Record of Decision for the Gulf of Mexico's Outer Continental Shelf Central Planning Area Oil and Gas Lease Sale 235

1. INTRODUCTION

The purpose of the proposed Federal action is to offer for lease certain Outer Continental Shelf (OCS) blocks located in the Central Planning Area (CPA) in the Gulf of Mexico (GOM) that may contain economically recoverable oil and gas resources. Under the Outer Continental Shelf Oil & Gas Leasing Program for 2012-2017 (Five-Year Program), two Gulf of Mexico sales are scheduled to be held annually – one in the CPA and one in the Western Planning Area (WPA). An additional sale may be held in a small portion of the Eastern Planning Area (EPA) during the remainder of the Five-Year Program. Proposed CPA Lease Sale 235 is the third lease sale in the CPA under the Five-Year Program and will provide qualified bidders the opportunity to bid on blocks in the Gulf of Mexico OCS in order to explore, develop, and produce oil and natural gas.

The potential environmental effects of this proposed oil and gas lease sale (CPA Lease Sale 235) were evaluated in the following documents: (1) *Gulf of Mexico OCS Oil and Gas Lease Sales: 2012-2017; Western Planning Area Sales 229, 233, 238, 246, and 248; Central Planning Area Lease Sales 227, 231, 235, 241, and 247; Final Environmental Impact Statement* (2012-2017 WPA/CPA Multisale EIS); (2) the *Gulf of Mexico OCS Oil and Gas Lease Sales: 2013-2014; Western Planning Area Lease Sale 233; Central Planning Area Lease Sale 231; Final Supplemental Environmental Impact Statement* (WPA 233/CPA 231 Supplemental EIS); and (3) the *Gulf of Mexico OCS Oil and Gas Lease Sales: 2015-2017; Central Planning Area Lease Sales 235, 241, and 247; Final Supplemental Environmental Impact Statement* (CPA 235, 241, and 247 Supplemental EIS). The CPA 235, 241, and 247 Supplemental EIS tiers from, and incorporates by reference, information in the 2012-2017 WPA/CPA Multisale EIS and WPA 233/CPA 231 Supplemental EIS.

2. DECISION

The Department of the Interior (DOI) has selected Alternative A, defined as the Proposed Action and the Bureau of Ocean Energy Management's (BOEM) preferred alternative in the CPA 235, 241, and 247 Supplemental EIS, for CPA Lease Sale 235. For CPA Lease Sale 235, DOI will offer for lease all unleased acreage in the CPA for oil and gas operations with the following exceptions:

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

The unleased blocks within the CPA that BOEM will offer for leasing in proposed CPA Lease Sale 235 are listed in the document entitled "List of Blocks Available for Leasing," included in the Final Notice of Sale (NOS) for CPA Lease Sale 235, available at http://www.boem.gov/Sale-235/. The lease sale area encompasses about 63 million acres of the total CPA area of 66.45 million acres (ac). As of January 2015, approximately 41 million ac of the proposed CPA lease sale area are currently unleased. The estimated amount of resources projected to be developed as a result of proposed CPA Lease Sale 235 is 0.460-0.894 billion barrels of oil (BBO) and 1.939-3.903 trillion cubic feet (Tcf) of gas.

BOEM considered the oil and gas resource potential in the CPA and the likelihood of industry to develop those oil and gas resources in the context of social, economic, and environmental values, impacts, and concerns. As Assistant Secretary, Land and Minerals Management, I have concluded that Alternative A meets the purpose and need for the proposed action, balances regional and national policy considerations, and includes measures to minimize potential environmental and socioeconomic impacts. As noted in the CPA 235, 241, and 247 Supplemental 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 activities and reasonably foreseeable accidental events include wetland, coastal, and benthic/pelagic habitat degradation; behavioral changes to fish, sea turtles, marine mammals, and birds; individual mortality of sensitive species; and minor impacts to air and water quality. The CPA 235, 241, and 247 Supplemental EIS acknowledges that a low-probability catastrophic spill could have significant impacts on the environment; however, such a spill has an extremely low probability of occurrence and is not reasonably expected to result from this CPA lease sale. I have concluded that Alternative A includes appropriate environmental safeguards and is consistent with the maintenance of competition and other national needs.

