessing the benthic environment where facilities likely will be installed, and increasing the understanding of the oceanic flight behavior of seabirds. These studies will serve as scientific bases for future preparation of both programmatic and project-specific NEPA and coordination and consultation with Federal and state agencies.

Responding to a request from the State of Oregon, BOEM is working to address environmental questions associated with wave and wind energy development in the Pacific Northwest, to synthesize new research and existing information, to distill it into products that agencies and resource managers can use, and to identify and prioritize study gaps of the technologies or potentially affected systems that can be used for scientists, managers and stakeholders to focus future research efforts. Based on preliminary information, study priorities include acquisition of baseline information at potential sites, studies to anticipate direct impacts at potential sites, and monitoring of devices after installation.

***Alaska Region*:** In FY 2014, the Alaska Region will continue to focus on foundational research in the Beaufort and Chukchi Seas, expand to the Cook Inlet Planning Area, and further develop and refine collaborative research opportunities. The goal is to continue to advance the dialogue and collaboration with other agencies, stakeholders, and the public. In FY 2014, the Region will work on high priority issues such as: increasing the level of public outreach for every Environmental Studies Program project; strategically focusing more funding towards data synthesis efforts; updating and improving oil spill risk analysis models; promoting enhancement of spill detection technologies and "nowcast" instrumentation; improving baseline for monitoring shore-zone habitats; expanding research into biological effects of dispersants in cold water; and generating a revised baseline for social indicators in North Slope communities. In addition, the

Alaska component of the Environmental Studies Program strives to assimilate local and traditional knowledge directly in preparing interpretation materials.

- **Renewable Energy Areas Offshore Atlantic States**

In FY 2012, BOEM initiated eight new studies through the Environmental Studies Program to address science needs along the Atlantic Coast in support of Renewable Energy Development. For FY 2013, five additional studies were identified and are in the process of being procured. The current study efforts focus on birds, bats, fishing, cultural resources, and air and water quality. In addition, the BOEM's Office of Renewable Energy Programs sought input from stakeholders for study ideas to include in the FY 2014 - 2016 planning process. This resulted in over 30 proposals from all geographic areas along the Atlantic coast. Study ideas will be evaluated and prioritized by BOEM with consideration given to ongoing efforts and the availability of resources. Several ongoing studies are expected to be completed in FY 2013. More information on Renewable Energy Studies is available at: http://boem.gov/Environmental-Stewardship/Environmental-Studies/Renewable-Energy/Renewable-Energy.aspx.

- **Partnerships**

The Environmental Studies Program effectively develops mission oriented scientific research by successfully leveraging funds through partnerships. The Program works with Federal partners through memoranda of understanding or agreement with particular agencies and through the National Oceanographic Partnership Program, a collaborative community of Federal agencies working to improve knowledge of the ocean environment. Collaborations with the academic community are undertaken through Coastal Marine Institutes with the University of Alaska-Fairbanks and Louisiana State University as well as through several units within the Cooperative Ecosystem Studies Unit Network. These partnerships allow the contributing parties to share the costs, extend the scope (both duration and area) of the research and maximize the utility of results for end users. Partners bring funds, equipment, facilities and personnel to support collaborative efforts. Many projects include opportunities to train students which contributes to training the next generation of conservation leaders.

Projects conducted in partnership can be found in all disciplines and geographic areas the Environmental Studies Program covers. Examples of ongoing and planned efforts include studying seismic noise and impacts on marine mammals, effects of sand and gravel extraction, real-time monitoring of environmental parameters, and ecosystem monitoring, both in the Gulf of Mexico and in Alaska. Studies currently are being conducted with NOAA using ships and FWS personnel to study marine mammals and birds. A multi-project effort initiated in 2010 with the Department of Energy and the NOAA through the National Oceanographic Partnership Program is expected to yield results in 2013. These projects investigated several aspects of potential impacts of renewable energy development. Results are providing decision makers and industry with frameworks for identifying and evaluating important environmental factors in siting and constructing facilities. Other results address noise and electromagnetic fields resulting from renewable energy activities. New efforts involving the National Oceanographic Partnership Program planned for 2013 involve shipwrecks investigations in the Gulf of Mexico and ecosystem discovery, physical oceanography and social science in Alaska. Participation in the

National Oceanographic Partnership Program and with other partners will continue in FY 2014. More information on partnerships can be found at: http://boem.gov/Environmental-Stewardship/Environmental-Studies/Partnerships.aspx.

