any sea turtles in any of the OCS program areas. The presence of special status species in each OCS program area is important to the decision-making process. Threatened species are assigned a value of 5 and endangered species are assigned a value of 10.

Relative Sensitivity to Oil Spills

This analysis does not attempt to identify all possible interactions that may occur between sea turtles and oil. A relative sensitivity to oil spills is assigned based on species biology and habitat restrictions. All sea turtles, regardless of species, are considered to be highly sensitive to oil spills for several reasons, including their need to be at the surface of the water to breathe, migratory nature, relatively slow movement, presence in both deeper waters and shallower waters, high susceptibility to oil when it reaches the shore, and potential difficulty in detecting and avoiding spilled oil. Therefore, all sea turtle species were assigned a high sensitivity of 10 relative to risks from oil spills.

Relative Sensitivity to Underwater Sound

Exploration for oil and natural gas often requires noise-producing seismic surveys to locate and identify key geologic features. Offshore construction activities such as pile driving also may introduce sound into the marine environment. Data on sea turtle sound production and hearing are limited. Based on the structure of the inner ear, there is some evidence to suggest that marine turtles primarily hear sounds in the low frequency range and that turtles are insensitive to high frequencies. Based on the known data, for the purposes of this sensitivity analysis, it is assumed that sea turtles have low frequency hearing but possibly lower sensitivity to sounds compared to other fauna. Therefore, acoustic impacts to sea turtles were assigned a medium sensitivity of 5 relative to risks of acoustic impacts.

Calculation of OCS Program Area Rankings

The following function was used to calculate a value for each sea turtle species within each OCS program area:

$$Presence \text{ X } (Status + Oil\ Sensitivity + Sound\ Sensitivity)$$

All calculated values were added within an OCS program area to create an overall score for that OCS program area.

OCS Program Areas Rankings with Respect to Sea Turtle Sensitivity

The sea turtle sensitivity methodology described above yields the ranking of OCS program areas presented in Table 27.

Table 27: Relative Environmental Sensitivity to Impact of the OCS Program Areas for Sea Turtles

OCS Program Area	Score[1]
Eastern GOM	360
Central GOM	345
Western GOM	345
Chukchi Sea	0
Beaufort Sea	0
Cook Inlet	0

[1]Higher scores indicate greater sensitivity to OCS oil and natural gas activities.

3.3.5 Combining Fauna and Ordinal Ranking

Marine fauna is the grouping of birds, fish, marine mammals, and sea turtles. Each fauna was considered individually first using the different scoring methods described above. The resulting scores were normalized for each fauna as shown in Table 28.

There are many normalization methods available, but not all are appropriate to apply to ordinal data. To create an overall marine fauna rank, the most appropriate method to apply to the four subsets of marine fauna scores (i.e., fish, birds, marine mammals, and sea turtles) is the min-max normalization method. This method subtracts the minimum value of a score subset from each OCS program area value and then divides the difference by the range of the subset scores, to transform the data into a new range of values within the interval [0,1]. This method was applied to the four score subsets. After applying the min-max normalization, the four normalized scores for each OCS program area were added to create a total normalized score with a range of [0,4]. The overall scores were ordered and ranked to obtain the marine fauna rank presented in Table 28.

Table 28: Relative Environmental Sensitivity to Impact of the OCS Program Areas for Marine Fauna

OCS Program Areas	Fish		Birds		Marine Mammals		Sea Turtles		Total Normalized Score[1]
	Score	Normalized	Score	Normalized	Score	Normalized	Score	Normalized	
Central GOM	68	0.89	23	0.09	225	0.24	345	0.96	2.18
Eastern GOM	34	0.41	23	0.09	255	0.34	360	1.00	1.84
Western GOM	18	0.18	23	0.09	170	0.05	345	0.96	1.29
Cook Inlet	30	0.35	21	0.03	182	0.09	0	0.00	0.47
Chukchi Sea	5	0.00	32	0.38	180	0.08	0	0.00	0.46
Beaufort Sea	5	0.00	22	0.06	155	0.00	0	0.00	0.06

[1]Higher scores indicate greater sensitivity to OCS oil and natural gas activities.

3.4 Marine Productivity

While marine productivity was considered as a separate factor in previous analyses, it is considered as a component of this analysis in order to more fully account for the biological aspects of the marine environment.

Productivity is a term used to indicate the amount of plant or animal biomass that is produced over a period of time. Primary production is the assimilation of organic carbon through photosynthesis. The most common example is simply a plant using energy from the sun to make organic matter. It is the basis for growth in most ecosystems. The productivity of the marine aquatic community is its capacity to produce food for its component species, which thus sets limits on the overall biological production in an ecosystem. Primary production in the marine environment is conducted primarily by phytoplankton; macroalgae, such as Sargassum or kelp; and submerged aquatic vegetation like seagrasses. The rate at which this occurs is based largely on the plants' ability to photosynthesize. The methods of measuring phytoplankton productivity are relatively standard and results normally are expressed in terms of chlorophyll-a, or the amount of carbon fixed during photosynthesis per square meter of ocean surface per unit of time.

Phytoplankton can occupy all surface waters of an OCS program area and fix carbon, as long as sufficient light and nutrients are available. Farther from shore, fewer nutrients, primarily of terrestrial origin, are available for use by phytoplankton. Surface mixing due to wave action, down-dwelling, fronts, and convergence may push some phytoplankton down into the water column where light is insufficient for photosynthesis to occur.

Marine ecosystems can be significantly affected by the rates and magnitude of primary production within their boundaries. Any alteration in primary production in an ecosystem will have wide-ranging effects on all dependent species and chemical processes occurring within the affected system. Having sufficient knowledge of the magnitude and rates of primary production within an ecosystem allows for an accurate understanding of the overall potential productivity within that system. This knowledge may help elucidate the potential effects that altering the base of the food-chain may have on dependent species and processes. Therefore, it is important to include estimates of primary production in any analysis of environmental sensitivity related to OCS oil and natural gas activities. Besides any direct effects of an oil spill on higher trophic levels, any anthropogenic alteration of the base of the food-chain, such as spilled oil on the surface of the ocean decreasing light penetration, and thus decreasing rates of photosynthesis, of a system would necessarily affect the functioning of the system as a whole. These effects on primary production would most likely be very short term in duration and of low magnitude.

For these reasons, OCS program areas have been ranked for relative sensitivity by their areal averaged production, the annual amount of carbon produced per acre of ocean surface, rather than metric tons per year, as has been used in the earlier analyses. Areas with the highest mean levels of productivity are ranked highest, as the potential loss to the system would have the greatest effect that is seen as a reduction in the amount of biomass the area could support. This method allows for a direct comparison of each OCS program area without a bias towards ranking OCS program areas higher due to encompassing a larger area. It is important to note that measurements of phytoplankton can vary greatly both spatially and temporally, resulting in significant differences in measurements within and between OCS program areas.

As discussed earlier in this section, BOEM continues to evaluate the results from a new analysis of OCS marine productivity and will include that updated analysis in the future relative sensitivity analyses.

Table 29: Relative Environmental Sensitivity to Impact of the OCS Program Areas for Marine Productivity

OCS Program Area	Metric tons/year	Acres (Millions)	Areal Averaged Production (Metric tons/acre/year)
Cook Inlet	24,152,550	5.36	4.506
Eastern GOM	117,466,816	64.56	1.819
Central GOM	110,234,566	66.45	1.659
Western GOM	31,331,220	28.58	1.096
Chukchi Sea	8,237,533	62.59	0.132
Beaufort Sea	4,591,039	65.08	0.071

Sources: Continental Shelf Associates, 1990 and 1991.

4. Climate Change and Relative Environmental Sensitivity

4.1 Introduction

Climate change trends during the 20th century have been detected on all continents and oceans, suggesting noticeable relationships among atmospheric concentrations of anthropogenic CO_2 and other greenhouse gases, mean global temperature increases, and observed effects on physical and biological systems. Climate change effects, including warming air and water temperatures, rising sea levels, and more intense storms have been documented in many U.S. coastal regions. New scientific research shows that oceans are beginning to face yet another threat due to global warming-related emissions, a process referred to as ocean acidification. Basic ocean chemistry is changing because of the uptake of CO_2 released by human activities (Feely *et al.* (2006)). These changes will continue to affect the habitats and biota discussed in this environmental sensitivity analysis, possibly making them more vulnerable to human activities, such as OCS oil and natural gas exploration and development. Climate change is discussed in more detail in the Five Year Final EIS.

This section provides an assessment of climate change effects on the relative environmental sensitivity of OCS program areas during the life of the Five Year Program. The assessment examines the extent to which rising temperatures, sea-level rise, and ocean acidification may affect the environmental sensitivity of different areas of the OCS, as well as whether meaningful differences in the magnitude of these effects occur spatially. The time frame of interest is the period affected by the 2012-2017 Program, which extends 40 years until approximately 2050. This task is challenging because the overall response of the global climate to warming is inherently and extremely complex due to a number of positive and negative feedbacks that can have strong influence on the climate system (Intergovernmental Panel on Climate Change (IPCC (2007)). The responses of physical and biological systems to global climate change bring additional complexities because climatic, biologic, and physical processes interact in complicated and nonlinear ways that are not fully understood at this time. Because of the inherent uncertainty in predicting future events and outcomes, and the complexities and incomplete understanding of the underlying science that exists at this time, climate change projections must be presented in probabilistic terms.

IPCC uses a 10-fold likelihood scale ranging from virtually certain (>99 percent probability of occurrence) to exceptionally unlikely (<1 percent probability) to define consistent terminology for climate change projections. This assessment uses assumptions and projections from the IPCC report that are considered at a minimum to be likely (>66 percent) to occur, in order to focus on the most likely drivers of climate change effects on environmental sensitivity.

Projections of climate change and its effects generally are more reliable when applied to a large area than a smaller area. Currently, it is difficult to model temperature changes and the processes that temperature changes spawn, at smaller than continental scales (IPCC). Reliable projections are possible for areas the size of the Alaskan Arctic or GOM, but in most cases existing information does not support making more detailed distinctions at the scale of an individual OCS program area. This assessment uses projections and assumptions of climate change and its effects that can be reliably applied to large areas, such as the Arctic or GOM. The projected increased sensitivity of the larger area is applied to the individual OCS program areas that it contains.

Reliable projections of effects of climate change on individual, or groups of, species usually are made at high levels of generality. IPCC concludes that it is likely (>66 percent chance of occurrence) that 20 to 30 percent of the plants and animals assessed so far are at risk of extinction within the next century. However, it does not indicate the specific species or groups of species most at risk. Thomas *et al.* (2004) suggest that up to 37 percent of a sample of land plants and animals could become extinct as a result of climate change by 2050, a date encompassing the 40-year life of the 2012-2017 Program. These large extinction scenarios suggest that effects of climate change on species will be pandemic in marine and coastal environments. Research is beginning to identify possible climate change effects on specific fauna or groups of fauna. A recent report identified marine birds as being particularly susceptible to climate change effects compared to other birds (Vié, *et al.* (2008)), a relevant observation if validated with additional research. Generally, however, it is not possible to reliably identify individual species or species groups with relatively high extinction risks along with the OCS program areas where the extinction risks are relatively higher or lower. An exception is the Arctic in Alaska, which the IPCC identifies as an "Especially Affected

Region" because of the projected high rates of warming that will likely result in substantial degradation of ice-water habitats that many species, and subsistence hunters, depend on.

4.2 Climate Change Factors Influencing Relative Sensitivity and Marine Productivity

Climate change impacts on the ocean's physical properties, such as temperature, winds, precipitation, currents, sea level, salinity, and upwelling, will likely affect both open-ocean and nearshore ecosystems. Changes to the oceans are expected to cause species- and community-level shifts that will have consequences for species interaction and may ultimately affect ecosystem function. Distribution patterns of southern species may shift northward as water temperatures warm, but the colonization of new areas will depend on successful dispersal across barriers, such as from one estuary to another. The ability of species to adapt to different locations will depend on their ability to find suitable habitat, compete with other species for resources and avoid predators. Hence, the fundamental structure of complex food webs may change. For example, in some cases climate-induced changes may be positive if they increase habitat for depleted fishery stocks, while in other cases changes may be negative if they spread the distribution of invasive species or disease-causing microbes. Marine and coastal systems are being affected negatively by pollution, overfishing, and other stressors that may act in combination with climate change to damage ecosystems.

4.2.1. Temperature

Global mean surface temperatures have risen by 0.74^0 C ± 0.18^0 between 1905 and 2005 (IPCC). The rate of warming for the past 50 years has been almost double the rate for the past 100 years (0.13^0 C/decade). IPCC projections suggest about a 0.8^0 C increase in temperature during the 40 year life of the Five Year Program.

Atmospheric warming has not been spatially uniform. In particular, Arctic temperatures have increased about twice as much as those in lower latitudes. IPCC predicts that the Arctic will continue to warm at a faster rate than elsewhere during the time span covered by the life of the 2012-2017 Program. Preferential warming in the Arctic partially is the result of the ice-albedo effect. This occurs when highly reflective ice is replaced by less reflective water and land surfaces, resulting in more heat being absorbed by the land and water rather than being reflected back to the atmosphere. About 80 percent of the warmth caused by greenhouse gases has been absorbed in the oceans. Evidence for warming is widespread in the upper 700 meters of the global ocean (IPCC).

IPCC reports that there is "high confidence" that rising ocean temperatures are associated with observed changes in marine biological systems. Ocean warming will continue during the life of the program proportional to atmospheric warming.

Environmental Sensitivity Factors Related to Temperature

Species Composition

Climate variation is a recognized, primary driver of marine ecosystems and associated biological resources (USDOC, NOAA Fisheries Service). Effects of warming temperatures already have been seen in the form of a northward shift of species, change in migration patterns and timing, change in location and timing of reproduction, and increased disease. As warming drives changes in timing and geographic ranges for marine fauna, it is important to note that entire communities of species do not shift intact. Rather, the range and timing of each species within an existing community shifts in response to its own sensitivity to climate change, mobility, lifespan, and the availability of resources. The speed with which species can shift their ranges is influenced by factors including their size and lifespan. All of these variations result in the breakup of existing ecosystems and formation of new ones, with uncertain consequences (Karl *et al.* (2009)).

While all OCS program areas will be affected by species migrations, the Alaskan Arctic likely will be relatively more affected. IPCC concludes that the Arctic is likely (>66 percent likelihood) especially to be affected by climate change because of the impacts of high rates of projected warming on natural systems.

The most affected OCS program areas include the Beaufort and Chukchi Seas.

Permafrost thawing

The temperature at the top of the permafrost layer has increased by up to 3° C since the 1980s in the Arctic (IPCC). In the Alaskan Arctic specifically, the permafrost base has been thawing at a rate of up to 0.04 meters per year. Thawing of coastal soils is expected to result in more rapid rates of shore erosion. This effect is expected to be compounded by reduced duration and extent of shoreline protection provided by landfast ice and more exposure to ocean storms. IPCC identifies coasts exposed to the Arctic Ocean, such as along the Chukchi and Beaufort Seas, as the most sensitive regions for permafrost thermal degradation effects, largely because of erosion issues.

The most affected OCS program areas include the Beaufort and Chukchi Seas.

Sea-Ice Biome

The presence of sea ice and landfast ice in the marine environment of the Arctic and near Arctic creates a productive marine-ice biome essential for the flourishing and survival of marine animals and the traditional subsistence lifestyle. These environments provide hunting, resting, and birthing platforms along the ice-water interface; generate local upwelling responsible for high productivity in polynyas; and release large quantities of algae growing beneath the ice surface into the food chain at ice melt. IPCC considers it likely (>66 percent likelihood) that the Arctic sea-ice biome will be especially affected by climate change because of sensitivity to warming.

The most affected OCS program areas include the Beaufort and Chukchi Seas.

Coral bleaching

Warmer water temperatures cause coral to lose their symbiotic algae, a process called bleaching. Intensities and frequencies of bleaching events have increased substantially over the past 30 years, leading to the death or severe damage of about one third of the world's shallow water corals (Karl *et al*). IPCC recognizes warm water corals as a resource that is likely (>66 percent likelihood) to be particularly affected by climate warming.

The most affected OCS program areas include the Western, Central, and Eastern GOM.