BOEM analyzed and considered the environmental impacts of Alternative A, as presented in the 2012-2017 WPA/CPA Multisale EIS, WPA 233/CPA 231 Supplemental EIS, and CPA 235, 241, and 247 Supplemental EIS. The impact conclusions related to routine activities and accidental events are summarized in the "Summary" sections of the 2012-2017 WPA/CPA Multisale EIS, WPA 233/CPA 231 Supplemental EIS, and CPA 235, 241, and 247 Supplemental EIS. We have considered all comments received on the EISs and the BOEM responses to those comments. Three comments have been received on the Final 235, 241, and 247 Supplemental EIS. One comment letter was received from the United States Environmental Protection Agency (USEPA) on the Final CPA 235, 241, and 247 Supplemental EIS. The letter voiced concerns with air quality analyses and modelling, but did not offer any new relevant information that changed analyses or the conclusions made in the CPA 235, 241, and 247 Supplemental EIS. One comment was received from the Choctaw Nation of Oklahoma in support of OCS oil and gas activities given the safeguards that are in place to protect cultural resources. One comment was in opposition of all OCS oil and gas related activities. None of the comments received presented new information that was not discussed and analyzed in the CPA 235, 241, and 247 Supplemental EIS that would change the impact conclusions for the resources.

To minimize the environmental impacts that could occur from OCS activities following a lease sale, BOEM imposes mitigation measures that have proven to be effective in the past. Mitigation measures are further described below in Section 5. 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 major oil spill. While offshore exploration and development cannot be made risk free, OCS oil and gas activities can be conducted safely and responsibly with strong regulatory oversight and appropriate measures to protect human safety and the environment.

The decision to hold proposed CPA Lease Sale 235 plays an important role in addressing the Nation's demand for domestic energy sources and fosters economic benefits realized through continued oil and gas exploration and development in the CPA. This decision promotes domestic energy and can reduce oil imports. Benefits flowing from OCS leasing include continued employment, labor income, tax revenues, and other economic impacts. These benefits, although highest in the Gulf of Mexico coastal states, are widely distributed across the United States. Other broad benefits include the reduced risk of spills from transportation of imported energy resources, through the reduced need for tankers or pipelines transporting oil internationally. 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 costs evaluated in the 2012-2017 WPA/CPA Multisale EIS, WPA 233/CPA 231 Supplemental EIS, and CPA 235, 241, and 247 Supplemental EIS, I concluded that it is in the Nation's best interest to hold proposed CPA Lease Sale 235 in the manner described herein.

3. ALTERNATIVES FOR PROPOSED CPA LEASE SALE 235

Other Alternatives Analyzed in the 2012-2017 WPA/CPA Multisale EIS, WPA 233/CPA 231 Supplemental EIS, and CPA 235, 241, and 247 Supplemental EIS

Alternative B (to exclude the unleased blocks near the biologically sensitive topographic features) was not selected because the impacts are expected to be nearly the same as those for the selected action. 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 proposed CPA Lease Sale 235 decision. The incremental contribution of the possible negative impacts of the selected action is expected to be slight. These negative impacts, when compared with those of Alternative B, should be largely mitigated by application of the Topographic Features Stipulation and site-specific mitigation measures, the depths of the topographic features, and water currents in the topographic features areas. Alternative B would have prevented all oil and gas activity in the blocks containing topographic features, precluding the economic benefits of oil and gas that could be developed in these few blocks.

Alternative C (No Action) was not selected because 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 significant negative environmental impacts of their own, such as increased risk of spills from the transportation of alternate oil supplies over long distances. Therefore, I did not select Alternative C because of the need for domestic energy sources and because the economic benefits resulting from oil and gas exploration and development outweigh the potential environmental impacts of the proposed action. Additionally, if the CPA lease sale were to be cancelled, the overall near-term level of OCS activity in the CPA would be reduced by only a small percentage. Not holding a single lease sale would not significantly change the overall activity levels in the CPA (i.e., from those authorized under previous lease sales) and associated environmental impacts in the near term.

Other Alternatives and Deferrals Considered but Not Analyzed in the 2012-2017 WPA/CPA Multisale EIS, WPA 233/CPA 231 Supplemental EIS, and CPA 235, 241, and 247 Supplemental EIS

Several other alternatives, including areal or temporal deferrals, were initially considered for possible analysis in the 2012-2017 WPA/CPA Multisale EIS, including those identified in the *Outer Continental Shelf Oil and Gas Leasing Program: 2012-2017; Final Programmatic Environmental Impact Statement* (Five-Year Program EIS). As explained in Chapter 2.2.1.2 of the 2012-2017 WPA/CPA Multisale EIS, BOEM determined that the suggested alternatives and deferrals did not merit individual or detailed analysis. BOEM included in the CPA 235, 241, and 247 Supplemental EIS an alternative (Alternative B –Exclude the Unleased Blocks Near Biologically Sensitive Topographic Features) designed to protect certain sensitive ecological features, which is related to an alternative tracked from the Five-Year Program EIS. Sensitive topographic features are features that are known and mapped and that have been protected by application of the Topographic Features Stipulation for nearly 40 years. No other alternative considered would reduce the identified impacts of the proposed action further than the alternatives that BOEM fully analyzed. As indicated in Chapter 2.2.1.1 of the CPA 235, 241, and 247 Supplemental EIS, BOEM has identified no new information that changes the determination to consider but not analyze in detail the other alternatives and deferrals described in the 2012-2017 WPA/CPA Multisale EIS.