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General Administration

FY 2014 PERFORMANCE BUDGET

Bureau of Ocean Energy Management

General Administration Activities

Table 14: General Administration Budget Summary

		2013 Full Year CR	2012 Enacted [1/]	Fixed Costs (+/-)	Program Changes (+/-)	2014 Budget Request	Change from 2012 (+/-)
General Support Services	($000)	*12,806*	12,785	+1,535	-	14,320	+1,535
	FTE	*0*	0		-	0	-
Executive Direction	($000)	*16,102*	16,047	+209	-	16,256	+209
	FTE	*87*	82		+5	87	+5
TOTAL, General Administration	**($000)**	***28,908***	**28,832**	**+1,744**	**-**	**30,576**	**+1,744**
	FTE	***87***	**82**		**+5**	**87**	**+5**

[1/] 2012 FTE amounts reflect actual usage, not 2012 enacted formulation estimates. The total FTE increase estimated for these activities in FY 2014 is 0. A technical adjustment of +5 FTE has been included to reflect the difference between the 2012 actual and enacted FTE levels.

The FY 2014 President's Budget for General Administration (General Support Services and Executive Direction combined) is $30.6 million and 87 FTE, a net increase of $1.7 million and 5 FTE over the FY 2012 Enacted level. The majority of this increase reflects the amount required to fund fixed costs.

The General Administration function provides the administrative, management, and policy support services crucial to carrying out BOEM's mission. The administrative arm of BOEM provides leadership and direction in overall management of the organization, planning and performance, budget, finance, human resources, information technology, and other services. Centralization of these administrative functions leverages resources and contributes to efficient and effective operations across the organization.

General Administration consists of two activities:

- **Executive Direction**, which provides bureau-wide leadership both in headquarters and within the regions. It includes direction, management, coordination, communications strategies, legislative and other external outreach, and regulatory and policy development.

- **General Support Services**, which ensures bureau-wide infrastructure support, such as office space, security, utilities, voice/data communications, and general administrative services.

FY 2014 PERFORMANCE BUDGET

Bureau of Ocean Energy Management

General Support Services Activity

SUMMARY OF PROGRAM CHANGES

The only changes for this budget activity are related to fixed costs, which are fully funded in the FY 2014 President's Budget. Therefore there are no programmatic changes associated with General Support Services.

PROGRAM OVERVIEW

The General Support Services activity includes funding for shared activities and related support services for the entire Bureau. These expenses are administrative services provided to BOEM through a reimbursable service agreement with BSEE for finance, human resources, procurement, facilities, information management, and equal employment opportunity activities. Acquiring these critical services through BSEE minimizes the duplication of administrative functions in BOEM and BSEE and optimizes efficiency through the consolidation of resources into a single service provider.

The Department has strongly supported the expansion of business cross-servicing for more than 30 years. This latest effort between BOEM and BSEE is another step forward in this direction and will have the added benefit of implementing standardized practices that will further increase the productivity for highly skilled personnel in both bureaus. By utilizing the shared services model, BOEM and BSEE can continue to improve their best practices and maximize the use of administrative funds in the future.

Other related expenses funded under this activity include:

- Rental and security of office space
- Workers' compensation and unemployment compensation
- Voice and Data Communications
- The Department's Working Capital Fund
- Annual building maintenance contracts
- Mail services
- Printing costs

The two major program objectives are to provide safe and secure facilities that will contribute to the productivity and efficiency of the employees in achieving goals and objectives and to provide appropriate services in support of BOEM operating programs.

FY 2014 PERFORMANCE BUDGET

Bureau of Ocean Energy Management

Executive Direction Activity

SUMMARY OF PROGRAM CHANGES

Program Changes from 2012 Enacted	Amount ($000)	FTE
FTE Technical Adjustment	-	+5
Net Total Change	**-**	**+5**

The FY 2014 President's Budget for Executive Direction fully funds fixed costs and includes the following changes:

FTE Technical Adjustment (+5 FTE). There is no FTE change estimated for this activity in FY 2014. The technical adjustment of +5 represents the difference between the 2012 actual and enacted FTE. No additional funding is requested/associated with this adjustment.

PROGRAM OVERVIEW

The Executive Direction Activity comprises the following: the Office of the Director, Office of Public Affairs, Office of Congressional Affairs, Office of Policy, Regulation and Analysis, Office of Budget and Program Coordination, and the Investigations and Review Unit.