Increases in Major Storm Frequency and Intensity

While stronger storms associated with global warming are likely to affect most coastal habitats, this effect is expected to be most evident along the southeast and GOM coasts (Karl *et al.*). Observational evidence for an increase of tropical cyclone activity in the Northern Hemisphere Atlantic Ocean since about 1970 also suggests a substantial upward trend toward longer lasting and more intense storms (IPCC). IPPC considers it likely (>66 percent likelihood) that increased tropical cyclone activity will occur, resulting in erosion, flooding, and landscape disruptions that will affect the relative environmental sensitivity of coastal and nearshore environmental resources.

The most affected OCS program areas include the Western, Central, and Eastern GOM.

Ocean Dynamics

Warming of the atmosphere and oceans can change the dynamic properties of ocean circulation. At this time existing information on climate-change effects on the dynamic properties of the ocean does not support a reliable prediction of these effects on the relative environmental sensitivity of the different OCS program areas.

4.2.2. Sea Level

Recent global sea-level rise has been caused by warming-induced thermal expansion of the oceans, and accelerated melting of glaciers and ice sheets. Current predictions for future sea levels project a rise in sea level from 8 to 24 inches by 2100 (IPCC). The amount of relative sea-level rise along different parts of the U.S. coasts depends not only on thermal expansion and ice-sheet melting, but also on the changes in elevation of the land that occur as a result of subsidence or geologic uplift (Karl *et al.*). In the past 50 years, sea level has risen 8 inches or more along some coastal areas of the United States and fallen in other locations.

A recent report (CCSP (2009)) identifies areas along the Atlantic and GOM coasts as undergoing relatively rapid inundation and landscape changes because of the prevalence of low lying coastal lands. The report identified submergence hotspots where, because of local subsidence, the rate of rise of sea level relative to the land is expected to be higher than in other parts of the area. Sea-level rise hotspots include coastal Louisiana adjacent to the Central GOM Program Area. Because these submergence hot spots occur as a result of local geologic factors, it is possible in these cases to assign climate change-elevated environmental sensitivity to specific OCS program areas.

Rapid submergence of these coastal lands would destabilize ecological and socioeconomic uses of the coastal zone through accelerated coastal erosion and the movement of marine environments landward over terrestrial landscapes. Coastal environmental resources affected this way would be stressed and presumably made more sensitive to the impacts from OCS oil and natural gas activities.

The most affected OCS program areas include the Central and Eastern GOM.

4.2.3. Ocean Acidification

Ocean acidification refers to the decrease in the pH of the oceans caused by the uptake of CO_2 from the atmosphere. Atmospheric CO_2 reacts with seawater to form carbonic acid, leading to increased acidity in the oceans. The future pH of the ocean is predicted to decrease by approximately 0.3 to 0.4 units by the year 2100 (Orr *et al.* (2005)). Higher latitudes will experience the greatest changes and impacts due to the increased solubility of CO_2 due to generally lower temperature (Karl *et al.*).

Ocean acidification affects the process of calcification by which living organisms create shells and skeletons, with substantial negative consequences for coral reefs, mollusks, and some plankton species important to marine and coastal food chains (Karl *et al.*). As a result, marine life that uses calcium carbonate to form protective shells or skeletal structures is unable to form these structures or the existing structures dissolve. Current evidence indicates that the calcification rates of warm corals will be reduced by 20 to 60 percent at double pre-industrial atmospheric CO_2 concentrations (Kleypas *et al.* (2006)). Potentially affected marine organisms include warm and cold water corals, mollusks and calcareous phytoplankton.

IPCC concludes that progressive ocean acidification is expected to have negative impacts on marine shell-forming organisms and their dependent species. These effects would be relatively higher in cold water areas where sea water can absorb more CO_2.

This assessment, however, does not attribute an effect of acidification to relative environmental sensitivity based on the absence of observed effects of acidification on ecological resources (IPCC), and uncertainties as to when effects from acidification would occur in different ocean areas.

4.3 Effects of Climate Change on Relative Environmental Sensitivity and Marine Productivity of OCS Program Areas

Table 30 shows offshore and adjoining coastal areas where factors resulting from climate change could increase relative environmental sensitivity to OCS development. For example, increased sea-level rise would inundate coastal marshes causing land loss, but also exposing remaining marshes to greater impacts from oil spills by removing the protection of barrier islands. The relative effects of climate change are identified for groups of adjacent OCS program areas with similar climatic and ecological characteristics compared to other areas. Table 30 lists OCS program areas with effects on relative sensitivity from climate change based on the previous section. A high relative magnitude of effects from climate change was assigned to OCS program areas in which at least three climate-change effects were expected to be greater in relation to other program areas. A moderate relative magnitude was given to OCS program areas with one to two projected effects. A designation of low relative magnitude does not mean that climate-change effects will not occur, but that the magnitude of the effects is not expected to be greater in relation to the effects in other OCS program areas.

Table 30: Relative Effects of Climate Change on Environmental Sensitivity of the OCS Program Areas[1]

Geographic Region/ OCS Program Area	Climate Change Effects	Relative Magnitude
Arctic		
Beaufort Sea	Sea-Ice biome; species composition; permafrost thawing	High
Chukchi Sea	Sea-Ice biome; species composition; permafrost thawing	High
North Pacific		
Cook Inlet		Low
Gulf of Mexico		
Central GOM	Coral bleaching; increased storms; submergence	High
Eastern GOM	Coral bleaching; increased storms; submergence	High
Western GOM	Coral bleaching; increased storms	Moderate

[1] Source: Karl *et al.*, 2009.

Climate Change Sensitivity Coefficients

Table 17 presents the OCS program areas grouped into three categories ranging from most to less sensitive to impact from OCS oil and natural gas activities and considers increased sensitivity due to climate change and ocean acidification. This grouping uses a coefficient of 2.0 for high relative magnitude of effects, such as in the Alaskan Arctic, to apply to the overall environmental sensitivity. This coefficient is based on the temperature increase that has occurred in the Arctic, double that of other areas. A linear relationship between temperature increase and environmental sensitivity in the Arctic is reasonable, because ocean and atmosphere warming there has resulted directly in increased sensitivity to the sea-ice biome and permafrost degradation. A coefficient of 1.5 is used for OCS program areas that are projected to experience moderate relative effects from global warming, a value half way between the value of 1.0 used for no relative effect of global warming and 2.0 for high relative effect.

5. Conclusion

The above environmental sensitivity analysis considers sensitivity of the biological marine environment to multiple impact producing factors, such as oil spills, sound and physical disturbance, and increased sensitivity due to climate change and ocean acidification. Because relatively small differences suggest a level of precision that is not possible for this analysis, Table 17 presents the OCS program areas grouped into three categories of relative sensitivity ranging from "most" to "less" sensitive to impact from OCS oil and natural gas activities. Categorization of an OCS program area as "less" sensitive does not mean that environmental resources of that OCS program area are not sensitive, but as a collection are found to be relatively less sensitive than other OCS program areas to the types of impacts anticipated from OCS oil and natural gas activities.

To determine this grouping, the scores for each of the four ecological components were first normalized to a scale of 0 to 1, and then added together. A coefficient (see section 4.3) was then applied to the sum of the normalized scores for OCS program areas based on the relative level of climate-change effects projected. The sums of the normalized scores were ranked from 1 to 6 with and without applying the coefficient for climate change. The OCS program areas defined as "more" sensitive had scores equal to or greater than the average OCS program area score. The OCS program areas defined as "less" sensitive had scores less than the average OCS program area score.

After incorporation of climate change and ocean acidification, there was no change in the relative environmental sensitivity rankings for the OCS program areas that ranked "most" sensitive. These OCS program areas also were one or more standard deviations greater than the mean OCS program area score. The OCS program areas defined as "more" sensitive are less than one standard deviation greater than the mean OCS program area score.

Similarly after incorporation of climate change and ocean acidification, there was no change in the relative environmental sensitivity ranking for the OCS program areas that ranked "less" sensitive. Several OCS program areas, including the Arctic OCS program areas, i.e., Beaufort and Chukchi Seas, had a significant increase in their overall sensitivity rankings when increased sensitivity due to climate change was considered.

In *California I*, the U.S. Court of Appeals for the District of Columbia Circuit held the relative environmental sensitivity analysis "must at least attempt to identify those areas whose environment and marine productivity are most and least sensitive to OCS activity." In an effort to meet the Court's requirement, yet avoid the appearance of unrealistic preciseness associated with a top to bottom ranking, this analysis, as summarized in Table 17, identifies the OCS program areas "most" relatively sensitive to impact from OCS oil and natural gas activities as the Eastern and Central GOM.

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3. Industry Interest

BOEM received comments from 11 energy companies and oil and natural gas trade groups and membership organizations in response to the November 2011 PP. Every commenter supported leasing in the PP. However, the overarching concern was the lack of access to other areas, particularly more of the Eastern GOM and the Atlantic.

Five exploration and development companies submitted comments in response to the PP.[84] There was little or no differentiation between the areas so all six areas are considered to have industry interest from five companies.

4. Equitable Sharing of Developmental Benefits and Environmental Risks

Introduction

Section 18(a)(2)(B) of the Act requires that the Secretary base the timing and location of OCS exploration, production, and development on a consideration of, among other factors, "an equitable sharing of developmental benefits and environmental risks among the various regions." Because developmental benefits and environmental risks generally accrue outside the regional OCS submerged lands, analysis of these factors usually goes beyond the strict requirements of the Act and considers the sharing of benefits and risks to the onshore U.S. population, particularly in the coastal areas near producing regions of the OCS.

Section 18 requires that the leasing program consider an equitable sharing of developmental benefits and environmental risks; the courts, however, have not defined a specific standard of equitable sharing that the Secretary is to achieve. As the Court recognized in *California I* and *California II*, the degree to which a proposed five year schedule of lease sales can achieve an equitable sharing of benefits and risks must be considered in light of a number of other factors, many of which are not under the control of DOI. The equitable sharing analysis is based on considerations that, while somewhat

[84] Two subsidiaries of the same parent company submitted similar comments separately.

general, allow a fairly simple basis for judging the implications of programmatic decisions on the equitable sharing of developmental benefits and environmental risks.

The Secretary considers equitable sharing of developmental benefit and environmental risks among the regions, as described in this analysis, in the process of deciding whether to include any or all of the available program areas in the PFP.

Methodology

The equitable sharing analysis uses a regional economic-impact approach rather than the national benefit-cost approach used in estimating the net benefits of the program proposal. Economic impact analysis and benefit-cost analysis offer two means of estimating benefits and costs, both of which provide valuable information for the Five Year Program decision. Both are reasonable approaches to estimating social value and social costs, but the numbers they generate are not the same, as they represent different aspects of economic activity. The effects measured in a benefit-cost analysis reflect direct first-order real resource market outcomes, such as increased production and the accompanying increase in consumer surplus, as well as the costs imposed by the program decision. Some factors that often are considered a benefit, such as employment, are treated in a benefit-costs analysis as costs paid by society to conduct the activities that result in economic value. In contrast, while an economic impact analysis could include these output measures as well, it tends to focus upon broad macroeconomic measures, such as income, employment, wages, and revenue transfers, as they relate to specific industries and geographical locations. As the Secretary must make programmatic decisions for the benefit of the Nation as a whole, the benefit-cost approach is more appropriate for the net benefits or social value analysis, described earlier in this document, which present relative benefits and costs from the national perspective. However, for the equitable sharing analysis, it is the relative benefits enjoyed and distributed risks borne among geographic regions that are important. In addition, residents of local areas tend to view employment as a benefit, often resulting in the flow of money into their communities from elsewhere, rather than a cost of producing economic value. Therefore, the regional economic impact approach is used below.

Developmental Benefits and Environmental Risks

The nature of developmental benefits and environmental risks associated with the OCS oil and natural gas program has been well documented in previous five year program analyses. Those analyses concluded that, given the actual geographic distribution of oil and natural gas resources among various OCS planning areas, the existence of funds to mitigate risks, and the distribution of corporate ownership throughout the country, the Five Year Program necessarily results in both a concentration of developmental benefits and environmental risks in the geographic areas adjacent to OCS oil and natural gas activity areas and also a wide distribution of other economic benefits and costs throughout the Nation. This analysis describes both phenomena.

Among the benefits accruing primarily to producing regions and nearby onshore areas are expenditures on the factors of production which provide direct, indirect, and induced employment and regional economic impact. Many of the industries conducting or supporting OCS oil and natural gas activities provide employment at higher-than-average pay. Employment and expenditures move through the economy with a share of revenues accruing to Federal, state, and local governments. Producing regions and nearby onshore areas, as well as other coastal areas that are not near OCS oil and natural gas activities, also benefit from the reduced risk of accidents involving tankers carrying imported oil that would be necessary to replace forgone OCS production, should there be no new program.

The immediate environmental risks of OCS oil and natural gas activities also are borne primarily by producing regions and nearby onshore areas, whether these risks are from reasonably foreseeable effects or from a low probability/high consequence accident. Environmental threats include risks to the natural capital found in the OCS's renewable and non-renewable resources. Environmental damages could include impacts to marine productivity, quality of aesthetic resources, human-ecological connectivity, and air and water quality. The Final EIS for the Five Year Program describes in great detail the potential risks and impacts of oil and natural gas activity on the marine, coastal, and human environment. Further, BOEM has included an initial effort to extrapolate possible costs from unlikely, but plausible, catastrophic spill events in the *Economic Analysis Methodology* paper and has published the *Inventory* paper, which provides a separate inventory of activities and resources in and near each program area that could be affected by routine operations and/or a catastrophic spill event. The *Inventory* paper can be used to help weigh the potential risks faced in and near producing regions.

Economic Impact, Employment, and Social Benefits near OCS Activities

As in previous Five Year Programs, this analysis examines the distribution of developmental benefits among coastal regions[85] near program areas proposed for OCS lease sales as well as to the rest of the United States. The regions examined in this analysis are:

- Alaska;
- Other Pacific states;
- Alabama, Mississippi, Louisiana, and Texas;
- Florida; and
- Rest of the United States

[85] This analysis uses regional groupings that are very similar to the Petroleum Administrative Districts for Defense (PADD), which provide regional groupings of states that track closely with the four OCS "regions," although all inland states are grouped together as the Rest of the United States. While Florida is a GOM coast state, it is adjacent to both the GOM and Atlantic OCS regions and is the most distant of GOM states from OCS activities and the Proposed Final Program areas. Alaska is considered separately as it is adjacent to its own OCS region and is quite different from the other Pacific states in terms of energy production, population, and other characteristics.

Positive economic and fiscal effects from routine activities as a result of the Program include employment, labor income, corporate and employee income taxes, and property taxes related to both offshore and onshore infrastructure. BOEM used its recently updated regional economic impact models, collectively called MAG-PLAN, to estimate the relative economic effects on each of these regions that might result under the Five Year Final EIS alternatives. MAG-PLAN estimates reflect the fact that OCS oil and natural gas activities have sizable economic effects outside the nearby coastal areas. Companies do business with suppliers throughout the country and the world, and offshore workers usually work shifts of 1 to 4 weeks, alternating with the same periods off duty, allowing them to commute long distances. MAG-PLAN also estimates spending in the rest of the world, but those estimates are not used in this analysis.

The analysis has determined that the PFP would have its greatest economic effect in the states adjacent to, and/or near the Central and Western GOM. The states of Alabama, Mississippi, Louisiana and Texas would receive most of the employment and personal income directly generated by activities anticipated to result from the PFP, as well as a huge share of the employment and income generated by vendors, suppliers and employee households. In addition, as required by GOMESA, these four states, adjacent to producing areas, will receive a 37.5-percent share of lease revenues from selected areas in the Eastern and Central GOM Planning Areas through FY 2016, and from leases issued after 2016 throughout the GOM program areas thereafter, subject to a $500 million per year cap ($375 million to above states and $125 million to the Land and Water Conservation Fund (LWCF)) through 2055 in the additional areas (see "OCS Impact Assistance and Revenue Sharing Benefits," below), and as required by section 8(g) of the Act, a 27-percent share of all Federal OCS revenues, i.e., bonus bids, rentals, and royalties, from leases within three miles of state waters will be provided to the adjacent state.

