

BOEM ENVIRONMENTAL STUDIES PROGRAM: ONGOING STUDIES

BOEM OCS Region: [Gulf of Mexico](#)

Planning Area: All

Title: Updating MAG-PLAN Gulf of Mexico (GOM) and Assessing Applicability to New Five-Year Program Areas (GM-14-x10)

Total Cost: \$ 596,389

Period of Performance: FY 2014-2017

Conducting Organization: Eastern Research Group

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Description:

Background:

MAG-PLAN GOM (henceforth referred to as MAG-PLAN) is an Access-based, input-output model that estimates the scales and distributions of economic impacts that arise from offshore oil and gas activities in the Gulf of Mexico. BOEM currently uses the MAG-PLAN version updated in 2012. That update entailed improving the Access coding of MAG-PLAN to allow for flexibility and ease of use. The 2012 version also updated MAG-PLAN's estimates of the scales of oil and gas industry spending on certain activities, provided spending estimates for new activities, and developed preliminary methodologies for distributing spending to onshore areas. However, BOEM has determined that certain improvements upon those methodologies for distributing spending to onshore areas are feasible.

BOEM will begin development of the 5-Year Program for 2017-2022 soon and must be prepared to analyze any sales proposed for consideration during that process. As a result, BOEM is assessing the extent to which MAG-PLAN's data and information could be used to estimate the economic impacts of future oil and gas leasing activities in other program areas not included in the current Five Year Program that are included in the decision options for the Draft Proposed Program (DPP) for 2017-2022. If the next Five-Year Program includes oil and gas lease sales in previously excluded planning areas, some of the resulting economic activities would likely occur in the Gulf of Mexico region, particularly if the included region has not yet developed the support infrastructure for offshore oil and gas development. In addition, our knowledge of the economic impacts of offshore oil and gas activities in the Gulf of Mexico can help BOEM estimate the potential impacts in other program areas.

Objectives:

- 1) To improve BOEM's knowledge of the geographic distributions of onshore economic impacts that result from offshore oil and gas activities in the Gulf of Mexico.
- 2) To improve the functionality of the tools BOEM uses to estimate the economic impacts that result from offshore oil and gas activities in the Gulf of Mexico.
- 3) To analyze the onshore economic impacts that would likely result from potential future leasing activities in new Five Year Program areas.

Methods:

This project will entail sets of required and optional tasks. The required tasks primarily relate to improving MAG-PLAN's estimates of the onshore distributions of economic impacts that arise from spending associated with offshore oil and gas activities in the Gulf of Mexico. For both labor and non-labor spending, these improved estimates will arise from examining new data sources and by improving some methodological choices made in the 2012 update. The contractor may also undertake some programming improvements to MAG-PLAN. However, due to some uncertainties regarding the nature of these programming changes, they will take the form of optional tasks.

This project will also entail an analysis of the economic impacts of potential lease sales in new applicable Five Year Program areas. However, due to the uncertainties associated with the program areas that will be included in the 2017-2022 DPP, the contractor's analysis of the associated economic impacts will take the form of optional tasks. If these optional tasks are undertaken, the contractor shall primarily focus on estimating the onshore scales and distributions of direct, indirect, and induced impacts of the lease sales on various state economies.

Products:

The required tasks of this study will result in an updated MAG-PLAN model, as well as a report that describes the associated methodologies. If the optional tasks are exercised, there will be a model and an associated report for the new planning areas.

Importance to BOEM:

The economic impacts of offshore oil and gas activities are key factors in BOEM's decision-making processes. This study will improve BOEM's estimates of the geographic distributions of these impacts, which will allow for more informed decisions associated with BOEM's legal processes.

Current Status: This study was awarded in September 2014.

Final Report Due: October 2015

Revised date: December 9, 2014

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