- **Office of the Director**

The Office of the Director includes the BOEM Director and Deputy Director and their immediate staff, as well as the offices of the Regional Directors and their immediate staff. These components of the BOEM staff are responsible for providing policy guidance and overall leadership within the BOEM organization, as well as managing official documents within the Office of the Director.

- **Office of Public Affairs**

The Office of Public Affairs is responsible for BOEM's communication strategies and outreach. The Office of Public Affairs coordinates the implementation of an effective and inclusive outreach program to numerous target audiences, including state and local governments, the energy industry, related trade associations, the environmental community, tribes, energy consumer groups, and the public.

- **Office of Congressional Affairs**

The Office of Congressional Affairs serves as the primary point of contact with Congress and is responsible for the coordination of all communication and outreach with Congressional offices, as well as ensuring a consistent message and the effective exchange of information. The Office of Congressional Affairs serves as the liaison for BOEM on all Congressional and legislative matters that relate to BOEM's programs, including managing coordination with the Department of the Interior and other Federal executive agencies.

- **Office of Policy, Regulation and Analysis**

The Office of Policy, Regulation and Analysis serves as the principal office to provide the Director with independent review and analysis of programmatic and management issues, as well as oversight of BOEM's regulatory program. Additionally, the Office of Policy, Regulation and Analysis coordinates and monitors many cross-program initiatives, assuring a consistent, BOEM-wide implementation that directly supports Congressional, Presidential and Departmental directives, laws, mandates, and guidance. The office also fulfills the Director's responsibilities in several critical areas including activity-based costing, strategic and performance planning, policy, and program evaluation.

- **Office of Budget and Program Coordination**

The Office of Budget and Program Coordination is responsible for managing the program and budget planning process. The organization assesses current budgetary resources, provides recommendations for program and budget initiatives to senior BOEM executive staff, manages the personnel allocation system, and formulates and assists in the defense of BOEM's budget submissions to the Department, OMB, and Congress. In addition, the office is responsible for overseeing coordination with administrative service providers in the management of BOEM administrative activities and serves as the point of contact for any service-related questions.

- **Investigations and Review Unit**

During the transition, BOEMRE created the Investigations and Review Unit, which is composed of professionals with law enforcement backgrounds or technical expertise who promptly respond to allegations or evidence of misconduct and unethical behavior by Bureau employees. The Investigations and Review Unit also pursues allegations of misconduct against oil and gas companies involved in offshore energy projects when there is credible evidence that rules and regulations have been violated. The Unit is currently operating under BSEE and will work to identify BOEM and BSEE specific roles and responsibilities and assign staff to individual BOEM and BSEE units. Once the BOEM unit has been established, it will report directly to the Office of the Director.

Appendices

Bureau of Ocean Energy Management
FY 2014 Appropriations Language

A full-year 2013 appropriation for this account was not enacted at the time the budget was prepared; therefore the budget assumes this account is operating under a Continuing Resolution, 2013 (P.L. 112-175). The amounts included for 2013 reflect the annualized level provided by the continuing resolution, as well as amounts from P.L. 113–2, the Disaster Relief Appropriations Act, 2013 (which did not include language for BOEM).

OCEAN ENERGY MANAGEMENT

For expenses necessary for granting leases, easements, rights-of-way and agreements for use for oil and gas, other minerals, energy, and marine-related purposes on the Outer Continental Shelf and approving operations related thereto, as authorized by law; for environmental studies, as authorized by law; for implementing other laws and to the extent provided by Presidential or Secretarial delegation; and for matching grants or cooperative agreements, $169,440,000, of which $71,549,000 is to remain available until September 30, 2015 and of which $97,891,000 is to remain available until expended: Provided, That this total appropriation shall be reduced by amounts collected by the Secretary and credited to this appropriation from additions to receipts resulting from increases to lease rental rates in effect on August 5, 1993, and from cost recovery fees from activities conducted by the Bureau of Ocean Energy Management pursuant to the Outer Continental Shelf Lands Act, including studies, assessments, analysis, and miscellaneous administrative activities: Provided further, That the sum herein appropriated shall be reduced as such collections are received during the fiscal year, so as to result in a final fiscal year 2014 appropriation estimated at not more than $71,549,000: Provided further, That not to exceed $3,000 shall be available for reasonable expenses related to promoting volunteer beach and marine cleanup activities.