According to MAG-PLAN Alaska, the state would receive as much as 5-to-10 percent of the expected employment and labor income benefits generated by activities resulting from the PFP. The *per capita* share of these developmental benefits is greater for Alaska with its smaller population than for the states along the GOM coast. To the extent that Alaska continues to develop the means to supply the goods and services needed for offshore oil and natural gas activities, the state would be expected to increase its share of the developmental benefits flowing from the new Five Year Program and subsequent programs resulting in Alaska OCS lease sales. While Alaska would benefit from its share of 8(g) revenues and from tax revenues from companies developing both onshore and offshore infrastructure, it also stands to gain indirect revenues. Another benefit would be providing sufficient oil production to maintain the TAPS. There is concern that without production from new OCS leases that production from existing state projects will decrease to the level that it would no longer be sufficient to maintain the TAPS. The vast majority of the state's revenue comes from the oil and natural gas industry and the loss of this key pipeline would cause devastating economic effects. According to a report by the University of Alaska's Institute for Social and Economic Research, the loss of TAPS could cut Alaska's economy and workforce to half its current size. New oil production from the Arctic OCS could extend the life of the pipeline system for decades, facilitating revenues from both new OCS production and continuing projects on state lands.

Florida is estimated to receive much less than 5 percent of the expected employment and labor income benefits generated by activities resulting from the PFP. Because no nearshore areas directly off the coast of Florida are proposed for leasing, it is not expected that much economic activity would occur in Florida. However, there are opportunities for Florida industries to benefit from supplying goods and services to the OCS industry operating in the Eastern GOM and the eastern portion of the Central GOM. Many such opportunities would require investments in related infrastructure.

Environmental and Social Risks

The environmental and social costs[86] expected from leases issued in this program primarily impact the adjacent coastal regions for the GOM, the Arctic, and Cook Inlet. Just as the producing GOM states receive the majority of the benefits, not coincidentally; these states are expected to face the most environmental risks as well. In addition to bearing most of the environmental costs, the adjacent states bear the brunt of downturns in the oil and natural gas industry which can have significant social consequences, as well as the costs of developing or improving infrastructure to meet demands for more housing, road construction and repair, etc., as the result of increased support activities and population. The same increases in activities and population provide increased tax and other revenues, but the revenues tend to lag behind costs when there are major increases in activity levels. The State of Louisiana commented in several letters to BOEM since 2006 that the state has supported a great deal of OCS oil and natural gas activity that results in disproportionate impacts. These environmental impacts have resulted in coastal wetland losses. BOEM has addressed these environmental impacts in the Five Year Final EIS. BOEM has also responded to Louisiana's request to study alternatives to OCS areawide leasing that might mitigate the boom and bust cycles of energy development. One step taken in part to address these concerns has been to raise the minimum bid to $100 per acre for deepwater blocks in the GOM as a way of increasing bids and slowing somewhat the pace of leasing. A summary of the detailed analysis of alternative approaches to areawide leasing that may serve to further the many goals of the Act can be found in this document in the part III discussion on Fair Market Value.

Some effects are mitigated by monetary compensation and other funding. For example, the Fishermen's Contingency Fund compensates U.S. commercial fishermen and other eligible citizens and entities for property and economic loss caused by obstructions related to oil and natural gas development activities on the OCS. A more visible and recent example occurred in the wake of the *Deepwater Horizon* event, when BP agreed to provide $20 billion to a fund that can be used for natural resource damages, state and local response costs, and individual and business claims compensation. In addition, fishermen and others were hired to contain oil offshore and clean beaches and wetlands. Many of these workers stayed in local hotels and made purchases at other establishments

[86] For a discussion of the *Offshore Environmental and Social Cost Model*, see part IV.C, Comparative Analysis of OCS Planning Areas.

along the GOM coast. These financial costs were borne by geographically dispersed sources from around the country and the world, in this case. However, as in other such large-scale emergency situations, those incurring *Deepwater Horizon*-related losses were not always those receiving the "benefits" of this increased activity and infusion of spending. Therefore, it is impossible to assure that the massive number of compensation payments—even if adequate in the aggregate—reach the right people and institutions in the right amounts, nor does the spread of financial risk negate the reality of localized risks, which are described in detail in the Five Year Final EIS.

Although safeguards for both OCS activities and tankers have improved considerably in recent years,[87] the results of BOEM's analysis of the energy substitutes show that without the Five Year Program, greater social and environmental costs would be imposed on U.S. regions other than the GOM coast and Alaska. For example, the Atlantic Coast and inland areas would be at risk from the effects of increased tanker traffic transporting crude oil imports and increased domestic onshore oil and natural gas production. Therefore, regions without OCS areas in this PFP receive benefits because Alaska and the GOM region bear the environmental and social costs and risks from this program.

The Atlantic Coast states other than Florida are not near areas proposed for leasing, nor are they near oil and natural gas activities in general. These states would not be expected to experience noticeable employment or other labor income as a result of the program, nor would they face increased environmental risk from the program. On the other hand, to the extent that tanker imports into Atlantic ports are reduced by OCS production in the GOM, much of which is sent by pipeline to other parts of the country, the Atlantic Coast states would enjoy a reduction in the environmental risk of tanker spills and air emissions.

Similarly, the West Coast states would not be expected to experience noticeable employment or other labor income as a result of the program. However, given its own oil and natural gas infrastructure, Southern California could experience some additional employment and income. Changes in environmental risk from the program would depend upon the extent to which tankers carrying Alaska OCS oil or imported oil, in the absence of a new program, provide offsetting risks of spills and emissions. The risk of impacts from a tanker spill would, in turn, depend in part on the volume of oil carried by tankers.

Effects of Program Options on Equitable Sharing

An analysis of the program options shows similar patterns of sharing of economic activities. Excluding the Eastern GOM Program Area from the program would not have an appreciable effect on the equitable sharing of development benefits and environmental costs, precisely because the program area is so small and is not expected to result in much

[87] After the *Deepwater Horizon* event, DOI implemented important new regulations to reduce the risk of such accidents—and the possibility that they would result in major releases of oil. Industry took numerous actions as well, implementing most of the recommendations of the Presidential Commission appointed to investigate the event and find ways to remedy weaknesses in safeguards.

production. Selecting the No Sale Option for the other program areas would affect this sharing in rough proportion to the production anticipated from each excluded program area. However, within the regions used for this analysis, the specific option would affect the local population, whether in terms of reduced benefits and risks (excluding the Western and Central GOM) or in terms of foregone benefits and risks avoided (excluding the Beaufort Sea, Chukchi Sea, and Cook Inlet). For example, selecting the No Sale Option for the Central GOM would shift some of the benefits to onshore energy businesses, onshore worker families, and communities where both workers spend their money and pay taxes. It would shift some of the environmental risk to the areas where onshore energy activities would increase and to coastal areas along tanker routes. However, a reasonably large proportion of the additional onshore oil and natural gas (not coal, etc.) activity would presumably be in the affected states, and a large proportion of additional imports would likely arrive in GOM ports. Selecting the No Sale Options for the Beaufort or Chukchi Seas would shift much greater per capita benefits to other geographic areas, not only from coastal communities but also from the rest of Alaska, where there would be even greater employment from the proposed sales. Lack of new production for TAPS could result in closure and a major loss of revenues for the state and its citizens. On the other hand, there also would be a major shift of environmental risk to other areas, proportionately more so than for than would result from a No Sale decision for a GOM area. Almost all environmental risk would be shifted to other areas, because increased oil imports would not go to Alaska ports, and most of the increased onshore energy production would presumably occur elsewhere as well.

Geographically Dispersed Social Benefits and Risks

An important portion of the employment, labor income, and other economic impact benefits are shared with the Rest of the United States, which, according to MAG-PLAN estimates, would receive approximately a quarter of the total economic impact. See discussion under Economic Impact, Employment, and Social Benefits near OCS Activities, above. Those whose jobs require them to be physically offshore usually work extended shifts of 1 to 4 weeks on duty followed by the same period off duty, allowing them to commute from hundreds, even thousands, of miles away. In addition, the offshore oil and natural gas industry purchases goods and services from a vast network of suppliers throughout the country.

There are, however, other financial aspects of both benefits and risks that are shared somewhat widely. Benefits flowing from OCS leasing and corporate income tax revenues are widely distributed among the geographic onshore regions of the United States. Many billions of dollars of OCS revenue benefits are disbursed annually through General Fund appropriations for various national functions, as well as through the Historic Preservation Fund and the LWCF.

Financial rewards for profitable OCS oil and natural gas operations in the form of stock dividends and increased stock values are also broadly distributed, as owners live throughout the country. Any benefits of an improved balance of trade or decreased risk of supply disruptions that could result from actions by hostile governments or a variety of other causes are shared nationally.

The same rationale that holds for the sharing of profits from OCS oil and natural gas activity holds for unprofitable ventures. The financial consequences of unprofitable OCS oil and natural gas investments are shared by companies and individuals throughout the Nation. Some of the financial consequences of environmental risks, e.g., compensation by responsible parties for natural resource damages, may also be shared by companies and individuals beyond the producing regions mentioned above. Payments for remediation, restoration, or lost profits are costs to the Nation's economy, due to the necessary diversion of resources from other, "productive" activities, and transfer payments that provide the entities impacted by an event compensation for damage or losses. Fines and any other payments that are not approximations of lost value are transfer payments (merely a transfer of money from one entity to another) and do not affect NEV.

OCS Impact Assistance and Revenue Sharing Benefits

Additional benefits to communities proximate to OCS oil and natural gas activities come from programs that allocate OCS oil and natural gas revenues to those states and coastal political subdivisions near OCS oil and natural gas exploration and development. Currently, programs that provide OCS revenues to the coastal producing states include:

1. Section 8(g) revenue sharing provides coastal producing states with 27 percent of revenues from all leases within three miles of a state's submerged lands boundary.

2. GOMESA, which provides the States of Alabama, Mississippi, Louisiana, and Texas, a 37.5 percent share and LWCF a 12.5 percent share of lease revenues from selected areas in the Eastern and Central GOM Planning Areas through 2016. Beginning in 2017, GOMESA shares additional lease revenues from the Central and Western GOM, limited to $500 million annually ($375 million to above states and $125 million to LWCF). Revenues distributed under the provisions of GOMESA are intended to help compensate for potential negative impacts of OCS activities and are reserved for uses specified in the Act, including coastal restoration and protection.

While impact assistance and other such programs provide a share of Federal revenues to states adjacent to or near OCS leases to help to mitigate environmental risk, the Secretary cannot expand, extend, or otherwise revise the provisions to further the equitable sharing of the developmental benefits and environmental risks. However, should Congress be concerned that existing benefits and impact assistance or revenue sharing provisions do not sufficiently compensate states for environmental risks posed by OCS activities; it could pass legislation to do so.

Summary and Conclusion

The general findings and conclusions of previous five year program equitable sharing analyses are still valid. Some benefits and risks of OCS leasing are shared widely while others are concentrated in regions adjacent to areas of OCS oil and natural gas activity. The exclusion of most of the Eastern GOM, as well as all planning areas in the Atlantic[88] and Pacific OCS regions from Five Year Programs from 1992 to 2007 precluded adjacent states and communities from sharing in direct benefits and risks resulting from those programs. Since the distribution of benefits associated with factors of production is linked significantly to the location of OCS oil and natural gas support industries, which exist primarily along the GOM, Southern California, and Alaska coasts, the Secretary's PFP decision on an OCS leasing schedule for the period 2012-2017 is not expected to alter substantially the distribution of benefits and risks achieved under previous Five Year Programs. The Southern California planning area, which has been excluded from Five Year Programs since 1992, no longer receives new direct benefits and risks. While the New England and Mid- and South Atlantic states account for more than 25 percent of the Nation's oil and natural gas consumption and for only a small percentage of its production, the Atlantic is the only one of the four OCS regions without any oil and natural gas activities.

Federal leasing revenues that traditionally accrue to adjacent onshore areas, including those distributed pursuant to 8(g) and GOMESA, help to compensate the producing regions for the costs and environmental risks of OCS oil and natural gas activities. Additionally, measures such as the implementation of new lease stipulations and operating regulations remain available to reduce the risks borne by the affected areas.

Given the GOMESA moratorium in most of the Eastern GOM and a small portion of the Central GOM within 100 miles of Florida, as well as the exclusion the Atlantic and Pacific OCS regions from leasing in this PFP, the employment and revenues generated and shared by the program, and the additional effort to mitigate risks, are the best attempt at achieving an equitable sharing of benefits and risks among all OCS regions.

5. Other Uses of the OCS

Section 18(a)(2)(C) requires the Secretary to examine the location of areas considered for leasing with respect to other uses of the resources and space within those areas. Other uses of the OCS that could affect or be affected by oil and natural gas leasing and ensuing activities are described below.

[88] While there was a small Mid-Atlantic program area in the Five Year Program for 2007-2012, the Mid-Atlantic sale was cancelled pursuant to the pre-sale process. However, in March 2012, BOEM published a Draft EIS for G&G activities in the Mid- and South Atlantic Planning Areas, covering seismic and other offshore surveys, to lay the groundwork for possible Atlantic sales in future programs. The Five Year Final EIS is scheduled for completion later in 2012.

The following types of uses are addressed:

- Subsistence Hunting and Fishing Activities;
- Commercial Fishing;
- EFH and Habitat Areas of Particular Concern (HAPC) [pursuant to section 303(a)(7) of the MSFCMA, as amended and implementing regulations];
- Other Areas of Special Concern (onshore and offshore areas designated for special uses and protections, such as parks and sanctuaries);
- Tourism and Recreation;
- Military Operating Areas (GOM);
- Liquefied Natural Gas (GOM); and
- Nonenergy Marine Mineral Activities (GOM)

The information presented below summarizes detailed regional descriptions of the environment that are included in the Five Year Program EIS. The discussion of options in part III of this document includes pertinent summaries including "other uses" comments. Comments that BOEM received are summarized in Appendix A.

Gulf of Mexico Region

Commercial Fishing: The GOM fisheries are very important to the economies of adjacent coastal states. The GOM commercial fisheries include nearly 100 species from 33 families. Menhaden is the most important finfish harvested, followed by nine other species of significant value. Shrimp is the most important shellfish, along with various oyster, lobster, and crab species. Louisiana ranked first among GOM states in total commercial fisheries landed, followed by Mississippi, Texas, Florida's west coast, and Alabama.

EFH and Habitat Areas of Particular Concern: Approximately 33 percent of the species managed by the GOM Fisheries Management Council have been selected for EFH designation. They include invertebrate and reef fish species, red drum and other coastal pelagic species, and highly migratory species such as swordfish, tuna, and shark. Within the Central and Western GOM, several individual reefs and banks located offshore the Louisiana-Texas border have been designated HAPCs by the Council (NMFS 2010a; Table 3.7.4-3; Figure 3.7.2-1). The HAPCs in the Eastern GOM that could be affected by oil spills in the GOM include the Florida Middle Grounds, Madison-Swanson Marine Reserve, Pulley Ridge, and Tortugas North and South Ecological Reserve. The HAPC for bluefin tuna is located west of 86°W and seaward of the 100 m (328 ft) isobath, extending from the 100 m (328 ft) isobath to the Exclusive Economic Zone, the limit of U.S. jurisdiction (Atlantic Bluefin Tuna Status Review Team, 2011).

Other Areas of Special Concern: Special areas in the GOM include a national marine sanctuary, national park units(NWRs, a national estuarine research reserve, and national estuary program areas. The Flower Garden Banks National Marine Sanctuary covers a 124-square kilometer area located 177 miles offshore within the Western GOM. National park units along the GOM coast that are adjacent to areas considered for leasing include

Jean Lafitte National Historic Park and Preserve in Louisiana, Padre Island National Seashore off Texas, and Gulf Islands National Seashore off Mississippi and Alabama. There are 28 NWRs located along the coast from Texas to Alabama. The Weeks Bay National Estuarine Research Reserve encompasses a small estuary in the vicinity of Mobile Bay adjacent to the Central GOM. National estuary program areas include the Galveston Bay and Corpus Christi Bay systems in Texas and the Barataria-Terrebonne Estuarine Complex and Lake Pontchartrain Basin in Louisiana.

Tourism and Recreation: The northern GOM coastal zone is one of the major recreational regions of the United States, particularly in connection with marine fishing and beach-related activities. The shorefronts along the GOM states offer a diversity of natural and developed landscapes and seascapes. The coastal beaches, barrier islands, estuarine bays and sounds, river deltas, and tidal marshes are extensively and intensively used for recreational activity by residents and tourists from throughout the Nation, as well as from foreign countries. Publicly owned and administered areas, such as national seashores, parks, beaches, and wildlife lands: as well as specially designated preservation areas, such as historic and natural sites and landmarks, wilderness areas, wildlife sanctuaries, and scenic rivers, attract residents and visitors throughout the year. Commercial and private recreational facilities and establishments, such as resorts, marinas, amusement parks, and ornamental gardens, also serve as primary interest areas and support services for people who seek enjoyment from the recreational resources associated with the GOM.

