Record of Decision for the Gulf of Mexico Outer Continental Shelf Oil and Gas Lease Sale 249 (July 2017)

1. INTRODUCTION

The purpose of the Federal action is to offer for lease certain Outer Continental Shelf (OCS) blocks located in the Gulf of Mexico (GOM) that may contain economically recoverable oil and gas resources. Under the *2017-2022 Outer Continental Shelf Oil and Gas Leasing Program* (2017-2022 Five Year Program), two regionwide GOM lease sales are scheduled to be held annually. Five regionwide lease sales are tentatively scheduled in August of each year from 2017 through 2021, and five regionwide lease sales are tentatively scheduled in March of each year from 2018 through 2022. Lease Sale 249 is the first lease sale being held under the 2017-2022 Five Year Program and will provide qualified bidders the opportunity to bid on blocks in the GOM OCS in order to explore, develop, and produce oil and natural gas.

The *Outer Continental Shelf Oil and Gas Leasing Program: 2017-2022; Final Programmatic Environmental Impact Statement* (2017-2022 Five Year Programmatic EIS) includes an analysis of the potential environmental impacts of the lease sale schedule put forward in the 2017-2022 Five Year Program, including the 10 proposed regionwide GOM lease sales. The *Gulf of Mexico OCS Oil and Gas Lease Sales: 2017-2022;Gulf of Mexico Lease Sales 249, 250, 251, 252, 253, 254, 256, 257, 259, and 261; Final Multisale Environmental Impact Statement* (2017-2022 GOM Multisale EIS) tiers from and incorporates by reference information in the Five-Year Program EIS. The 2017-2022 GOM Multisale EIS evaluates the potential environmental effects of a proposed regionwide GOM oil and gas lease sale, and is the NEPA analysis informing the decision on whether and how to hold Lease Sale 249.

2. DECISION

The Department of the Interior (DOI) has selected Alternative A, which is to hold GOM regionwide oil and gas Lease Sale 249. This alternative was identified as the Bureau of Ocean Energy Management's (BOEM) preferred alternative in the 2017-2022 GOM Multisale EIS. For proposed GOM Lease Sale 249, DOI will offer for lease all available unleased blocks in the proposed regionwide lease sale area for oil and gas operations with the following exceptions:

(1) whole and portions of blocks deferred by the Gulf of Mexico Energy Security Act of 2006;

(2) blocks that are adjacent to or beyond the United States' Exclusive Economic Zone in the area known as the northern portion of the Eastern Gap;

(3) whole and partial blocks within the current boundary of the Flower Garden Banks National Marine Sanctuary; and

(4) the following blocks, whose lease status is currently under appeal: Keathley Canyon (Leasing Map NG15-05) Blocks 290, 291, and 292 and Blocks 246 and 247.

The unavailable blocks are listed in Section I of the Final Notice of Sale for Lease Sale 249. The Lease Sale 249 area encompasses about 91.93 million acres (ac). As of June 2017, approximately 75.7 million ac of the proposed regionwide lease sale area are currently available for lease. The estimated oil and gas resource projected to be developed as a result of this regionwide lease sale is 211 to 559 million barrels of oil and 547 billion to 2.21 trillion cubic feet of natural gas from leases issued as a result of this sale.

BOEM considered the oil and gas resource potential in the planning areas and the likelihood of industry to develop those oil and gas resources in the context of social, economic, and environmental values, impacts, and concerns. BOEM is adopting this regionwide approach, described in the 2017-2022 GOM Multisale EIS, to provide greater flexibility to industry, including more frequent opportunity to bid on rejected, relinquished, or expired OCS lease blocks in all three GOM planning areas. In addition, regionwide leasing can facilitate better planning to explore resource pools that may straddle the U.S.-Mexico boundary and enable more effectual response to the recent energy reforms in Mexico that have the potential to meaningfully change how exploration and development decisions are made in the GOM. More frequent lease sales in the planning areas (through biannual regionwide leasing) may also expedite and increase the present value of leasing and tax revenues.

As Acting Assistant Secretary - Land and Minerals Management, I have concluded that holding GOM regionwide oil and gas Lease Sale 249, as described in Alternative A of the 2017-2022 GOM Multisale EIS, meets the purpose and need for the proposed action, balances regional and national policy considerations, and includes appropriate measures to minimize potential environmental and socioeconomic impacts. I have also concluded that Lease Sale 249, as described in this Record of Decision and in the Final Notice of Sale, is subject to adequate environmental safeguards and is consistent with the maintenance of competition and other national needs.