Proposed Language Changes:

Availability of Offsetting Collections
Due to issues with the timing difference between collection of rents, cost recovery and inspection fees and the availability of the funding for use as offsetting collections, the Department is proposing revised language. The new language is modeled after the BLM offsetting collections language in the Management of Lands and Resources Account. The language would derive the funding initially from the general fund of the Treasury with amounts returned to the general fund at the end of the year once all collections have been received.

For a complete, detailed discussion of the Department's proposed General Provisions, please refer to the General Provision chapter of the Office of the Secretary FY 2014 budget justification.

GENERAL PROVISIONS, DEPARTMENT OF THE INTERIOR

BUREAU OF OCEAN ENERGY MANAGEMENT, REGULATION AND ENFORCEMENT REORGANIZATION

SEC. 108. The Secretary of the Interior, in order to implement a reorganization of the Bureau of Ocean Energy Management, Regulation and Enforcement, may transfer funds among and between the successor offices and bureaus affected by the reorganization only in conformance with the reprogramming guidelines described in the report accompanying this Act.

SPECIAL PAY AUTHORITY

SEC. 118. The special pay authority provided to the Bureau of Ocean Energy Management and Bureau of Safety and Environmental Enforcement under Section 121(c) of Division E of Public Law 112–74 shall remain in effect for fiscal year 2014.

Proposed Language Changes:

General Provision on Special Pay Authority
This provision extends authority provided in the FY 2012 Consolidated Appropriations Act allowing the Department to establish higher rates of pay for employees of the Bureau of Ocean Energy Management and the Bureau of Safety and Environmental Enforcement in the Gulf of Mexico region. The Department proposes to extend this authority to include FY 2014.

Bureau of Ocean Energy Management
Proposals for Mandatory Accounts and Offsetting Collections

For a complete, detailed discussion of the Department's proposed General Provisions, please refer to the General Provision chapter of the Office of the Secretary FY 2014 budget justification.

Federal Oil and Gas Reforms – The Budget includes a package of legislative reforms to bolster and backstop administrative actions being taken to reform the management of DOI's onshore and offshore oil and gas programs, with a key focus on improving the return to taxpayers from the sale of these Federal resources. Proposed statutory and administrative changes fall into three general categories: (1) advancing royalty reforms, (2) encouraging diligent development of oil and gas leases, and (3) improving revenue collection processes. Royalty reforms include: evaluating minimum royalty rates for oil, gas, and similar products; adjusting onshore oil and gas royalty rates; analyzing a price-based tiered royalty rate; and repealing legislatively-mandated royalty relief for "deep gas" wells. Diligent development requirements include shorter primary lease terms, stricter enforcement of lease terms, and monetary incentives to get leases into production (e.g., a new statutory per-acre fee on nonproducing leases). Revenue collection improvements include simplification of the royalty valuation process, elimination of interest accruals on company overpayments of royalties, and permanent repeal of DOI's authority to accept in-kind royalty payments. Collectively, these reforms will generate roughly $2.5 billion in net revenue to the Treasury over ten years, of which about $1.7 billion would result from statutory changes. Many states will also benefit from higher Federal revenue sharing payments.

Transboundary Gulf of Mexico Agreement – The 2014 budget includes a legislative proposal to implement the Agreement between the U.S. and the United Mexican States Concerning Transboundary Hydrocarbon Reservoirs in the Gulf of Mexico, signed by representatives of the U.S. and Mexico on February 20, 2012. The Agreement establishes a framework for the cooperative exploration and development of hydrocarbon resources that cross the United States-Mexico maritime boundary in the Gulf of Mexico. The Agreement would also end the moratorium on development along the boundary in the Western Gap in the gulf. The Agreement provides access to an area along the U.S.-Mexico boundary in the Gulf of Mexico roughly the size of Delaware, for exploration and production activities. The area is estimated to contain up to 172 million barrels of oil and 304 billion cubic feet of natural gas. The Bureau of Ocean Energy Management estimates the Federal portion of bonus payments will total as much as $50 million for the Treasury in 2014.

Marine Minerals Administrative Fee – The 2014 Budget also proposes to establish an offsetting fee in the Marine Minerals program to recover costs associated with processing offshore sand and gravel development permits. The fees are estimated to generate approximately $470,000 in revenue in FY 2014, and would be implemented through existing regulatory authority under the Outer Continental Shelf Lands Act.