Military: The GOM is the most important over-water testing and training area in the United States, with areas designated for air-to-surface and air-to-missile testing, surface vessel testing, and training for air, surface, mine, and submarine operations. Areas used by the military include the Corpus Christi Operating Area off Texas for mine warfare and aircraft carrier landing training, New Orleans Operating Area off Louisiana for naval live firing maneuvers, and Pensacola Operating Area off Alabama and Florida for aircraft carrier landing training, naval vessel shakedown testing, and live firing exercises. DOI and DOD coordinate activities and reduce use conflicts according to procedures established in a longstanding Memorandum of Agreement.

Liquefied Natural Gas (LNG): Natural gas is liquefied to concentrate a much greater volume of product in a given space to facilitate storage and transportation. In the GOM, LNG terminals have been planned, approved and built on the OCS. These facilities offload LNG from tankers into the existing offshore natural gas pipeline system. Currently, more than ten of these facilities are at the planning or permitting stages. The Gulf Gateway facility began operation 116 miles off the coast of Louisiana in 2005.

Nonenergy Marine Mineral Activities: Several minerals in the northcentral GOM have the potential to be developed. Two salt and sulfur operations exist on the OCS offshore Louisiana and other deposits are known to occur in the northcentral GOM. Sand deposits located in Federal waters in the Ship Shoal area off Louisiana are being considered for use in restoring barrier islands to protect the state's coastal wetlands. Sands in Federal and state waters off Mississippi and Alabama have the potential to be developed for glass production and for coastal restoration uses including beach replenishment.

Alaska Region

Subsistence: Subsistence activities have value to the culture, lifestyle, society, economy, and communities in northern Alaska. Subsistence activities in the Beaufort Sea marine and coastal areas focus on the bowhead whale, caribou, freshwater and ocean fish, ducks and geese, and bearded seals. Species hunted for subsistence in the Chukchi Sea area include bowhead whale, beluga whale, caribou, seal, walrus, polar bear, fish, duck, and goose. Bowhead whaling is the single most valued activity in the North Slope subsistence economy today. Widely varying subsistence patterns in the vicinity of Cook Inlet reflect the area's diverse population. Generally, the inhabitants of small traditional villages harvest saltwater and freshwater fish and small sea mammals in the summer and fall, moose in the fall, and invertebrates and some sea mammals year round. In the larger industrial communities, the people generally fish in the summer and hunt in the fall, and fewer households partake in subsistence activities.

Commercial Fishing: Commercial fishing, which occurred only infrequently and on a very small scale in the past, does not currently occur in the Arctic program areas. Therefore, published fish stock assessments and monitoring data do not exist for those areas. Commercial fishing is an important segment of the local economy of the Cook Inlet region, focusing mainly on salmon and to a lesser degree on crab, shrimp, and halibut.

EFH and Habitat Areas of Particular Concern: An EFH has been designated in all offshore Alaska areas that are proposed for leasing. Fishery Management Plans (FMP) in the Arctic exist for arctic cod, saffron cod, and snow crab. In the Beaufort Sea and Chukchi Sea areas, essential habitat has been established for all five salmon species. The Stefansson Sound Boulder Patch in the Beaufort Sea is a designated HAPC. Several HAPCs are located in the Cook Inlet. The FMPs in Cook Inlet cover the Gulf of Alaska groundfish, scallops, and salmon.

Other Areas of Special Concern: All of the areas proposed for leasing off Alaska are adjacent to coastal portions of national parks or NWRs. The Beaufort Sea program area is adjacent to the Arctic NWR (ANWR) and the Chukchi Sea program area is located off the Chukchi Sea Unit of the Alaska Maritime NWR. The Cook Inlet program area is near Lake Clark National Park and Preserve and the Katmai National Park and Preserve is located on the eastern shore of the Shelikof Strait, the southern portion of the program area.

Tourism and Recreation: In the Beaufort Sea and Chukchi Sea areas, recreation activities take place mainly in the summer and include fishing, boating, hunting, hiking, sightseeing, camping, and picnicking. Most nonresident activity is by tour groups that visit Barrow and Deadhorse where lodging is available. Hikers and river rafters also visit ANWR. The Cook Inlet area offers abundant high quality tourist and recreation resources that attract numerous state, national, and international visitors. Additional information relating to tourism and recreation in Alaska is available in the Five Year Final EIS description of areas of special concern.

Military: Although there are military use areas within the Alaska Region, OCS oil and natural gas leasing and related activities are not expected to interfere with military operations.

Nonenergy Marine Mineral Activities: There is no current development of offshore nonenergy minerals in any of the Alaska OCS program areas under consideration for oil and natural gas leasing. There are sand and gravel deposits in the Beaufort Sea, but their value as a construction material is not known.

D. Laws, Goals, and Policies of Affected States

BOEM asked the governors of affected states to identify laws, goals, and policies of their states as relevant matters for consideration in the PFP. No specific identification was provided for any of the program areas included in this program.

E. Balancing Considerations under Section 18

Section 18(a)(3) of the Act requires the Secretary to "select the timing and location of leasing, to the maximum extent practicable, so as to obtain a proper balance between the potential for environmental damage, the potential for the discovery of oil and gas, and the potential for adverse impact on the coastal zone." Striking this balance based on a consideration of the principles and factors enumerated in section 18(a) is a matter of judgment for which no ready formula exists. Section 18 requires the consideration of a broad range of principles and factors rather than imposing an inflexible formula for making decisions. Thus, previous Five Year Programs have scheduled as many as 37 lease sales in 22 planning areas and as few as 16 sales in 6 planning areas.

Some of the factors that section 18 specifies for consideration can be quantified, such as resource potential, and are embodied in the benefit-cost analysis that has been developed. Others are not as readily quantifiable and have therefore been described qualitatively. For example, environmental considerations such as aesthetics or concerns for certain species are extremely difficult to translate into relevant economic estimates. In order to provide the Secretary full and appropriate information for the PFP decision, this document is supplemented by relevant NEPA documents and other analyses that present information relating to such environmental factors and other qualitative considerations. The information provided in these separate documents and analyses, which is summarized in part II of this document, is incorporated by reference in this discussion.

As discussed in part I of this document, the 2009 DPP proposed sales in 12 of the 26 OCS planning areas, including the 3 Atlantic planning areas, 2 of the planning areas offshore California and NAB, offshore Alaska, in addition to the 6 areas that were included in the PP.

In deciding to reduce the number of planning areas included in the PP and retain those areas in this PFP, the Secretary performed the section 18(a)(3) balancing, informed by a consideration of the factors listed in section 18(a)(2). The factors listed in section 18(a)(2) were addressed in the 2009 DPP with respect to each of the 12 originally-proposed planning areas. The 2009 DPP's consideration of one of those factors, relative environmental sensitivity, section 18(a)(2)(G), was limited to shoreline areas, but this level of analysis was deemed insufficient by the U.S. Court of Appeals for the District of Columbia Circuit in *Center for Biological Diversity v. DOI*, 563 F.3d 466 (D.C. Cir. 2009). On remand in that case, which concerned the 2007-2012 Program, the environmental sensitivity analysis was augmented to include an analysis of the entire OCS domain with respect to all 26 planning areas, including all 12 planning areas originally proposed for the then-2010-2015 program. That augmented environmental sensitivity analysis was utilized in developing the PP and consequently, this PFP, and is incorporated herein by reference.

Based on the incorporated consideration of the section 18(a)(2) factors, including the augmented environmental sensitivity analysis, the Secretary undertook the balancing required by section 18(a)(3). Section 18(a)(3) requires the balancing of the potential for environmental damage, the potential for the discovery of oil and gas, and the potential for adverse impact on the coastal zone, and this balancing must take into account the factors enumerated in section 18(a)(2). As noted earlier, the Secretary applied the following guiding principles in conducting this balancing and selecting options for the size, timing, and location of areas proposed for leasing in this PFP.

- Give priority leasing consideration to areas where the combination of previous experience; local, state, and national laws and policies; and expressions of industry interest indicate that potential leasing and development activities could be expected to proceed in an orderly manner;

- For areas with oil and natural gas activity and/or known estimated hydrocarbon resources, consider leasing if, from a national and regional perspective, anticipated benefits from development substantially outweigh estimated environmental risks;

- For areas with unknown or uncertain hydrocarbon resources, consider deferring if enhanced information is likely to become available that will allow for better decision making in subsequent Five Year Programs;

- Seek to accommodate the recommendations of governors of coastal states and of state and local agencies;

- Time sales in frontier areas to make use of information from exploration on existing leases in order to 1) minimize impacts to the environment and coastal areas; 2) evaluate monitoring data; 3) better assess infrastructure needs; 4) enhance financial return in future lease sales; and 5) better define areas of greatest interest to industry.

As a result of applying these principles, the PFP includes the six areas that were included in the PP. In accordance with the Act, the Secretary may not add areas or sales that were not included in the prior proposal without redoing the section 18 process. Therefore, the 15 sales in 6 areas that were included in the PP are the maximum that the Secretary may consider at this stage.

With respect to the Atlantic planning areas, in comments on the 2009 DPP, the States of Delaware and New Jersey, adjacent to the Mid-Atlantic and North Atlantic Planning Areas, respectfully voiced their opposition to oil and natural gas activities off their coasts and pointed to state policies and initiatives to move to renewable energy sources. Although the States of South Carolina and Georgia voiced support for leasing at the 2009 DPP stage and the Commonwealth of Virginia strongly objected to the area off its coast being deleted from the PP, the potential amount and location of oil and natural gas resources in the Mid- and South Atlantic Planning Areas are limited. Seismic surveys in these areas were recorded in the 1980's. There have been significant advances in techniques and analysis since then. New seismic data is needed to much more accurately define where hydrocarbon resources may be. Accordingly, the Secretary is not including these two areas in this Five Year Program. Instead, he is moving forward with an environmental analysis for potential G&G studies to support conventional and renewable energy planning, and inform future decisions regarding leasing, in these areas.

With respect to California, in his comments on the 2009 DPP, the Governor of California reiterated that state's long-standing opposition expressed by governors of both parties to new leasing off its coast. This position also is presented by the California Coastal Commission, the state agency with regulatory authority over Federal activities on the OCS that affect the state's coastal resources pursuant to CZMA.

Because the GOM continues to be the region with the highest potential production on the OCS and has existing infrastructure and oversight capacity to limit potential environmental damage and adverse impacts on the coastal zone, the Secretary is including in the Five Year Program, the Western and portions of the Central and Eastern GOM that are not under congressional moratorium or otherwise unavailable. In their comments on the PP, both industry and the State of Louisiana reiterated their support for including GOM program areas for leasing consideration. However, they and various non-energy industry commenters expressed their disappointment that more areas of the OCS were not included. The State of Florida expressed its concern that activities anywhere in the GOM could impact its coastline.

In the Arctic planning areas, the program takes a cautious approach by scheduling lease sales late in the program to allow for scientific and environmental studies, public meetings, and additional studies on oil spill response capabilities in the Arctic, as well as to allow time for activity performed pursuant to existing leases to generate information. In light of both the significant resource potential that exists in the Alaskan Arctic and the substantial environmental challenges and the social and ecological concerns that are present as well, BOEM's regionally tailored strategy for any future offshore oil and natural gas leasing in the Arctic is markedly different from the traditional areawide leasing model applied in the GOM, in which all unleased acreage in the area is typically offered for sale, with the exception of limited areas that may be set aside for exclusion. DOI also intends to utilize the pre-sale process to focus the areas to be offered in the Arctic to those with greatest resource potential and the least potential for impacts on other resources and uses of the areas. While the Five Year Program areas include the majority of the two Arctic planning areas, it is anticipated that the area that will be ultimately offered in a lease sale will be reduced as appropriate. The State of Alaska supported leasing activity in the Arctic but is concerned that delaying the sales will not help the state and national economy. There is strong industry interest in oil and natural gas activity based on known seismic data and existing production from the state/Federal unit in the Beaufort Sea that is supported by existing infrastructure. While there is no existing production in the Chukchi Sea, hydrocarbons were discovered in the past but determined to be uneconomic to develop and produce at the time. Furthermore, industry interest was evident in the historically high level of bidding in Chukchi Sea Sale 193. Pending final approvals, exploration activity could occur in these areas as early as the summer of 2012. Of course, should it become evident that exploration and development cannot occur in a way that does not harm the environment; the Secretary has the discretion to postpone or cancel a lease sale as appropriate to address these concerns.

The Cook Inlet is included as a special interest sale. An initial Request for Interest was published on March 27, 2012. Comments received have resulted in sufficient interest to warrant BOEM's decision to proceed with the next steps in the pre-lease process. The sale date has been moved to 2016 to allow time to complete the necessary steps to a sale.

In summary, after a thorough consideration of all the factors enumerated in section 18(a)(2), and a section 18(a)(3) balancing informed by this consideration, the Secretary again has decided to include six planning areas, or parts thereof, in the PFP–the Western and available parts of the Central and Eastern GOM; and the Cook Inlet, and the Beaufort and Chukchi Seas, offshore Alaska.

Judicial Guidance

The U.S. Court of Appeals for the D.C. Circuit has elaborated in great detail on the statutory criteria for the balancing decision required by section 18(a)(3). Pertinent excerpts from the Court's opinions stemming from litigation concerning previous Five Year Programs are presented below.

The Court has stated the following concerning the weight to be accorded the three elements of section 18(a)(3).

> That the Act has an objective—the expeditious development of OCS resources—persuades us to reject petitioners' view that the three elements in section 18(a)(3) are "equally important" and that no factor is "inherently more important than another." The environmental and coastal zone considerations are undoubtedly important, but the Act does not require they receive a weight equal to that of potential oil and gas

> discovery. A balancing of factors is not the same as treating all factors equally. The obligation instead is to look at all factors and then balance the results. The Act does not mandate any particular balance, but vests the Secretary with discretion to weigh the elements so as to "best meet national energy needs." The weight of these elements may well shift with changes in technology, in environment, and in the Nation's energy needs, meaning that the proper balance for 1980-1985 may differ from the proper balance for some subsequent five-year period. (*California I*, 668 F.2d at 1317)

The following three statements of the Court pertain to the analysis of the section 18 factors and the Secretary's discretion in weighing the results of that analysis:

> (1) The Act recognized the difficult burden the Secretary must shoulder by stating that the selection of timing and location of leasing must strike the proper balance "to the maximum extent practicable." The Secretary must evaluate oil and gas potential, which can be quantified in monetary terms, in conjunction with environmental and social costs, which do not always lend themselves to direct measurement. Because of this, they must be considered in qualitative as well as quantitative terms.
>
> Although the secretarial discretion we have described is broad, as a result of both the general wording of the statute and the nature of the task the Secretary is asked to perform, the Secretary's discretion is not unreviewable. The policies and purposes of the Act provide standards by which we may determine whether the Secretary's decision was arbitrary, irrational, or contrary to the requirements of the Act. To do so, we consider "whether the decision was based on a consideration of the relevant factors and whether there has been a clear error of judgment." (*California I*, 668 F.2d at 1317)
>
> (2) In deciding whether to include an area, the Secretary weighed qualitative factors as well as quantitative factors. The Secretary listed among qualitative factors "national security, industry interest, and equitable sharing of development costs and benefits." The OCSLA specifically directs the Secretary to weigh such qualitative factors in his balance.
>
> Taking qualitative factors into account implies that the inclusion of areas with a calculated NSV of zero may nonetheless be compatible with section 18(a)(3). (*NRDC*, 865 F.2d at 307)
>
> (3) The Secretary must make a good-faith effort to balance environmental and economic interests. So long as he proceeds reasonably, however, his decisions warrant our respect. (*NRDC*, 865 F.2d at 308-309)

Other Considerations

Other relevant considerations that have implications for balancing environmental and socioeconomic issues and concerns with potential benefits of OCS activity are discussed in this document, the Final EIS prepared for the Five Year Program for 2012-2017, and in other referenced documents. Such considerations are summarized below.