4. ENVIRONMENTALLY PREFERABLE ALTERNATIVE

I identified Alternative C, defined as the No Action Alternative in the CPA 235, 241, and 247 Supplemental EIS, as the environmentally preferable alternative. The No Action Alternative is considered environmentally preferable because not holding an individual lease sale could delay the timing of, and likely reduce, certain OCS activities and resulting environmental effects in the Gulf of Mexico. However, significant OCS activity would be expected to continue under existing leases and the decision to not hold a single lease sale would equate to only slightly less cumulative OCS activity. In the short-term, assuming OCS activities remain confined to acreage currently leased, OCS operators would likely reevaluate their exploration, delineation, and development strategies and reallocate resources accordingly. In contrast, deferring multiple Gulf of Mexico lease sales, for example, for five years, could have a discernible effect and reduce the overall level of OCS activity at some point in the future. As stated previously, Alternative C was not selected because it 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. Consideration of these factors weighs in favor of the selected alternative. This decision is reinforced by potential negative environmental impacts of substitute energy sources (e.g., risks from tankers hauling imported oil) and the Secretary of the Interior's ability to impose measures to mitigate impacts of proposed CPA Lease Sale 235.

5. MITIGATION MEASURES

As part of the decision to hold CPA Lease Sale 235, all practicable means to avoid or minimize environmental harm from the selected alternative at the lease sale stage are being adopted. In addition, post-lease activities (e.g., exploration and development plans), which may be expected as a result of CPA Lease Sale 235, will undergo additional review. This review may include, but is not limited to, environmental analyses under the National Environmental Policy Act, State review under the Coastal Zone Management Act process, and review of additional project-specific mitigating measures applied as conditions of individual plan approvals. The various mitigations adopted for this selected action, and those that may be applied during post-lease reviews, are summarized below.

Lease Stipulations – The CPA 235, 241, and 247 Supplemental EIS describes ten lease stipulations, which are included in the Final NOS Package. The ten lease stipulations for CPA Lease Sale 235 are the Topographic Features Stipulation; Live Bottom Stipulation; Military Areas Stipulation; Evacuation Stipulation; Coordination Stipulation; Blocks South of Baldwin County, Alabama, Stipulation; Protected Species Stipulation; United Nations Convention on the Law of the Sea Royalty Payment Stipulation; 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. The stipulations will be added as lease terms where applicable and will therefore be enforceable as part of the lease.

Existing Mitigation Measures – There are other post-lease mitigation measures that have been developed through previous experience and post-lease environmental analyses. Many of these mitigation measures have already been adopted and incorporated into existing OCS plans and permits in accordance with regulations and/or guidelines governing OCS exploration, development, and production activities. For example, additional mitigation measures may require surveys to detect and avoid archaeological sites and biologically sensitive areas such as pinnacles, topographic features, and chemosynthetic communities. BOEM and BSEE incorporate the applicable mitigation measures into plans and permits. All plans for site-specific OCS activities (e.g., exploration and development plans, pipeline rights-of-way, and structure-removal permits) 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 conditions of approval that are often applied to plan or permit approvals. 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 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/pinnacles, military warning areas and Eglin Water Test Areas, hydrogen sulfide, drilling hazards, remotely operated vehicle surveys, geophysical survey reviews, and general safety concerns. Also, BOEM and/or BSEE may also apply nonrecurring 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 mitigation measures, where appropriate, to allow the Gulf of Mexico OCS Region to adjust mitigation if needed. A primary focus of this effort is 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 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 conditions of a lease, including stipulations and other mitigation measures.

6. CONCLUSION

For the reasons provided above, I decided that CPA Lease Sale 235 will be held on March 18, 2015, and will offer for lease all unleased blocks in the proposed CPA lease sale area, with the exception of whole and partial 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 (Alternative A in the CPA 235, 241, and 247 Supplemental EIS). For CPA Lease Sale 235, I have decided to adopt all practicable mitigation measures, in the form of lease stipulations described herein.

Janice M. Schneider
Assistant Secretary
Land and Minerals Management

Date: 1/19/15