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Bureau of Ocean Energy Management
Bureau Authorizing Statutes

Outer Continental Shelf (OCS) Lands Program

43 U.S.C. 1331, et seq.	The Outer Continental Shelf (OCS) Lands Act of 1953, as amended, extended the jurisdiction of the United States to the OCS and provided for granting of leases to develop offshore energy and minerals.
P.L. 109-432	The Gulf of Mexico Energy Security Act of 2006 required leasing certain areas in the Central and Eastern Gulf of Mexico Planning Areas within one year of enactment (December 20, 2006); and established a moratoria on leasing in remaining areas in the eastern planning area and a portion of the central planning area until 2022.
P.L. 109-58	The Energy Policy Act of 2005 amended the OCS Lands Act to give authority to the Department of the Interior to coordinate the development of an alternative energy program on the OCS and also to coordinate the energy and non-energy related uses in areas of the OCS where traditional oil and natural gas development already occur.
43 U.S.C. 4321, 4331-4335, 4341-4347	The National Environmental Policy Act of 1969 required that federal agencies consider in their decisions the environmental effects of proposed activities and that Agencies prepare environmental impact statements for Federal actions having a significant effect on the environment.
16 U.S.C. 1451, et seq.	The Coastal Zone Management Act of 1972, as amended, established goals for ensuring that Federal and industry activity in the coastal zone be consistent with coastal zone plans set by the States.
16 U.S.C. 1531-1543	The Endangered Species Act of 1973 established procedures to ensure interagency cooperation and consultations to protect endangered and threatened species.
42 U.S.C. 7401, et seq.	The Clean Air Act, as amended, was applied to all areas of the OCS except the central and western Gulf of Mexico and the State of Alaska (as amended by P.L. 112-42). OCS activities in those non-excepted areas will require pollutant emission permits administered by the EPA or the States.

P. L. 112-42, Section 432	The Consolidated Appropriations Act of 2012 amended the Clean Air Act by transferring air quality jurisdiction from the EPA to the Department of the Interior for OCS activities in the Beaufort Sea and Chukchi Sea Planning Areas of the Arctic Outer Continental Shelf.
16 U.S.C. 470-470W6	The National Historic Preservation Act established procedures to ensure protection of significant archaeological resources.
30 U.S.C. 21(a)	The Mining and Minerals Policy Act of 1970 set forth the continuing policy of the Federal Government to foster and encourage private enterprise in the orderly and economic development of domestic mineral resources and reserves.
30 U.S.C. 1601	The Policy, Research and Development Act of 1970 set forth the continuing policy et seq. of the Federal Government to foster and encourage private enterprise in the orderly and economic development of domestic mineral resources and reserves.
33 U.S.C. 2701, et seq.	The Oil Pollution Act of 1990 established a fund for compensation of damages resulting from oil pollution and provided for interagency coordination and for the performance of oil spill prevention and response research. It also expanded coverage of Federal requirements for oil spill response planning to include State waters and the transportation of oil. The Act also addressed other related regulatory issues.
43 U.S.C. 1301	The Marine Protection, Research, and Sanctuaries Act of 1972 provided that the Secretary of Commerce must consult with the Secretary of the Interior prior to designating marine sanctuaries. BOEM provides information and comments regarding the mineral resource potential in areas being considered for designation as marine sanctuaries.
16 U.S.C. 1361-1362, 1371-1384, 1401-1407	The Marine Mammal Protection Act of 1972 provides for the protection and welfare of marine mammals.
P.L. 104-58	The Deepwater Royalty Relief Act provides royalty rate relief for offshore drilling in deepwater of the Gulf of Mexico.