Findings and Purposes of the OCS Lands Act. Title I of the Act Amendments of 1978 sets forth a number of findings and purposes with respect to managing OCS resources. Those principles generally pertain to recognizing national energy needs and related circumstances and addressing them by developing OCS oil and natural gas resources in a safe and efficient manner that provides for environmental protection; fair and equitable returns to the public; state and local participation in policy and planning decisions; and resolution of conflicts related to other ocean and coastal resources and uses.

Industry Interest. Interest, as indicated in the comments responding to the 2011 PP, is summarized above. Industry interest is a key criterion for deciding whether to propose an area for a lease sale. However, it is not the sole and absolute indicator of the potential of an area to contribute oil and natural gas resources for regional and national use. Therefore, as with all of the balancing information discussed in this part, industry interest should be weighed with other considerations in deciding where and when to propose OCS leasing. The presentation of size, timing, and location options in part III of this document includes discussions of industry interest along with other significant considerations. Summaries of all industry comments are provided in Appendix A to this document.

Information Incorporated by Reference. Documents pertaining to geographical, geological, and ecological characteristics, to local and national energy markets and needs, and to environmental and predictive information, as cited in part II of this document, are incorporated by reference.

Issues Raised in Comments. Comments received in response to the PP are summarized in Appendix A. Those that correspond more specifically to program options are summarized in part III of this document, along with responses to selected comments and recommendations.

Conclusions

OCS holds vast potential for discovery and production of oil and natural gas, as outlined in previous sections above. In frontier areas such as the Arctic, further exploration would assist in the evaluation of the extent of natural gas and oil resources. In designing the PFP, BOEM has relied on the best available environmental and hydrocarbon resource assessment information. The potential for environmental damage and the potential effects on the coastal zone of the respective areas considered for leasing are analyzed in the Five Year Final EIS for the 2007-2012 Program, which has been incorporated by reference. The potential for safe and environmentally sound resource development and the extent of the Nation's energy needs outweigh the risk and likelihood of significant environmental damage, particularly when comparing the consequences of certain energy substitutes[89] to a regular and dependable leasing program on the OCS. At the same time, this PFP seeks to accommodate the recommendations of state and local governments and the policies of affected jurisdictions. All of these factors are reflected in the size, timing, and location of lease sales in this Five Year Program.

F. Assurance of Fair Market Value

The Act grants the Secretary the authority to issue leases on the OCS. Section 18(a)(4) of the Act states that "[L]easing activities shall be conducted to assure receipt of fair market value for the lands leased and the rights conveyed by the Federal Government." Furthermore, the Act states that the OCS is a "vital national reserve held by the Federal Government for the public, which should be made available for expeditious and orderly development, subject to environmental safeguards, in a manner which is consistent with the maintenance of competition and other national needs."

The FMV determination, made at the time of lease award, is not based on the value of the oil and natural gas eventually discovered or produced. Instead it is related to the value of the right to explore for and, if there is a discovery, to develop and produce hydrocarbons. Therefore, this value is based on the expected, not actual, activities and results that are anticipated to occur after the sale. Moreover, this value depends upon the conditions imposed on lessees by BOEM and BSEE, such as diligence and drilling requirements, which may restrict lessee flexibility in attaining certain timing milestones and hence have a negative effect on expected or actual tract value.

There are several major elements in designing OCS auctions such as lease sale timing, bidding systems, and sale terms and conditions, for assuring that OCS leases are not awarded prematurely or for less than FMV. This section discusses important considerations used to evaluate options under these elements and includes an overview of the post-sale OCS bid adequacy process. Part III.B of this document discusses in greater detail the pre- and post-sale measures taken to assure receipt of FMV for OCS leases as required by section 18(a)(4) of the Act.

The Five Year Program includes general provisions for assuring the receipt of FMV. Those provisions include determining on a sale-by-sale basis whether or not to hold a sale, the leasing framework, the sale terms, and the bid adequacy procedures for the post-sale assessment of blocks receiving bids. Additionally, BOEM and BSEE enforcement of laws, regulations, and lease terms assure conservation of resources through diligent development of leases.

[89] Among these are increases in imported oil, onshore oil and natural gas production, and coal used to generate electricity. See analysis of Net Environmental and Social Costs.

Optimal Timing

Part III.B of this document, Fair Market Value Options, includes the approach that BOEM will employ at the lease sale stage to determine whether or not the timing is favorable to hold a program area lease sale. This approach will help ensure that FMV is received by postponing leasing in areas where there may be greater value in waiting. If the analysis shows that timing may not be right, BOEM will evaluate alternatives including sale cancellation.

Leasing Framework

As discussed in part III.B, based on reviews of the results of the AWL Study that focuses on the GOM, BOEM plans to continue using areawide leasing but will periodically evaluate fiscal terms to ensure the set of terms selected furthers the goals of the Act, with emphasis on timely leasing and drilling, meeting the Nation's energy needs through efficient resource recovery, and obtaining FMV for the sale of lease rights for drilling and extraction. BOEM will continue to review actual sale results including tracts sold, bonuses offered, number of bids on the offered tracts, and the extent of company competition to determine if changes are needed in the composition and size of the lease sale to better provide for FMV and to make any changes to the leasing framework that would be beneficial to the program and the public.

Sale Terms

One of the key components in the government's receipt of FMV for OCS resources is the setting of the fiscal terms and length-of-lease initial periods for each sale, as described in part III.B of this document. Before each sale, BOEM evaluates these terms and considers whether to incrementally adjust them based on emerging market conditions, competition, and the prospective nature of available OCS acreage. For example, the royalty rate has been raised twice for GOM leases in recent years to capture a greater portion of revenue as oil and gas prices have risen substantially above levels that prevailed for virtually all previous years. Escalating rentals have been implemented recently for leases in GOM and Alaska for the Beaufort and Chukchi Seas to encourage timely exploration and development or earlier relinquishment. The length of the initial lease period for GOM leases recently has been changed in water depths of 400 to 1,600 meters to reflect the shorter time deemed necessary to explore for economic prospects. Most recently, the minimum bid was increased in the deepwater GOM to account for increases in oil prices and to encourage optimal timing of leasing for those blocks.

Following sales, the bidding is analyzed to determine whether or not the changes have impeded competition for leases and to see if additional changes or adjustments are necessary. Periodic evaluation of sale terms allows BOEM the opportunity to adjust them if market conditions warrant a change. The practice of making incremental adjustments allows BOEM to evaluate the results of a lease sale held with new sale terms and further refine terms if necessary in future sales without incurring undue risk to the program. Each of the sale terms contributes to the assurance of FMV for the public's resources.

Block Evaluation and Bid Adequacy

The Five Year Program includes a two-phase post-sale evaluation process for determining bid adequacy, as discussed in part III.B of this document. The current form of the bid evaluation procedures was instituted in 1983 in conjunction with the implementation of the AWL policy, but is dynamic and has undergone several refinements to address FMV concerns as conditions changed. The last significant revision to these procedures was published in the *Federal Register* on July 12, 1999 (64 FR 37560). Since then, minor changes have been made to the bid adequacy process such as adjusting the water depth categories used in the analysis. BOEM continues to look for opportunities to improve the process and has supported a major refinement in the tract evaluation model used in bid adequacy that is well underway. Moreover, in implementing the new Five Year Program, there may be revisions made to the OCS bid adequacy procedures or their underlying components such as the tract evaluation model to incorporate knowledge gained from experience using the procedures, or to accommodate structural changes to the leasing process or sale terms.

BOEM reviews all high bids received to help ensure that those accepted will represent FMV for the lease block. If a high bonus bid does not satisfy any of the required bid adequacy conditions, the bid is rejected. If a block is rejected, it may be reoffered at the next scheduled lease sale in that area. From 2005 to 2008, more than half of the tracts with bids rejected through bid adequacy received acceptable high bids when reoffered in a subsequent sale. Moreover, rejection of a high bid under the existing BOEM bid adequacy procedures consistently has resulted in significantly higher bids in subsequent sales for the same blocks, even when those blocks that did not receive subsequent bids are included in the calculation.

In GOM from 1984 through 2010, BOEM has rejected total high bids of $597 million on blocks that were reoffered and drew high bids of $1.565 billion, typically within 1 year, for a total net gain of $968 million or an increase of 162 percent. These results indicate that BOEM's bid adequacy assessments and procedures have performed well in identifying blocks with high bids below FMV. With the possibility of bid rejection from the government and competition from other bidders, lease sale participants are encouraged to submit bids that will exceed the government's reservation price. When bids exceed the reservation price, the government is confident it is receiving FMV.

Look-back studies show that the majority of OCS leases with economic hydrocarbon discoveries were assigned a positive value at the time of sale. However, BOEM has issued leases on blocks with subsequent material discoveries where the bid evaluation's value was not positive at the time of the sale and the lease was awarded for close to the minimum bid. In these cases, BOEM has documented that either new information became available after the lease was awarded, prompting a company to drill a specific target different than what was originally evaluated, or the internal evaluation of the potential hydrocarbon accumulation target did not coincide with that of the lessee company. In those cases where new information became available after the lease is awarded, the information tends to be either new or reprocessed geophysical data unavailable at the time of sale, or new subsurface well data acquired as a result of drilling on a nearby lease that may indicate the possibility of material hydrocarbon deposits on the subject lease. Since it is quite common for exploration companies to acquire new or reprocessed geophysical data on leases after award but prior to exploratory drilling, these look-back studies identify a well that has been drilled to a target that is not coincident with the target that was sometimes evaluated pre-sale.

Conclusion

BOEM evaluates market conditions, available resources, bidding patterns, and the status of production on OCS acreage when establishing terms and conditions for each lease sale. As presented in part III.B of this document, changes to sale terms, including the fiscal terms, bidding systems, and FMV procedures, are considered on a sale-by-sale basis to ensure new information is included and FMV is received. If BOEM changes the sale terms, bidding system, or bid adequacy procedures, any such changes are announced to the public and industry through the Proposed Notice of Sale or other notification in the *Federal Register*, typically prior to the Final Notice of Sale.

G. Appropriations and Staffing Estimates

Section 18(b) of the Act requires that the leasing program include estimates of the appropriations and staff needed to obtain information for preparing the program, to analyze and interpret data and information, to conduct environmental studies and prepare EISs, and to supervise operations pursuant to the leases that will be issued.

Table 31 presents the appropriations and staffing estimates associated with the PFP for 2012-2017.

TABLE 31: Appropriations and Staffing Estimates (by Fiscal Year)

[Funding estimates are in thousands of dollars; staffing estimates are in full-time equivalent positions.]

	FY 2013		FY 2014		FY 2015		FY 2016		FY 2017	
Activities	Funds	Staff	Funds	Staff	Funds	Staff	Funds	Staff	Funds	Staff
1	$17,190,000	98	$17,493,800	98	$17,803,676	98	$18,119,750	98	$18,442,145	98
2	$8,990,000	58	$9,169,800	58	$9,353,196	58	$9,540,260	58	$9,731,065	58
3	$28,600,000	120	$28,972,000	120	$29,351,440	120	$29,738,469	120	$30,133,238	120
4	$1,550,000	10	$3,320,100	21	$5,160,384	32	$7,072,951	43	$9,059,957	54

(1) Resource Information [section 18(b)(1)]

(2) Exploration Data and Other Information [section 18(b)(2)]

(3) Environmental Studies and EIS Preparation [section 18(b)(3)]

(4) Supervise Operations [section 18(b)(4)]

Appendix A

Summary of Comments to November 20, 2011, *Federal Register* Notice Concerning the Proposed Five Year OCS Oil and Gas Leasing Program for 2012-2017

Introduction

Section 18 of the Act, 43 U.S.C. 1344, requires DOI to prepare a five year OCS oil and gas leasing program. As an intermediate step in the preparation of the Five Year Program for 2012-2017, BOEM issued a *Federal Register* Notice soliciting comments on the Proposed Program. This appendix is a summary of comments received in response to that notice. Submittals have been condensed to express summaries of all ideas and recommendations received by category. Commenter categories are listed below along with the number of comments received in that category. The Summary of Comments by commenter category follows.

Number of Comments by Category

Governors, State-level Elected Officials, and State Agencies	9
Local Governments, Tribes, and Alaska Native Corporations	5
Members of Congress and Federal Agencies	12
Environmental and Other Public Interest Organizations	18
Oil and Gas Companies and Associations and Related Industry	14
Non-Energy Industry Businesses, Associations and Groups	13
General Public	280,118
Total	**280,189**

Summary of Comments

Governors, State-level Elected Officials, and State Agencies

Alaska Department of Natural Resources states that the State remains a strong proponent of timely decision-making and development of the OCS. The State requests that the Beaufort and Chukchi Seas sales not be delayed until as late in the program as it delays economic development and jobs and securing energy independence. The State objects to the moratoria in Bristol Bay. The historical basis for earlier moratoria was a vessel spill 22 years ago. Federal and state laws are more rigorous now. Also, to correspond with the OCS lease sale that had been scheduled in that area, the State instituted an onshore leasing program that is now fruitless. The State provided specific technical comments on the PP as well as comments on the three technical documents.

Alaska State Representative urges BOEM to move forward with the program but is discouraged by the permitting delays and regulatory uncertainty. A robust 2012-2017 program must ensure that lessees have the capacity to explore and develop in a timely manner.

Florida Department of Environmental Protection says that the State remains concerned about effects of oil and gas activities in the GOM and requests that consideration be given to long-term protection of Florida's sensitive coastal and marine resources. *Deepwater Horizon* showed that accidental spills can affect Florida's resources. Safety and environmental protection must be paramount.

Louisiana Department of Natural Resources states that the State supports exploration and development throughout the OCS, not just the GOM and Alaska, to meet domestic energy demand and safeguard energy and economic security. While favoring OCS leasing, the State points out that it has been impacted over time without commensurate mitigation. BOEM must compensate the State by addressing cumulative and secondary impacts. Revenue sharing should take into account historical impacts, not just new production as under GOMESA. Revenue sharing with coastal states that facilitate drilling off their coasts benefits all and some states might reconsider their opposition.

North Carolina State Senator is disappointed that the Atlantic leasing areas are absent from the program as technically and economically recoverable resources have been identified and industry interest is evident. The last Atlantic lease was offshore North Carolina and companies have applied for G&G permits in the Atlantic. The economy depends on the millions of jobs generated directly and indirectly by offshore energy production, including agribusiness, the State's Number 1 industry.

Virginia Governor wrote in two letters requesting reconsideration of the decision not to include the Mid-Atlantic, specifically offshore Virginia, from the 2012-2017 program. The decision ignores the support from Virginia's citizens and state and Federal leadership, the potential for jobs and billions in revenue, and the Administration's support as recently as March 2010. There have been great advances since *Deepwater Horizon* to be confident in safe and responsible energy development. He also states that development can occur without interference with other important activities and is working with DoD and others to protect national security operations as has been done in the Gulf, and important commercial activities.

Virginia Department of Mines, Minerals, and Energy asks Interior to reconsider the decision to exclude Virginia. Sale 220 was included in the 2007-2012 program and no conditions have changed to justify the omission. Including the sale could create thousands of jobs, expand the coastal economy, and develop critical domestic energy resources.

Virginia State Delegate expresses his disappointment that the program did not include areas of the Atlantic, Pacific, and most of the Eastern GOM.

Southern States Energy Board, represented by the Governors of Oklahoma and Virginia, state that the proposed plan limits the Nation's ability to respond to growing demand and economic threats. It does not meet the section 18 requirement of a schedule to best meet the Nation's energy needs. They urge reconsideration of the exclusion of the Eastern Gulf and the Mid- and South Atlantic.

Local Governments, Tribes, and Alaska Native Corporations

Arctic Slope Regional Corporation is concerned that cutting back on the number of lease sales and pushing the timing of the sales to the end of the five year period in the Beaufort and Chukchi Seas, is erecting unnecessary barriers to the development of domestic energy resources. The Corporation believes BOEM did not adequately consider the economic impact of reducing the number of lease sales scheduled for Alaska OCS, citing the PP societal costs, Table 8 model, and economic analysis in the PP. It urges BOEM to consider revising the PP consistent with the framework in the 2009 DPP, with respect to development of oil and gas resources in Alaska OCS.

Inupiat Community of the Arctic Slope wants the Beaufort and Chukchi Seas excluded from the 2012-17 program. The Community feels the PP does not address catastrophic effects of a large spill on communities. Additionally, if there is a sale, they want BOEM to include deferral areas to protect subsistence activities such as bowhead whale hunting, have more serious consideration provided for air and water pollution and conduct an environmental justice analysis. They feel the potential damage to the environment and subsistence culture far outweigh the potential benefits of additional lease sales.