BOEM analyzed and considered the environmental impacts of regionwide Lease Sale 249 in Alternative A of the 2017-2022 GOM Multisale EIS. As noted in the 2017-2022 GOM Multisale EIS, environmental resources could be negatively impacted to varying degrees by routine activities (e.g., anchor placement) and accidental events. Possible adverse impacts from expected OCS oil- and gas-related activities and reasonably foreseeable accidental events include wetlands, coastal resources, and benthic/pelagic habitat degradation; behavioral changes to fish, sea turtles, marine mammals, and birds; individual mortality of species; and changes in air and water quality. The impact conclusions related to routine activities and accidental events are summarized in the "Executive Summary" of the 2017-2022 GOM Multisale EIS. BOEM has considered all comments received on the Draft EIS, responded to those comments as appropriate in the Final 2017-2022 GOM Multisale EIS, and has considered substantive comments submitted on the Final EIS. In light of these comments and the information in the Final 2017-2022 GOM Multisale EIS, I have fully considered the potential environmental impacts that are reasonably foreseeable as a result of holding Lease Sale 249.

The Notice of Availability of the Final 2017-2022 GOM Multisale EIS was published in the *Federal Register* on March 10, 2017 (82 FR 13363). Two entities submitted comments on the Final 2017-2022 GOM Multisale EIS. The United States Environmental Protection Agency provided detailed comments regarding the air quality modeling and analyses included in the Final EIS. The comments received did not present any new information that substantially affected the analyses presented in the 2017-2022 GOM Multisale EIS.

In another comment, API expressed concern that BOEM relied on preliminary modeling to inform the air quality analysis. As noted in the Final EIS, to better understand potential impacts to air quality on a regional basis, BOEM conducted a comprehensive, photochemical modeling study assessing pollutant concentration in the atmosphere using chemical and physical processes. Initial results of the study were included in the Final 2017-2022 GOM Multisale EIS. Initial results indicate the potential for increased cumulative impact in some coastal areas, including ozone nonattainment areas in Louisiana and Texas; Breton Wilderness Area, a Class I area managed by the U.S. Fish and Wildlife Service; and portions of the Gulf Islands National Seashore, a Class II area managed by the U.S. National Park Service. In reviewing the initial results and after considering several modeling assumptions used in the study, BOEM has decided to conduct further refined modeling in coordination with the U.S. Environmental Protection Agency, the U.S. Fish and Wildlife Service, and the U.S. National Park Service. It is anticipated that any new results would be provided in a supplemental EIS, and furthermore, the results will be available and considered before any plan is submitted on a block leased as a result of Lease Sale 249. Therefore, while additional air quality data would be useful in consideration of this lease sale, it is not necessary for my decision on this lease sale. Any concerns raised by the modeling study will be further refined by the time plans are submitted and/or additional plan specific modeling may be required consistent with BOEM regulations when the plan is submitted for approval. During its review of any submitted plan, BOEM conducts an air quality review to determine if additional controls would be necessary. API also expressed concern that the impact conclusions could lead to additional mitigation requirements when conservative assumptions were used in the model. At this point, no additional mitigation has been proposed by BOEM and they would only be required in the future if site-specific modeling so required it under BOEM regulations.

The 2017-2022 GOM Multisale EIS acknowledges that a catastrophic spill has an extremely low probability of occurrence and is not reasonably expected to result from this proposed lease sale. However, BOEM has prepared the *Catastrophic Spill Event Analysis* as a standalone technical report, which is summarized and incorporated by reference as appropriate in the 2017-2022 GOM Multisale EIS. The *Catastrophic Spill Event Analysis* technical report provides a robust analysis of reasonably foreseeable impacts associated with low-probability catastrophic spills for oil- and gas-related activities on the OCS as per the recommendations provided in the August 16, 2010, the Council on Environmental Quality (CEQ) report following the *Deepwater Horizon* explosion, oil spill, and response. Such a catastrophic spill event could have significant impacts on the environment; however, such an event is not reasonably expected to result from this lease sale.