General Administration

31 U.S.C. 65	Budget and Accounting Procedures Act of 1950
31 U.S.C. 3901-3906	Prompt Payment Act of 1982
31 U.S.C. 3512	Federal Managers Financial Integrity Act of 1982
5 U.S.C. 552	Freedom of Information Act of 1966, as amended
31 U.S.C. 7501-7507	Single Audit Act of 1984
41 U.S.C. 35045	Walsh Healy Public Contracts Act of 1936
41 U.S.C. 351-357	Service Contract Act of 1965
41 U.S.C. 601-613	Contract Disputes Act of 1978
44 U.S.C. 35	Paperwork Reduction Act of 1980
44 U.S.C. 2101	Federal Records Act 1950
40 U.S.C. 4868	Federal Acquisition Regulation of 1984
31 U.S.C. 3501	Privacy Act of 1974
31 U.S.C. 3501	Accounting and Collection
31 U.S.C. 3711, 3716-19	Claims
31 U.S.C. 1501-1557	Appropriation Accounting
5 U.S.C. 1104 et seq.	Delegation of Personnel Management Authority
31 U.S.C. 665-665(a)	Anti-Deficiency Act of 1905, as amended
41 U.S.C. 252	Competition in Contracting Act of 1984
18 U.S.C. 1001	False Claims Act of 1982
18 U.S.C. 287	False Statements Act of 1962
41 U.S.C. 501-509	Federal Grant and Cooperative Agreement Act of 1977
41 U.S.C. 253	Federal Property and Administrative Services Act of 1949

41 U.S.C. 401	Office of Federal Procurement Policy Act of 1974, as amended
15 U.S.C. 631	Small Business Act of 1953, as amended
15 U.S.C. 637	Small Business Act Amendments of 1978
10 U.S.C. 137	Small Business and Federal Competition Enhancement Act of 1984
15 U.S.C. 638	Small Business Innovation Research Program of 1983
10 U.S.C. 2306(f)	Truth in Negotiations Act of 1962 Authorization
Secretarial Order No. 3299, Amendment No. 1	Establishment of the Bureau of Ocean Energy Management (BOEM), the Bureau of Safety and Environmental Enforcement (BSEE), and the Office of Natural Resources Revenue (ONRR) in accordance with the authority provided by Section 2 of the Reorganization Plan No. 3 of 1950 (64 Stat. 1262).
Secretarial Order No. 3304	Establishment of the Investigations and Review Unit (IRU) within the Bureau of Ocean Energy Management, Regulation and Enforcement in accordance with the authority provided by Section 2 of the Reorganization Plan No. 3 of 1950 (64 Stat. 1262), as amended.
Proclamation 5030	Establishment of an Exclusive Economic Zone by the United States will advance the development of ocean resources and promote the protection of the marine environment, while not affecting other lawful uses of the zone, including the freedoms of navigation and overflight, by other States; 48 FR 10605, 3 CFR, 1983 Comp., p. 22

Oil Spill Research

33 U.S.C. 2701, et seq.	Title VII of the Oil Pollution Act of 1990 authorizes the use of the Oil Spill Liability Trust fund, established by Section 9505 of the Internal Revenue Code of 1986, for oil spill research.
33 U.S.C. 2701, et seq.	Title I, Section 1016, of the Oil Pollution Act of 1990 requires a certification process which ensures that each responsible company, with respect to an offshore facility, has established, and maintains, evidence of financial

	responsibility in the amount of at least $150,000,000 to meet potential pollution liability.
43 U.S.C. 1331, et seq.	Section 21(b) of the Outer Continental Shelf Lands Act, as amended, requires the use of the best available and safety technologies (BAST) and assurance that the use of up-to-date technology is incorporated into the regulatory process.
Executive Order 12777	Signed October 18, 1991, assigned the responsibility to ensure oil spill financial responsibility for OCS facilities to the Secretary of the Interior (Bureau of Ocean Energy Management, Regulation and Enforcement).

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Bureau of Ocean Energy Management
Section 405 Compliance

Section 405 of Public Law 112-74, the Consolidated Appropriations Act, 2012, states:

> *Estimated overhead charges, deductions, reserves or holdbacks from programs, projects, activities and subactivities to support government-wide, departmental, agency, or bureau administrative functions or headquarters, regional, or central operations shall be presented in annual budget justifications and subject to approval by the Committees on Appropriations of the House of Representatives and the Senate. Changes to such estimates shall be presented to the Committees on Appropriations for approval.*

To improve efficiency, BOEM has implemented a shared services approach to meet its administrative needs. BOEM has entered into a shared services arrangement with BSEE (see internal administrative costs in table below) to provide key administrative functions through a reimbursable support agreement. Under this arrangement, BSEE will provide a full suite of administrative services including acquisition management, equal employment opportunity, finance, human resources, information technology management, management support, personnel security, and support services. Maintaining these critical administrative functions within BSEE will result in the following benefits:

- Minimize duplication of administrative entities across two organizations and optimize efficiency.
- Provide a centralized administrative function that can, over time, allow the Department to pursue additional efficiencies.