Native Village of Kotzebue is concerned that the PP has not addressed the need of Federal agencies (especially USCG and NOAA) to have sufficient resources to oversee lease activity in the frontier area of the Chukchi Sea, the challenges on oil spill response along the coast of the Chukchi Sea and a discussion of lessons learned from *Deepwater Horizon*. The Village requests that BOEM consider narrowing the areal focus in known sensitive areas, important migratory corridors and important subsistence use areas, including larger deferral areas between leases and shore. While noting it appears a *fait accompli* that the Chukchi Sea will be included in the program, the Village hopes the Secretary and BOEM recognize their decisions are the main line of defense against undue harm caused by carrying out an active Arctic OCS development program.

North Slope Borough restates their opposition to offshore oil and gas leasing and operations in Arctic waters. If leasing continues, the Borough requests that BOEM exclude the Beaufort and Chukchi Seas, and change their approach in each planning stage. Additionally, they would like BOEM to add deferral areas in the Beaufort Sea in the area adjacent to the Nuiqsut subsistence whaling base of Cross Island, along with excluding the eastern, central, and western areas of the Beaufort Sea that are essential to subsistence whaling. The Borough wants the coastal buffer in Chukchi Sea expanded to 60 miles and a deferral area added around Hannah Shoal. They cite NMFS's reasoning on this subject. They request BOEM attempt to achieve a balance between risks and benefits, implement a mitigation system that requires lessees to gather targeted data over multiple years in a specific area and implement realistic oil spill response demonstrations, if not in five year, than should be considered in specific arctic lease sales.

Northwest Arctic Borough does not believe it is appropriate to include the Chukchi and Beaufort Seas in the five year leasing program. They are concerned about the disproportionate economic, environmental, social and cultural risks. There is a need for a comprehensive and coordinated approach to filling critical information gaps for the Arctic offshore areas as well as institution of revenue sharing for all phases of oil and gas development and implementation of oil and gas operators subjected to best pollution control technology. There is a need for realistic scenarios for the potential distribution of oil from large spill, adequate USCG presence in the Arctic and marine pilots to be licensed by the state on vessels. They request concurrent comment periods with EIS and PP.

Members of Congress and Federal Agencies

Alaska and Louisiana Senators express support for new and expanded access to the OCS, including offshore Virginia. Significant regulatory action taken by DOI and actions taken by industry to restore confidence mean it is time to move forward with access to new areas.

Louisiana Senator comments that the PP falls short of the section 18 requirement that a schedule "best meet national energy needs for the five year period following its approval...." He questions how eliminating acreage in the Atlantic, Eastern GOM, Southern California, and North Aleutian Basin, Alaska, and going from about 5 sales per year as in the 2009 DPP to 2.5 meet this requirement. This program is a barrier to new jobs and ignores the Nation's energy and economic needs.

Virginia Senators strongly support inclusion of the areas off the coast of Virginia and want to revise the map of the Mid-Atlantic to more accurately reflect Virginia's resources. Development of OCS resources with revenue sharing with states would attract jobs, boost domestic energy production, and provide funding for state priorities.

8 Virginia Representatives convey their disappointment that Virginia is not included. They comment that it ignores the legal requirement to consider the "laws, goals, and policies of affected states...," describe the history of Virginia's support for leasing off the coast, and state that it will now be years before the thousands of jobs and economic contribution from activity.

64 Representatives from 20 states support the decision for no development in the Atlantic and Pacific, but they are concerned about additional leasing in the Arctic. They question excluding the Atlantic for lack of infrastructure and spill preparedness but not the Arctic. They list five things needed before including the Arctic—Prioritize protections for important areas using adequate science; adopt new regulations on spill response and planning standards; develop and have adequate response plans, methods and equipment by companies and Federal agencies; implement scientific plan with recommendations from USGS report; and test and prove effectiveness of equipment in Arctic conditions

182 Representatives from 41 states express strong support for consideration of new and expanded areas to bring jobs, energy and revenue to the Treasury. This is the first program since the presidential and congressional moratoria were lifted in 2008, in anticipation of new access after three-quarters of the OCS had been off limits for 30 years. Given the regulatory changes and actions by industry since *Deepwater Horizon*, it is time to move ahead with new access to American resources rather than continuing overreliance of foreign sources of energy.

Department of Energy commented that the PP is consistent with the Administration's *Blueprint for a Secure Energy Future*. DOE supports DOI's proposal to continue the annual offering of all acreage in the Central and Western GOM, as well as the proposal to pursue leasing on the OCS in Alaska. DOE recommends that DOI include projections of technology advancement in its consideration of the technical, economic and environmental feasibility of producing OCS resources during the program's duration.

Department of Defense's assessment of GOM program areas is unchanged from its previous assessment in April 2010. However, DoD requests early coordination on any lease sale due to ongoing testing and training in those areas. In the Beaufort Sea, DoD may request site specific stipulations for lease blocks in the vicinity of three air defense radar sites: Point Barrow, Olkitok and Barter Island. For Cook Inlet, DoD requests careful consideration to avoid commercial submarine communications cables.

National Oceanic and Atmospheric Administration supports deferring sales in the Chukchi and Beaufort Seas until late in the program to provide a chance for further scientific study and assessment and looks forward to working with BOEM on the research that will support future decision-making. NOAA believes that recognition of sensitive and protected marine habitats (specifically Hanna Shoal in the Chukchi Sea) should be considered at the five year program stage rather than waiting until the lease sale stage. Furthermore, they have endorsed deferral of blocks in the Chukchi within 60 miles of the coast at the program stage. NOAA believes that early decisions on deferral areas would not only help protect sensitive environments and species, but would help industry by setting clear expectations about where exploration and development can occur and would allow them to focus their resources. NOAA does not believe that it is clear if rules were considered to require corporations to have plans in place for environmental cleanup in case of an oil spill cannot be contained. Even with new safeguards, there is always a chance that capping or other containment will not be successful. Therefore, environmental and health concerns should be developed as part of the worst case scenario.

Departments of State and Transportation and DOI's National Park Service reviewed the document and had no comments.

Environmental and Other Public Interest Organizations

Alaska Eskimo Whaling Commission says that the Five Year Program must comply with the MMPA's provisions to protect Alaska subsistence activities, including a complete revision or deletion of the modeling performed for subsistence. BOEM must ensure no immitigable impacts will occur. Currently, it is not a measure of replacement cost, but relocation cost. It ignores the social costs of relocating communities. OECM fails to account for costs to subsistence activities. There is a need to update and revise the environmental sensitivity analysis for the Arctic, especially regarding marine mammals and marine productivity as the analysis fails to include several Arctic species. Additional deferral areas and additional time to identify specific deferral areas to protect subsistence are needed. They propose deferral areas 20 miles east of Cross Island in the Beaufort Sea and increasing the 25-mile buffer in the Chukchi Sea. Ecosystem-based planning is needed to address conflicts between offshore oil and gas and subsistence uses. There is a need to work more closely with Alaska Native organizations.

Alaska Wilderness League, Alaska's Big Village Network, Center for Biological Diversity, Center for Water Advocacy, Defenders of Wildlife, Eyak Preservational Council, National Resources Defense Council, Northern Alaska Environmental Center, Pacific Environment, Republicans for Environmental Protection, Sierra Club, The Wilderness Society, and the World Wildlife Fund U.S. Arctic Field Program believe BOEM should improve interagency coordination of analysis and permitting of oil and gas projects and leasing should be based on science-based decision making. Require that Shell obtain the proper permits from the U.S. Environmental Protection Agency prior to drilling in the Arctic and require it demonstrate it can clean up a worst-case spill in bad weather. The Godafoss spill in Norway demonstrates that oil clean up in Arctic waters is not yet feasible. Address comments received from local Arctic communities in the EIS document, such as deferrals for Nuiqsut hunters. Include an alternative for "no arctic leasing" in the EIS. Fill in data gaps contained in EIS for marine mammals, fish, and birds. Implement recommendations contained in post-Macondo reports. Include effects of leasing on climate change and ocean acidification. Improve modeling of economic costs of leasing and alternatives.

Alaska Wilderness League, Eyak Preservation Council, Center for Biological Diversity, Northern Alaska Environmental Center, Defenders of Wildlife, Resisting Environmental Destruction on Indigenous Lands, Natural Resources Defense Council, The Wilderness Society, Pacific Environment, Ocean Conservation Research, Sierra Club, and the World Wildlife Fund U.S. Arctic Field Program ask BOEM to postpone all further Arctic lease sales, not just scale them back. This is based on the extreme sensitivity of the Arctic environment, inadequate scientific data, and inadequate spill response capability. No oil and gas activities should be permitted in the Arctic until the United States undertakes a careful examination of the *Deepwater Horizon* disaster; gathers missing scientific data regarding wildlife and ecosystems; proves that oil spill response technology can work in the Arctic; puts in place a comprehensive plan and infrastructure to respond to a well blowout or other large spill; and actually implements the recommendations in the post-Macondo reports. The PP moves forward with leasing in the Arctic despite large information gaps; failure to consider indirect, synergistic, interrelated, and cumulative impacts; inaccuracies in weighing environmental values; opaque reasoning on assumptions made; oil spill modeling that fails to consider the likelihood of oil reaching the species on their most important habitats; erroneous assumption of uniform distribution of environmental sensitivity risks; failure to consider an ecosystem's ability to recover from an impact in the environmental sensitivity analysis; and failure to incorporate a discussion of the impacts of an onshore pipeline and other terrestrial operations on wildlife, habitat, and people. BOEM should include more middle-ground alternatives in the PP, as listed alternatives focus too heavily on leasing extremes. Net Public Benefits analysis is flawed because the public-benefit side is dominated by private industry profits, private benefits should not be included; and both sides of the analysis overlook true social and environmental values of the "no action" alternative and the devastating externalities of leasing in the Arctic. PP balancing was too heavily weighted on one or two factors with no effective balancing discussion.

Center for Regulatory Effectiveness recommends (1) the use of PAMGUARD as part of the protected species observer program; (2) the Five Year Final EIS should reflect the conclusion that seismic does not adversely affect marine mammals under current BOEM regulations; (3) any new seismic regulations issued by BOEM require a new proposed Information Collection Request; and (4) Coastal and Marine Spatial Planning (CMSP) violates the Act. CMSP requires that all ocean uses be considered equally, while the Act requires BOEM to give more weight to the development of oil and gas.

Center of Sustainable Economy (CSE) critiques the Net Public Benefits (NPB) analysis incorporated in the PP. NPB presents a biased characterization and analysis of the no action alternative that significantly understates its economic and social value; overestimates program benefits by including private profits, relying on unwarranted assumptions about the effects of OCS oil and gas supplies on prices and by failing to account for final petroleum product exports; underestimates program costs by excluding costs of public subsidies, ecosystem service damages and carbon emissions damage; and fails to model the effects of a wide range of policy interventions that affect program economics.

Consumer Energy Alliance urges BOEM to ensure that the PP moves forward with all 15 proposed lease sales in a timely manner. The Alliance also expresses disappointment in the Department's decision to not include lease sales in areas of the Mid- and South Atlantic in the PP.

Institute for 21st Century Energy feels that the PP fails to allow for expeditious and orderly development of the OCS, but encourages DOI to finalize the program quickly and not constrain the scope of the potential leasing areas further. Lease sales should give preference to areas with highest potential for resource development. Once finalized, the Institute recommends immediately revising the program by scoping additional areas, including those proposed in the 2010-2015 DPP.

Institute for Policy Integrity advocates revising the PP analysis to account for the option value of offshore resources, which takes into account the potential value of postponing a decision to lease an area until later when more information may be available. When evaluating the costs and benefits of opening lands for leasing, the value of delay can be estimated and included as a cost of opening new lands for leasing. During the bid adequacy process, the government can also set a higher reservation price, reflecting the option value of the land.

International Fund for Animal Welfare opposes lease sales in the Beaufort and Chukchi Seas, and encourages the agency to consider no sales in these areas. Their concerns include climate change projections of more storms of increasing strength in the Beaufort and Chukchi Seas that would overlap with the exploration or drilling season; harm to marine mammals from increased noise from seismic surveys and vessel traffic; and the lack of proven technologies and techniques for oil spill response and clean-up in Arctic waters. If BOEM decides to move forward with OCS oil and gas development, long-term extractive projects must be coupled with long-term industry-funded species monitoring programs and a rapid review process for Arctic research to develop more concrete mitigation strategies.

Marine Conservation Institute commends the Obama Administration's 2010 decision to exclude Bristol Bay from the PP. Oil and gas deposits in Bristol Bay are projected to yield just $7.7 billion in revenue over 25 to 40 years, far less than the $80 billion that a sustainable commercial fishing industry could generate during the same period.
Natural Resources Defense Council requests that request that the PP and its underlying NEPA documentation be substantially revised to remedy factual and analytical errors; Arctic lease sales be removed from the program entirely; and no new drilling be authorized anywhere on the OCS until recommendations of the National Commission and other post-BP Deepwater Horizon expert bodies have been fully implemented. The PP fails to meet section 18 requirements. Specifically, it fails develop a leasing program that will best meet national energy needs; fails to consider a range of social, environmental, and renewable resource values contained in the OCS; fails to incorporate sufficient current and detailed information about ecological conditions, national policy commitments, and impacts of new oil and gas exploration; is based on an inadequate NEPA documentation; and suffers from other significant methodological errors.

National Audubon Society, Ocean Conservancy, Oceana, and Pew urge BOEM to modify PP and Draft EIS to ensure lease sales are held consistent with stated commitments of DOI leadership: Expand and increase deferrals for areas known to be important for subsistence or ecological reasons, and create a deferral committee of experts to recommend leasing deferrals; terminate areawide lease sales in favor of a more targeted approach; make lease sales contingent on an integrated scientific research and monitoring program; make future Arctic sales contingent upon effective oil spill response capability; change the Draft EIS to include an additional alternative that excludes both the Beaufort and Chukchi Seas; include effects in climate change and ocean acidification in the EIS; and give local communities a more meaningful opportunity to express opinions.

Nature Conservancy urges BOEM to align the PP with recommendations of The White House Council on Environmental Quality's Interagency Ocean Policy Task Force, including the use of Coastal Marine Spatial Planning. The proposed delay in Arctic planning area sales until 2015-16 is the minimum amount of time to allow for proper planning and consideration of ecosystem impacts, spill response, and the requirement for consultation with the Inupiat Nation. It supports a 2000-foot buffer around biologically sensitive areas in the GOM and recommends excluding the Eastern GOM for the duration of the program due to high risk and relatively low net benefit. It supports the exclusion of Atlantic and Pacific.

Ocean Conservation Research asks that BOEM limit the EIS exclusively to exploration because of a lack of understanding of the technologies. It recommends the "no action alternative" be selected.

Oceana recommends scheduling no lease sales in GOM until at least 2014, and scheduling no lease sales in the Chukchi and Beaufort Seas. BOEM must fundamentally reconsider the manner in which it estimates the costs and benefits of program alternatives, because it currently overstates the potential benefits of the PP and does not effectively account for the impact of a catastrophic spill. Oceana submitted an appendix on marine mammals, as well as several attachments. 1) an attachment co-authored by multiple groups (Oceana, Alaska's Big Village Network, Center for Biological Diversity, Center For Water Advocacy, Defenders of Wildlife, Gulf Restoration, Network, Ocean Conservation Research, Southern Environmental Law Center, Sierra Club) discussing continuing shortcomings in offshore regulation and safety measures, 2) an attachment discussing how the Draft EIS is inadequate and violates NEPA, and 3) an attachment by the Center for Sustainable Economy offering a critique of the Net Public Benefits analysis used in the PP.

Pew Trust pointed out a number of inconsistencies between the PP and public statements of BOEM officials such as consideration of additional subsistence deferrals. Officials publicly stated that BOEM is undertaking a new approach for leasing in the Arctic that would shift away from areawide leasing in frontier areas such as the Arctic. However, the PP retains the option of conducting areawide leasing in Beaufort and Chukchi Seas.

Surfrider Foundation strongly supports the Department's decision to exclude the Atlantic and Pacific coasts from the PP. It is concerned with any Alaska sales given the likely challenges with spill prevention and response in the harsh and remote marine environment off Alaska, particularly the Arctic Ocean. It generally agrees with concentrating GOM sales in the Western and Central planning areas but opposes issuing lease sales in the Eastern GOM.