To minimize the environmental impacts that could occur from OCS oil- and gas-related activities following a lease sale, BOEM imposes mitigating measures that have proven to be effective in the past in avoiding or reducing impacts. Mitigating measures available at the lease sale stage, in the form of lease stipulations, are described below in Section 5. While offshore exploration and development cannot be made risk-free, OCS oil- and gas-related activities can be conducted safely and responsibly with strong regulatory oversight and appropriate measures to protect human safety and the environment. Since the *Deepwater Horizon* explosion, oil spill, and response, BOEM and the Bureau of Safety and Environmental Enforcement (BSEE) have raised standards for offshore drilling safety and environmental protection to prevent and reduce the risk of oil spills and have improved the Federal Government's and industry's ability to respond in the unlikely event of another large oil spill.

The decision to hold Lease Sale 249 recognizes the important role the GOM oil and gas resources play in addressing the Nation's demand for domestic energy sources and fosters economic benefits realized through continued exploration and development in the GOM region. This decision promotes domestic energy production, which can reduce oil imports. Additional benefits flowing from OCS leasing include continued employment, labor income, tax revenues, and other economic impacts; these benefits, though highest in the Gulf coastal states, are widely distributed across the United States. Continued oil and gas leasing on the OCS may also reduce the risk of spills from the transportation of imported energy resources (e.g., the reduced need for tankers to transport oil). Moreover, revenue sharing with applicable coastal states and political subdivisions can help mitigate risks and costs assumed by the states and communities of the GOM region.

After considering the benefits and potential impacts evaluated in the 2017-2022 GOM Multisale EIS, I have concluded that it is in the Nation's best interest to hold Lease Sale 249 in the manner described herein.

3. ALTERNATIVES FOR PROPOSED REGIONWIDE LEASE SALE 249

Other Alternatives Analyzed in the 2017-2022 GOM Multisale EIS

Under Alternative B, BOEM would have offered for lease all available unleased blocks within the CPA and EPA portions of the proposed lease sale area for oil and gas operations, with the following exceptions: whole and portions of blocks deferred by the Gulf of Mexico Energy Security Act of 2006; and blocks that are adjacent to or beyond the United States' Exclusive Economic Zone in the area known as the northern portion of the Eastern Gap. Available blocks within the WPA would ***not*** be offered for lease under this alternative. BOEM considered the oil and gas resource potential in the CPA and EPA and the likelihood of industry to develop those oil and gas resources in the context of social, economic, and environmental values, impacts, and concerns. Alternative B could potentially result in a slightly smaller amount of activity than proposed for Alternative A (1.0-3.6 percent of the forecasted cumulative OCS oil and gas activity in the GOM). Approximately 49.8 million ac (53%) of the regionwide lease sale area would be available for lease. This alternative was not selected because it does not provide the desired flexibility to offer more frequent opportunities for bidding on rejected, relinquished, or expired OCS lease blocks that is provided in the chosen alternative, holding a regionwide sale.

The incremental contribution of the possible negative impacts of the selected alternative is expected to be negligible compared with those of Alternative B. For these reasons, I did not choose Alternative B.

Alternative C would have offered for lease all available unleased blocks within the WPA portion of the proposed lease sale area for oil and gas operations, except for whole and partial blocks within the current boundary of the Flower Garden Banks National Marine Sanctuary. Alternative C could potentially result in only 0.2-0.6 percent of the forecasted cumulative OCS oil and gas activity in the GOM, which is much smaller than either Alternative A or B. Approximately 25.9 million acres (28%) of the regionwide lease sale area would be available for lease. BOEM considered the oil and gas resource potential in the WPA and the likelihood of industry to develop those oil and gas resources in the context of social, economic, and environmental values, impacts, and concerns. This alternative was not selected, because it does not provide the same desired flexibility as the chosen alternative for more opportunities to offer bidding on rejected, relinquished, or expired OCS lease blocks. While Alternative C would reduce potential impacts, it would also reduce the likely oil and gas resources to be produced, reduce domestic production, and potentially increase reliance on foreign resources. For these reasons, I did not choose Alternative C.