The Department has strongly supported the expansion of business cross-servicing for more than 30 years. This latest effort between BOEM and BSEE is another step forward in this direction and will have the added benefit of implementing standardized practices that will further increase the productivity for highly skilled resources in both bureaus. By utilizing the shared services model, BOEM and BSEE can continue to improve its best practices and maximize the use of administrative funds in the future.

The leadership at both BOEM and BSEE meet quarterly for a structured review of service delivery provided under this agreement. The purpose of these meetings is to provide an opportunity for coordination at the headquarters and field locations, review of performance metrics, and exchange of views about the services provided. These meetings will serve as forums to identify and resolve any issues relating to level of service and areas for improvement and greater efficiency.

Where possible, costs are linked to cost drivers to allocate administrative costs across all activities within the Bureau. Because the Bureau's needs continue to evolve during its first few years of operation, the methods and approaches used to fund and control administrative costs will be subject to review and amendment as better information is obtained.

The following table displays these costs as applied to the FY 2014 Budget.

Bureau of Ocean Energy Management
Deductions, Reserves, or Holdbacks
(Dollars in Thousands)

Deductions, Reserves, or Holdbacks		**FY 2014**
External Bureau Assessments		
Executive Direction		
ASLM Support		179
General Support Services		
Working Capital Fund Centralized Billing		2,056
Working Capital Fund Direct Billing		471
Zantas		35
NARA		65
Subtotal, External Assessments	$	2,806
Internal Bureau Assessments		
Renewable Energy		1,345
Conventional Energy		7,816
Environmental Assessment		4,695
Executive Direction		2,446
General Support Services		11,112
Subtotal, Internal Assessments	$	27,414
Total Assessments of Bureau Programs	**$**	**30,220**

Bureau of Ocean Energy Management

Employee Count by Grade

(Total Employment)

	2012 Actuals	2013 Estimate	2014 Estimate
Executive Level V ……	0	0	0
SES ……	7	7	7
Subtotal ……	**7**	**7**	**7**
SL - 00 ……	0	0	0
ST - 00 ……	0	0	0
Subtotal ……	**0**	**0**	**0**
GS/GM -15 ……	31	31	31
GS/GM -14 ……	104	101	102
GS/GM -13 ……	180	186	188
GS -12 ……	96	112	114
GS -11 ……	45	51	53
GS -10 ……	2	2	2
GS - 9 ……	31	32	34
GS - 8 ……	11	12	12
GS - 7 ……	19	24	24
GS - 6 ……	5	7	7
GS - 5 ……	11	10	10
GS - 4 ……	10	5	5
GS - 3 ……	5	3	4
GS - 2 ……	0	0	0
GS - 1 ……	0	1	0
Subtotal ……	**550**	**577**	**586**
Other Pay Schedule Systems ……	0	0	0
Total employment (actuals & estimates) ……	**557**	**584**	**593**

Notes on this table:

- All grades presented in this table include career, career-conditional, temporary, and political employees.
- GS refers to employees covered by the General Schedule classification and pay system established under the Classification Act of 1949, as amended. (5 U.S.C. chapter 53, subchapter III, and 5 CFR part 531)
- GM refers to employees covered by the General Schedule classification and pay system who are covered by the Performance Management and Recognition System (PMRS) termination provisions of Public Law 103-89 (former PMRS employees).

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Bureau of Ocean Energy Management
Acronyms

APD	Application for Permit to Drill
BOEM	Bureau of Ocean Energy Management
BSEE	Bureau of Safety and Environmental Enforcement
CEIL	Center for Environmental Innovation and Leadership
CR	Continuing Resolution
DOCD	Development Operation Coordination Document
DOI	Department of the Interior
DPP	Development and Production Plan
EP	Exploration Plan
EPA	Environmental Protection Agency
FTE	Full Time Equivalent
FWS	U.S. Fish and Wildlife Service
G&G	Geological and Geophysical
GAO	Government Accountability Office
GIS	Geographical Information System
MMP	Marine Minerals Program
NEPA	National Environmental Policy Act
NMFS	National Marine Fisheries Service
NOAA	National Oceanic and Atmospheric Administration
NOP	National Ocean Policy
NOPP	National Oceanographic Partnership Program
NPS	National Park Service
OCS	Outer Continental Shelf
PL	Public Law
TIMS	Technical Information Management System
USGS	U.S. Geological Survey
WCD	Worst Case Discharge

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