World Society for the Protection of Animals and Whale and Dolphin Conservation Society express concerns that impacts upon marine mammals are not adequately measured, weighed or considered. The PP does not address potential threats to marine mammals in the Arctic and GOM, which include oil spills, noise and vessel strikes. There was no apparent consideration of climate change or ocean acidification as required in response to the Court's remand decision (D.C. Cir. 2009). They believe that the PP may not satisfy NEPA requirements.

Oil and Gas Companies and Associations and Related Industry

Alaska Oil and Gas Association urges BOEM to move forward with the five year program, including the 3 sales on Alaska's OCS. The Association does not agree with BOEM's characterization in the PP of CMSP as a "national zone plan", and opposes inclusion of any deferral areas in PP, stating they should be addressed at lease sale stage. Additionally, it notes that Alaska's OCS is one of the most studied and understood oil and gas basins in the world, BOEM has appropriately considered impacts to resources, and urges BOEM to involve stakeholders in their efforts.

American Petroleum Institute supports moving forward with 2012-2017 PP and urges BOEM to expeditiously finalize the program. It argues there is no consistent rationale why the Pacific and Mid-Atlantic areas are excluded. The argument of military concerns in the Atlantic conflicting with oil and gas activities seems more spurious considering the OCS wind energy leasing programs planned offshore in Virginia, Maryland, New Jersey and Delaware. It states that the PP is overly constrained and fails to take advantage of enormous benefits documented in the program analysis and has short circuited the ability of the Nation to make informed decisions regarding energy security. It urges BOEM to begin work immediately on new more robust five year program that will include OCS areas in Atlantic, Pacific and Eastern GOM.

Arkema supports BOEM's Five Year 2012-2017 PP, implemented quickly and responsibly. In addition, they support inclusion of "Made in America" requirements as a part of lease. Arkema strongly urge BOEM to increase the pace of permitting to the maximum extent possible.

ATP Oil & Gas Corporation is disappointed that the new OCS five year plan restricts oil and gas exploration, due to undue influence by 2010's Macondo incident. The PP is unnecessarily restrictive and should be amended to include frontier areas prior to its finalization. ATP requests BOEM provide a more robust rationale for expanding the areas open to OCS mineral development.

ConocoPhillips is pleased the PP includes 15 lease sales distributed among 6 OCS planning areas. However, they believe BOEM should expand the areas offered for leasing to include additional blocks in the Eastern GOM and additional areas in the Alaska and Atlantic Regions. ConocoPhillips' continued commitment to the OCS will largely depend on the extent to which BOEM's Oil and Gas Leasing Program makes high potential areas available for leasing.

International Association of Geophysical Contractors urge BOEM to expand the potential lease sale areas to include all areas of the OCS, in particular, the Atlantic and all of the Eastern GOM. They recommend that the final Five Year Leasing Program clearly provide for and facilitate new seismic data acquisition and subsequent analysis of the natural gas and oil potential of the OCS.

Independent Petroleum Association of America urges BOEM to finalize the 2012-2017 program as soon as possible and not further reduce the scope of the PP. The Association is disappointed that the PP does not include the broadest area of the OCS as possible and fails to include new opportunities to expand offshore oil and natural gas in highly prospective areas, including offshore Virginia. Additionally, the PP directly contradicts the impression the President gave the American people in the recent State of the Union Address [January 2012] and fails to meet the intent of the Act to provide the energy Americans need. They urge BOEM to begin work immediately to develop a new five year program that includes the Atlantic, Pacific, all of the Arctic, and the remainder of the Eastern GOM.

Louisiana Oil & Gas Association urges BOEM to enact the 2012-2017 PP without delay and further narrowing of the scope of proposed lease sales. The Association further urges BOEM to increase the pace of permitting to meet and eventually surpass historic levels and heed Virginia's desire for oil and gas development off their coast.

National Ocean Industries Association recognizes the PP must proceed but is disappointed to see there will be no lease sale proposed offshore Virginia and with the lack of access to new areas in the PP. It states that BOEM's decision not to move ahead with new access to the OCS lacks justifiable policy rationale. It asks BOEM to proceed without further reducing available areas, nor designated lease sales; and that the alternative with the highest level of potential for development be selected. Additionally, it urges BOEM to immediately begin work on a revision to the program by scoping at least those areas that were considered in the 2010-2015 DPP released in January 2009.

Shell Exploration & Production Company calls on Interior to finalize 2012-2017 five year program quickly so leasing can continue, and urges that work on new more robust five year program including additional areas in Atlantic, Pacific, and Eastern GOM begin immediately. Shell is disappointed with the Secretary's decision on December 1, 2010 to remove high potential areas from program without performing statutorily-mandated analysis and his rationale to limit areas in the program to GOM and Alaska without taking PP fiscal and employment benefit analysis into consideration. Additionally, Shell notes the PP approach to leasing in Alaska ignores the potential loss of benefits and that there was no discussion on the economic impacts related to not having a sale in Alaska. It questions how BOEM will balance analysis of areawide leasing preferences with tract selection offerings in the Arctic; why *Deepwater Horizon* is used to justify limitations in frontier areas in lieu of the Sep. 14, 2011 BOEMRE/USCG report that revealed no issues that would pose different risks in frontier area. Shell suggests the OCS Scientific Committee review results of climate change impacts on environmental sensitivity analysis.

Shell Upstream Americas provided most of the same comments as Shell Exploration & Production Company with additional page-by-page detailed comments.

Statoil supports the overall program and encourages BOEM to expeditiously finalize the program to allow continued leasing in 2012 and beyond. Additionally, they note focused leasing in Alaska makes it difficult to comment. However, they are willing to share expertise with BOEM and relevant stakeholders on technological and environmental challenges in Arctic. BOEM should revise the PP to allow for additional sales in both Beaufort and Chukchi Seas and extend the term of OCS leases in the Arctic as current terms do not provide sufficient time to evaluate and explore resource potential.

Stone Energy urges BOEM to approve the Five Year Program for 2012-2017 with maximum access possible. They are disappointed that the PP does not include the broadest area of OCS possible and especially the omission of a lease sale offshore Virginia. It urges BOEM to not further reduce the scope of the PP.

TGS-NOPEC Geophysical Company urges BOEM not to reduce the scope of proposed lease sales in the PP and increase the pace of permitting to meet, and eventually surpass, historic levels

Non-Energy Industry Businesses, Associations and Groups

American Chemistry Council states that abundant and affordable supplies of natural gas are critical to the industry's ability to create jobs and to successfully compete in the global economy and urges BOEM to reconsider its 2012-2017 program and include lease sales in planning areas that were included in the 2009 DPP.

American Farm Bureau Federation urges BOEM not to reduce the scope of proposed lease sales in the PP and increase the pace of permitting to meet, and eventually surpass, historic levels. It further urges BOEM and DOI to heed Virginia's desire for oil and gas development off its coast and to identify opportunities to move such policy forward.

American Forest & Paper Association states that demand for natural gas will grow rapidly in the coming years in many sectors of the U.S. economy. The Administration has either developed many of these measures or supported them. The Association urges BOEM to significantly revise the program to at least include the lease sales in planning areas that were included in the 2009 DPP.

Associated Industries of Florida urges BOEM not to reduce the scope of proposed lease sales in the PP and increase the pace of permitting to meet, and eventually surpass, historic levels.

Georgia Chamber of Commerce urges BOEM to not further reduce the scope of proposed lease sales in the PP and to increase the pace of permitting to meet and eventually surpass historic levels.

Louisiana Chemical Association urges BOEM not to reduce the scope of proposed lease sales in the PP and increase the pace of permitting to meet, and eventually surpass, historical levels. It further urges BOEM and DOI to heed Virginia's desire for oil and gas development off its coast and to identify opportunities to move such policy forward.

Manufacture Alabama! urges BOEM not to reduce the scope of proposed lease sales in the PP and increase the pace of permitting to meet, and eventually surpass, historical levels. It further urges BOEM and DOI to heed Virginia's desire for oil and gas development off its coast and to identify opportunities to move such policy forward.

North Carolina Chamber of Commerce urges BOEM to enact the PP and increase the pace of permitting to meet, and eventually surpass, historic levels.

New Tech Global urges BOEM not to reduce the scope of proposed lease sales in the PP but to increase the pace of permitting to meet, and eventually surpass, historic levels.

North Carolina Farm Bureau Federation asks BOEM to expand the score of the PP to provide relief to North Carolina's farming families from increasing production costs.

Pennsylvania Manufacturers' Association urges BOEM not to reduce the scope of proposed lease sales in the PP and increase the pace of permitting to meet, and eventually surpass, historical levels. It further urges BOEM and DOI to heed Virginia's desire for oil and gas development off its coast and to identify opportunities to move such policy forward.

PPG Industries urge BOEM not to reduce the scope of proposed lease sales in the PP but to increase the pace of permitting to meet, and eventually surpass, historic levels.

Tidewater Inc. urges BOEM not to reduce the scope of proposed lease sales in the PP but to increase the pace of permitting to meet, and eventually surpass, historic levels.

General Public

More than 280,000 comments were received from private citizens regarding the Five Year Program for 2012-2017. The overwhelming majority were comments submitted through various public interest groups. Most were from environmental-oriented organizations. There was particular concern about oil and gas activities in the Alaskan Arctic areas of the Beaufort and Chukchi Seas. Citing the *Deepwater Horizon* explosion and oil spill, there was apprehension about the ability to respond to an oil spill anywhere in the OCS, but particularly in the remote Arctic. Commenters favoring the program were disappointed that more areas were not available, citing the need for jobs, boosts to the economy, a reduced reliance on imported oil, and national security.

The Department of the Interior Mission

As the Nation's principal conservation agency, the Department of the Interior has responsibility for most of our nationally owned public lands and natural resources. This includes fostering sound use of our land and water resources; protecting our fish, wildlife, and biological diversity; preserving the environmental and cultural values of our national parks and historical places; and providing for the enjoyment of life through outdoor recreation. The Department assesses our energy and mineral resources and works to ensure that their development is in the best interests of all our people by encouraging stewardship and citizen participation in their care. The Department also has a major responsibility for American Indian reservation communities and for people who live in island territories under U.S. administration.

BOEM

Bureau of Ocean Energy Management

The Bureau of Ocean Energy Management Mission

The Bureau of Ocean Energy Management (BOEM) manages the exploration and development of the nation's offshore resources. It seeks to appropriately balance economic development, energy independence, and environmental protection through oil and gas leases, renewable energy development and environmental reviews and studies.

Baker, Josh

From: Natalie Joubert <NJoubert@hbwresources.com>
Sent: Thursday, July 05, 2012 10:10 AM
To: Chip Kline (LA); Chris Champion (MS); Cindy Sims (AK); Cooper Shattuck (AL); David Holt CEA; Doug Domenech (VA); Elizabeth Bluemink (AK); Emily Domenech (TX); Frank Collins (LA); Garret Graves (LA); I'man Robinson (VA); Janie Mason (AK); Jeffrey Jones (AK); Baker, Josh; Haltiwanger, Katherine; Kip Knudson (AK); Kirk Sims (AL); Mark Robbins (AK); Maureen Matsen (VA); Nick Tew (AL); Randall Ruaro (AK); Sara Benhauser (VA); Shana Gooch; Olson, Zoe J (GOV); Michael Whatley
Subject: OCS Gov Letter to President for Review
Attachments: Draft Letter to POTUS FollowUp_070512.docx; OCSGC Letter to President_March 2012 _Final.pdf

Dear OCS Governors Reps,

Thank you to everyone who participated in last Thursday's monthly OCS Governors Representatives call. For those who were unable to attend, the Coalition *has decided to postpone the July 13th face-to-face meeting in Williamsburg, VA* since a majority of the Coalition members will not be sending their governors nor their staff to the NGA meeting. CEA has already spoken to each of the industry representatives invited to hold a safety briefing, and we hope this email will serve as a cancellation notice to all Coalition members.

On the call, we discussed the possibility of rescheduling the meeting to coincide with the Republican National Convention in Tampa, FL at the end of August. We will be in touch shortly with more information, and in the interim, if you think of an alternative option for a meeting in the next few months, please let us know.

Finally, as we discussed on the call, the Coalition would like to send President Obama a follow-up letter to the March 13th letter (attached). The letter addresses the lack of response on the March 13th letter as well as some new concerns on leasing that we discussed on the call.

Please review the letter and send any edits our way. Once you are comfortable with the language, each state will need to work with Louisiana to finalize autopens. We're aiming for the second or third week of July to release the letter.

Sincerely,

Natalie

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CONSUMERENERGYALLIANCE

www.consumerenergyalliance.org

The Honorable Bobby Jindal, Governor of Louisiana (Chair)
The Honorable Sean Parnell, Governor of Alaska
The Honorable Rick Perry, Governor of Texas
The Honorable Phil Bryant, Governor of Mississippi
The Honorable Robert Bentley, Governor of Alabama
The Honorable Nikki Haley, Governor of South Carolina
The Honorable Robert McDonnell, Governor of the Commonwealth of Virginia

July XX, 2012

President Barack Obama
The White House
1600 Pennsylvania Avenue, NW
Washington, DC 20500

Dear Mr. President:

On behalf of all the governors who participate in the Outer Continental Shelf (OCS) Governors Coalition, we would like to inquire about the status of your response to our enclosed letter, dated March 13, 2012, regarding concerns that we have on the status of offshore energy development. Furthermore, we would like to address some questions and concerns that have arisen since we initially sent the March 13th letter.

One of the principal objectives of the Coalition is to advance the dialogue between federal and state officials. Unfortunately, to date no member of the Coalition has received a response from your administration on the March 13th letter, and we are becoming increasingly concerned about the lack of communication from the federal government on critical matters that affect our coastal development.

Specifically, we are concerned that your administration did not properly consult with the coastal states on the Proposed Final Outer Continental Shelf Oil & Natural Gas Leasing Program for 2012-2017 prior to its release by the U.S. Department of the Interior on June 28th. In the plan, the administration fails to expand adequate access to resource-abundant areas in the Arctic and also fails to establish leasing in the Mid- and South-Atlantic. Both of these decisions appear to have been made without proper consultation from the states, as required by the Outer Continental Shelf Lands Act, and without sufficient explanation for the reversal in decision from previous plans.

In the Arctic, the proposed plan allows for only three lease sales in the Arctic OCS – one in the Chukchi Sea, one in Beaufort Sea and one in the Cook Inlet –all of which appear to be postponed by one-year from the date proposed in the draft plan. The final plan further removes millions of acres in the Arctic from leasing in order to form "study areas," raising the likelihood that these Arctic lease sales may never occur. The Department of the Interior did not reach out to the State of Alaska for input on these decisions, as is legally required.

In addition, the proposed plan does not include any leases in the Mid- and South-Atlantic, notwithstanding the fact that a lease sale off Virginia had been included in a previous five-year plan but was cancelled indefinitely without sufficient consultation with the Commonwealth of Virginia. The bipartisan leadership in Virginia has indicated clearly its support for a leasing program in the Atlantic and has thoroughly addressed the administration's concerns about safety and spill containment infrastructure and coordination with military operations in the area.

Finally, the plan does not properly account for the possibility that the U.S. Congress may lift the moratorium in the Eastern Gulf of Mexico prior to 2017. A prudent plan would include leasing opportunities in the full Eastern Gulf of Mexico in preparation for the possible lifting of the moratorium, as was done in the past administration. By planning for possible lease sales in this area now, the federal government can execute the pre-lease sale procedures and limit the amount of wait time between the end of the moratorium and new lease sales.

Although the federal government is responsible for the development and execution of the offshore leasing plan, states have a meaningful stake in the vitality of the leasing program. Coastal communities benefit significantly from the thousands of jobs and billions of dollars in economic activity generated from offshore energy development, and states in the Gulf of Mexico region depend on shared revenues from offshore production for a multitude of state programs, including coastal management and restoration. Given the high stakes of offshore development for all coastal states, we believe the federal government must abide by its legal responsibility to allow coastal state governors better opportunities to consult on the development of the five-year plan. Failure to do so has led to a highly disappointing 2012-2017 Five-Year Plan that severely limits the ability of the United States to develop new areas offshore, grow our economy, and decrease our dependence on overseas oil.