Alternative D would have offered for lease all available blocks under either Alternatives A, B, or C (the chosen regionwide Sale 249), but excluded from the lease sale all blocks subject to either the Topographic Features, Live Bottom (Pinnacle Trend), and/or Blocks South of Baldwin County, Alabama, Stipulations, precluding economic benefits of oil and gas that could be developed in these blocks. Alternative D was not selected because the impacts are expected to be nearly the same as those for the selected alternative. All other aspects of the leasing scenario (e.g., potential mitigating measures) and estimates of resource production are basically the same as for the chosen Lease Sale 249 decision. The incremental contribution of the possible negative impacts of the selected alternative is expected to be slight, and these negative impacts compared with those of Alternative D should be largely mitigated by the adoption of the Topographic Features Stipulation (see Section 5) and site-specific mitigating measures that may be imposed at the plan or permit stages, the depths of the topographic features, and water currents in the topographic feature areas. Therefore, the minimal decrease in impacts that may be avoided did not outweigh the need for oil and gas resources that would be produced by holding a regionwide lease sale. For these reasons, I did not choose Alternative D.

The proposed GOM regionwide lease sale would not be held under Alternative E, the No Action Alternative analyzed in the 2017-2022 GOM Multisale EIS. Alternative E was not selected because the needed domestic energy sources and the subsequent positive economic impacts from exploration and production, including employment, would not be realized. Furthermore, revenue would not be collected by the Federal Government nor subsequently disbursed to the States. Although other sources of energy may substitute for lost production, these sources may have different negative environmental impacts, such as the risk of spills from the transportation of alternate oil supplies over long distances. Alternative E does not address the need for domestic energy sources, and the economic benefits resulting from the proposed action outweigh the potential environmental impacts of the proposed action. Additionally, if the proposed GOM regionwide lease sale were not held, the overall near-term level of OCS oil- and gas-related activity in the region would be reduced by only a small percentage. Not holding a single lease sale would not significantly change the overall activity levels in the GOM (i.e., for those authorized under previous lease sales) and the associated environmental impacts in the near term; however, the incremental contribution of the proposed regionwide lease sale to the cumulative effects would be avoided.

4. ENVIRONMENTALLY PREFERABLE ALTERNATIVE

Alternative E, defined as the No Action Alternative, was identified as environmentally preferable in the 2017-2022 GOM Multisale EIS. The No Action Alternative is considered environmentally preferable because not holding the lease sale would preclude OCS oil- and gas-related activities related to new leases from occurring, along with the resulting environmental effects in the Gulf of Mexico. However, significant OCS oil- and gas-related activity would be expected to continue under existing leases, and the decision to not hold a single lease sale would result in only slightly less cumulative OCS oil and gas activity. In the short term, assuming OCS oil- and gas-related activities remain confined to acreage currently leased, OCS operators would likely reevaluate their exploration, delineation, and development strategies and reallocate resources accordingly.

As discussed previously, Alternative E would not promote the purposes of the Outer Continental Shelf Lands Act to advance expeditious and orderly development of OCS mineral resources, subject to environmental safeguards, in a manner that is consistent with the maintenance of competition and other national needs, and therefore, Alternative E was not selected.

Consideration of these factors weighs in favor of the selected alternative for holding Lease Sale 249. This decision is reinforced by potential negative environmental impacts of substitute energy sources (e.g., risks from tankers transporting imported oil) and the Secretary of the Interior's ability to impose measures to mitigate impacts of proposed Lease Sale 249.

5. MITIGATING MEASURES

As part of the decision to hold proposed Lease Sale 249, all practicable means to avoid or minimize environmental harm from the selected alternative at the lease sale stage are being adopted. In addition, postlease activities (e.g., exploration and development plans), which may be expected as a result of proposed Lease Sale 249, will undergo additional environmental review and may include additional project-specific mitigating measures applied as conditions of individual plan approvals. The various mitigations adopted for the lease sale, and those that may be applied during postlease reviews, are summarized below.

Lease Stipulations – I have decided that the leases will be offered subject to the lease stipulations described in the 2017-2022 GOM Multisale EIS In the Record of Decision for the 2017 – 2022 Five Year Program, the Secretary required the protection of Biologically Sensitive Underwater Features in all Gulf oil and gas lease sales as programmatic mitigation. Therefore, the Topographic Features Stipulation and Live Bottom (Pinnacle Trend) Stipulation are adopted for application to designated lease blocks in Lease Sale 249. The additional eight lease stipulations I am adopting for Lease Sale 249 are: the Military Areas Stipulation; the Evacuation Stipulation;

the Coordination Stipulation; the Blocks South of Baldwin County, Alabama, Stipulation; the Protected Species Stipulation; the United Nations Convention on the Law of the Sea Royalty Payment Stipulation; the Below Seabed Operations Stipulation; and the Stipulation on the Agreement between the United States of America and the United Mexican States Concerning Transboundary Hydrocarbon Reservoirs in the Gulf of Mexico. These 10 stipulations will be added as lease terms where applicable and will therefore be enforceable as part of the lease. The ten stipulations being applied to Lease Sale 249 will be provided in full in the Final Notice of Sale package. The blocks to which each stipulation applies are identified on the map "Final, Gulf of Mexico, Oil and Gas Regionwide Lease Sale 249, August 16, 2017, Stipulations and Deferred Blocks" included in the Final Notice of Sale package.

Site-Specific Conditions of Approval – There are other postlease conditions of approval that have been developed through previous experience and postlease environmental analyses. Many of these mitigating measures have already been adopted and incorporated into OCS plans and permits for blocks leased in previous lease sales, in accordance with processes established in regulations to adopt measures identified in NEPA analyses or ESA consultations relevant to OCS exploration, development, and production activities. For example, additional mitigating measures may require surveys to detect and avoid archaeological sites and biologically sensitive areas such as topographic features and chemosynthetic communities. BOEM and BSEE incorporate the applicable conditions of approval into plans and permit approvals. All submitted plans and permit applications for site-specific, OCS oil- and gas-related activities (e.g., exploration and development plans, pipeline applications, and structure-removal applications) also go through additional BOEM and/or BSEE review and approval to ensure compliance with established laws and regulations.

BOEM and BSEE have developed a list of over 120 "standard" Conditions of Approval that are often applied to plan or permit approvals. Appendix B of the 2017-2022 GOM Multisale EIS provides a list and description of many of these postlease conditions of approval that may be required by BOEM or BSEE as a result of plan and permit review processes in the Gulf of Mexico OCS Region. These conditions of approval include hazard survey reviews, inspection requirements, notifications, post-approval submittals, and safety precautions. Many of these conditions of approval clarify existing mitigation requirements included in regulations, lease instruments, or as a result of site-specific reviews. The conditions cover such areas as air quality, archaeological resources, artificial reef material, chemosynthetic communities, the Flower Garden Banks, topographic features, hard bottoms, military warning areas, hydrogen sulfide, drilling hazards, remotely operated vehicle surveys, geophysical survey reviews, and general safety concerns. Also, BOEM and/or BSEE may also apply conditions of approval that are developed on a case-by-case basis during the plan or permit approval process.

Mitigation Monitoring and Adaptation – BOEM and BSEE continually assess compliance and effectiveness of mitigating measures, where appropriate, to allow the GOM OCS Region to adjust mitigation as needed. This effort relies on requiring post-approval submittal of information within a specified timeframe or after a triggering event that is tracked by BOEM and/or BSEE (e.g., end of operations reports for plans, construction reports for pipelines, and removal reports for structure removals).

Enforcement – BSEE has the authority to inspect operations and enforce the conditions of any lease terms, including stipulations, as well as the conditions of any plan or permit approval under 30 CFR part 250 subpart N. BOEM may also refer potential violations to BSEE for investigation and potential enforcement. BSEE may impose penalties or other remedies on any lessee or any operator that fails to comply with the terms of a lease, including stipulations and other mitigating measures, and conditions of any postlease plan approvals or permits.

6. CONCLUSION

For the reasons provided above, I have decided that GOM regionwide Lease Sale 249 will be held on August 16, 2017, and will offer for lease all available unleased blocks in the proposed regionwide lease sale area, with the exception of: those blocks whose lease status is currently under appeal; whole and portions of blocks deferred by the Gulf of Mexico Energy Security Act of 2006; blocks that are adjacent to or beyond the United States' Exclusive Economic Zone in the area known as the northern portion of the Eastern Gap; whole and partial blocks within the current boundary of the Flower Garden Banks National Marine Sanctuary (Alternative A in the 2017-2022 GOM Multisale EIS). The leases will be issued with the stipulations referenced above and in accordance with other terms I have approved for the Final Notice of Sale.

Katharine S. MacGregor
Katharine S. MacGregor
Acting Assistant Secretary
Land and Minerals Management

6.27.2017
Date