The Coalition would appreciate a prompt response from your Administration. We look forward to communicating with you soon.

Sincerely,

Enclosed: Letter to President Obama dated March 13, 2012

Baker, Josh

From: Haltiwanger, Katherine
Sent: Thursday, July 05, 2012 10:45 AM
To: Soura, Christian; Baker, Josh
Subject: FW: Correspondence from Governor Sean Parnell
Attachments: 07.03.12 Governor Haley Arctic OCS 5-Yr Plan.pdf

Importance: High

Follow Up Flag: Follow up
Flag Status: Completed

FYI

From: Governor Sean Parnell (GOV sponsored) [mailto:governor@alaska.gov]
Sent: Tuesday, July 03, 2012 9:35 PM
To: Haltiwanger, Katherine
Subject: Correspondence from Governor Sean Parnell
Importance: High

Dear Ms. Haltiwanger,

Please see the attached letter for Governor Haley from Governor Parnell. Confirmation of its receipt would be appreciated. The hard copy will follow shortly in the mail.

Best wishes,

Office of Governor Sean Parnell
PO Box 110001
Juneau, Alaska 99811-0001
PHONE: 907.465.3500
FAX: 907.465.3532

www.gov.state.ak.us

STATE CAPITOL
PO Box 110001
Juneau, Alaska 99811-0001
907-465-3500
fax: 907-465-3532

Governor Sean Parnell
STATE OF ALASKA

550 West 7th Avenue #1700
Anchorage, Alaska 99501
907-269-7450
fax 907-269-7463
www.Gov.Alaska.Gov
Governor@Alaska.Gov

July 3, 2012

The Honorable Nikki Haley
Governor of South Carolina
P.O. Box 1205
Columbia, SC 29201

Dear Governor Haley,

Recently, the Obama Administration announced a plan for Arctic Outer Continental Shelf (OCS) development that continues a pattern of limiting economic opportunity for Americans. Though federal officials have hailed the Five Year Outer Continental Shelf Oil and Gas Leasing Program as an expansion of energy development in the region, it will, in fact, remove large areas from consideration for drilling without consultation with the State of Alaska and without Congressional approval.

The Obama Administration's plan would administratively lock up new acreage in Alaska including action to increase the coastal buffer in the Chukchi Sea from 25 miles to 60 miles; a deferral area around Hannah Shoal; as well as a deferral area 20 miles east of Cross Island in the Beaufort Sea. Furthermore, the plan imposes another delay on future lease sales in the Chukchi and Beaufort planning areas. Since this federal administration has been in office, it has stopped all Arctic OCS leasing and derailed what were once certain, predictable leasing plans accepted by both Democratic and Republican administrations in Washington, DC.

The Department of the Interior's justification for these measures aligns with a new ocean zoning philosophy central to the Obama Administration's controversial National Oceans Policy. My administration and the Alaska Congressional delegation have expressed significant concerns about implementation of the National Oceans Policy in Alaska, and the potential negative consequences for economic activity in the region. For similar reasons, Congress has declined to support National Oceans Policy activities through the federal appropriations process.

The new Arctic restrictions included in Department of the Interior's five year plan are the latest in a series of actions by the Obama Administration that have delayed and impeded Arctic OCS development. These actions have included:

- Postponing implementation of the Interior's five year leasing plan;
- Pushing the already cancelled Chukchi lease sale from 2012 to 2016 and the Beaufort lease sale from 2015 to 2017. In addition, the lease sale in Alaska's Cook Inlet would be delayed another year;

- Pushing back the goal for completing a new OCS lease plan to 2012, effectively preventing new leasing during President Obama's first term;
- Imposing a groundless moratorium on Arctic OCS drilling, without consulting State officials or adequately recognizing the economic implications; and
- Withholding key Environmental Protection Agency air permits for Shell's offshore oil and gas exploration activities – costing the company the 2011 drilling season – despite the fact Shell invested tens of millions of dollars in pollution control equipment, and met or exceeded every request made of them.

I strongly support a responsible OCS program – one that makes leases available in Alaska's OCS for the exploration, development, and production of oil and gas. These resources are vitally important to Alaska and the nation's energy future.

Alaskan OCS lease sales have resulted in billions of dollars in payments to the federal government. In exchange, the federal government has created numerous roadblocks to producers looking to explore their holdings. Now the Obama Administration has failed to provide a dependable area wide lease sale that would create confidence and support investment in future development.

Having shared my view of the Department of the Interior's new policy through the lens of the Arctic OCS, I am asking you each to provide me and other members of the OCS Governors Coalition with a view from your respective states. If we are all better informed about the cumulative impacts this new policy has on states and regional economies, together we can have a stronger voice on policies aimed at economic growth.

Sincerely,

Sean Parnell
Governor of Alaska

Baker, Josh

From: Natalie Joubert <NJoubert@hbwresources.com>
Sent: Thursday, July 05, 2012 6:14 PM
To: Chip Kline (LA); Chris Champion (MS); Cindy Sims (AK); Cooper Shattuck (AL); David Holt CEA; Doug Domenech (VA); Elizabeth Bluemink (AK); Emily Domenech (TX); Frank Collins (LA); Garret Graves (LA); I'man Robinson (VA); Janie Mason (AK); Jeffrey Jones (AK); Baker, Josh; Haltiwanger, Katherine; Kip Knudson (AK); Kirk Sims (AL); Mark Robbins (AK); Maureen Matsen (VA); Nick Tew (AL); Randall Ruaro (AK); Sara Benhauser (VA); Shana Gooch; Olson, Zoe J (GOV); Michael Whatley
Subject: RE: OCS Gov Letter to President for Review
Attachments: Draft Letter to POTUS FollowUp_070512_REVISED.docx

Follow Up Flag: Follow up
Flag Status: Completed

All,

We're received some initial feedback on the letter and incorporated edits in the third paragraph. Please review the new version attached.

Thank you,

Natalie

From: Natalie Joubert
Sent: Thursday, July 05, 2012 10:10 AM
To: 'Chip Kline (LA)'; 'Chris Champion (MS)'; 'Cindy Sims (AK)'; 'Cooper Shattuck (AL)'; David Holt CEA; 'Doug Domenech (VA)'; 'Elizabeth Bluemink (AK)'; 'Emily Domenech (TX)'; 'Frank Collins (LA)'; 'Garret Graves (LA)'; 'I'man Robinson (VA)'; 'Janie Mason (AK)'; 'Jeffrey Jones (AK)'; 'Josh Baker (SC)'; 'Katherine Haltiwanger (SC)'; 'Kip Knudson (AK)'; 'Kirk Sims (AL)'; 'Mark Robbins (AK)'; 'Maureen Matsen (VA)'; 'Nick Tew (AL)'; 'Randall Ruaro (AK)'; 'Sara Benhauser (VA)'; 'Shana Gooch'; 'Olson, Zoe J (GOV)'; Michael Whatley
Subject: OCS Gov Letter to President for Review

Dear OCS Governors Reps,

Thank you to everyone who participated in last Thursday's monthly OCS Governors Representatives call. For those who were unable to attend, the Coalition *has decided to postpone the July 13th face-to-face meeting in Williamsburg, VA* since a majority of the Coalition members will not be sending their governors nor their staff to the NGA meeting. CEA has already spoken to each of the industry representatives invited to hold a safety briefing, and we hope this email will serve as a cancellation notice to all Coalition members.

On the call, we discussed the possibility of rescheduling the meeting to coincide with the Republican National Convention in Tampa, FL at the end of August. We will be in touch shortly with more information, and in the interim, if you think of an alternative option for a meeting in the next few months, please let us know.

Finally, as we discussed on the call, the Coalition would like to send President Obama a follow-up letter to the March 13th letter (attached). The letter addresses the lack of response on the March 13th letter as well as some new concerns on leasing that we discussed on the call.

Please review the letter and send any edits our way. Once you are comfortable with the language, each state will need to work with Louisiana to finalize autopens. We're aiming for the second or third week of July to release the letter.

Sincerely,

Natalie

Natalie Joubert
Consumer Energy Alliance
1666 K Street, NW Suite 500
Washington, DC 20006
(202) 429-4931 (office)
(202)[redacted](mobile)

CONSUMERENERGYALLIANCE

www.consumerenergyalliance.org

The Honorable Bobby Jindal, Governor of Louisiana (Chair)
The Honorable Sean Parnell, Governor of Alaska
The Honorable Rick Perry, Governor of Texas
The Honorable Phil Bryant, Governor of Mississippi
The Honorable Robert Bentley, Governor of Alabama
The Honorable Nikki Haley, Governor of South Carolina
The Honorable Robert McDonnell, Governor of the Commonwealth of Virginia

July XX, 2012

President Barack Obama
The White House
1600 Pennsylvania Avenue, NW
Washington, DC 20500

Dear Mr. President:

On behalf of all the governors who participate in the Outer Continental Shelf (OCS) Governors Coalition, we would like to inquire about the status of your response to our enclosed letter, dated March 13, 2012, regarding concerns that we have on the status of offshore energy development. Furthermore, we would like to address some questions and concerns that have arisen since we initially sent the March 13th letter.

One of the principal objectives of the Coalition is to advance the dialogue between federal and state officials. Unfortunately, to date no member of the Coalition has received a response from your administration on the March 13th letter, and we are becoming increasingly concerned about the lack of communication from the federal government on critical matters that affect our coastal development.

Specifically, we are concerned that your administration did not properly consult with the coastal states on the Proposed Final Outer Continental Shelf Oil & Natural Gas Leasing Program for 2012-2017 prior to its release by the U.S. Department of the Interior on June 28th. In the plan, the administration fails to expand adequate access to resource-abundant areas in the Arctic and also fails to establish leasing in the Mid- and South-Atlantic. Both of these decisions appear to have been made without proper consultation from the states, as required by the Outer Continental Shelf Lands Act, and without sufficient explanation for the reversal in decision from previous plans. We do not seek to delay or otherwise impair the implementation of the current proposed final leasing program, even with its reduced scope, because it remains the only mechanism for the federal government to continue to offer any OCS lease sales now that the 2007-2012 Program has been completed. But, we continue to ardently desire constructive engagement with the administration to explore ways to expand OCS access in parallel with the 2012-2017 Program.

In the Arctic, the proposed plan allows for only three lease sales in the Arctic OCS – one in the Chukchi Sea, one in Beaufort Sea and one in the Cook Inlet –all of which appear to be postponed by one-year from the date proposed in the draft plan. The final plan further removes millions of acres in the Arctic from leasing in order to form "study areas," raising the likelihood that these Arctic lease sales may never occur. The Department of the Interior did not reach out to the State of Alaska for input on these decisions, as is legally required.

In addition, the proposed plan does not include any leases in the Mid- and South-Atlantic, notwithstanding the fact that a lease sale off Virginia had been included in a previous five-year plan but was cancelled indefinitely without sufficient consultation with the Commonwealth of Virginia. The bipartisan leadership in Virginia has indicated clearly its support for a leasing program in the Atlantic and has thoroughly addressed the administration's concerns about safety and spill containment infrastructure and coordination with military operations in the area.

Finally, the plan does not properly account for the possibility that the U.S. Congress may lift the moratorium in the Eastern Gulf of Mexico prior to 2017. A prudent plan would have included leasing opportunities in the full Eastern Gulf of Mexico in preparation for the possible lifting of the moratorium, as was done in the past administration. By planning for possible lease sales in this area now, the federal government can execute the pre-lease sale procedures and limit the amount of wait time between the end of the moratorium and new lease sales.

Although the federal government is responsible for the development and execution of the offshore leasing plan, states have a meaningful stake in the vitality of the leasing program. Coastal communities benefit significantly from the thousands of jobs and billions of dollars in economic activity generated from offshore energy development, and states in the Gulf of Mexico region depend on shared revenues from offshore production for a multitude of state programs, including coastal management and restoration. Given the high stakes of offshore development for all coastal states, we believe the federal government must abide by its legal responsibility to allow coastal state governors better opportunities to consult on the development of the five-year plan. Failure to do so has led to a highly disappointing 2012-2017 Five-Year Plan that severely limits the ability of the United States to develop new areas offshore, grow our economy, and decrease our dependence on overseas oil.

The Coalition would appreciate a prompt response from your Administration. We look forward to communicating with you soon.

Sincerely,

Enclosed: Letter to President Obama dated March 13, 2012

Baker, Josh

From: Natalie Joubert <NJoubert@hbwresources.com>
Sent: Wednesday, July 11, 2012 10:52 AM
To: Chip Kline (LA); Chris Champion (MS); Cindy Sims (AK); Cooper Shattuck (AL); David Holt CEA; Doug Domenech (VA); Elizabeth Bluemink (AK); Emily Domenech (TX); Frank Collins (LA); Garret Graves (LA); I'man Robinson (VA); Janie Mason (AK); Jeffrey Jones (AK); Baker, Josh; Haltiwanger, Katherine; Kip Knudson (AK); Kirk Sims (AL); Mark Robbins (AK); Maureen Matsen (VA); Nick Tew (AL); Randall Ruaro (AK); Sara Benhauser (VA); Shana Gooch; Olson, Zoe J (GOV); Michael Whatley
Subject: OCS Gov: Updates on POTUS Letter and Tampa
Attachments: OCSGC Letter to President_March 2012_Final.pdf; Draft Letter to POTUS FollowUp_070512_REVISED.docx

Dear OCS Governors Reps,

Thank you for the initial feedback that we have received on the letter to President Obama. I've attached the latest version with all suggested edits. As we discussed, the Coalition would like to release this letter either next week (July 16) or the following (July 23). Please send any edits on the letter by this Friday, July 13th. All autopens should be coordinated with Chip Kline and Frank Collins in Louisiana by next **Wednesday, July 18th.**

For the release, we think it would be optimal for each governor's office to issue a release or to coordinate a joint release. If you could please send David and me *your communications point of contact*, we can help coordinate and hopefully get a little more bunch out of this letter.

Finally, for Tampa it looks like *Tuesday morning, August 27th* would be an optimal time for an OCS Govs reps breakfast meeting. Please let us know your availability ASAP so we can lock down a venue.

Thank you,

Natalie

Natalie Joubert
Consumer Energy Alliance
1666 K Street, NW Suite 500
Washington, DC 20006
(202) 429-4931 (office)
(202) [redacted] mobile)

CONSUMERENERGYALLIANCE

www.consumerenergyalliance.org

From: Natalie Joubert
Sent: Thursday, July 05, 2012 6:14 PM

To: 'Chip Kline (LA)'; 'Chris Champion (MS)'; 'Cindy Sims (AK)'; 'Cooper Shattuck (AL)'; David Holt CEA; 'Doug Domenech (VA)'; 'Elizabeth Bluemink (AK)'; 'Emily Domenech (TX)'; 'Frank Collins (LA)'; 'Garret Graves (LA)'; 'I'man Robinson (VA)'; 'Janie Mason (AK)'; 'Jeffrey Jones (AK)'; 'Josh Baker (SC)'; 'Katherine Haltiwanger (SC)'; 'Kip Knudson (AK)'; 'Kirk Sims (AL)'; 'Mark Robbins (AK)'; 'Maureen Matsen (VA)'; 'Nick Tew (AL)'; 'Randall Ruaro (AK)'; 'Sara Benhauser (VA)'; 'Shana Gooch'; 'Olson, Zoe J (GOV)'; Michael Whatley
Subject: RE: OCS Gov Letter to President for Review

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Sincerely,

Natalie

Natalie Joubert
Consumer Energy Alliance
1666 K Street, NW Suite 500
Washington, DC 20006
(202) 429-4931 (office)
(202)[redacted](mobile)

CONSUMERENERGYALLIANCE

www.consumerenergyalliance.org

The Honorable Bobby Jindal, Governor of Louisiana (Chair)
The Honorable Sean Parnell, Governor of Alaska
The Honorable Rick Perry, Governor of Texas
The Honorable Phil Bryant, Governor of Mississippi
The Honorable Robert Bentley, Governor of Alabama
The Honorable Nikki Haley, Governor of South Carolina
The Honorable Robert McDonnell, Governor of the Commonwealth of Virginia

March 13, 2012

President Barack Obama
The White House
1600 Pennsylvania Avenue NW
Washington, DC 20500

Dear Mr. President:

On behalf of all of the Governors participating in the Outer Continental Shelf (OCS) Governors Coalition, we are writing to inform you of the status of our coalition and to express some concerns we have regarding the status of offshore energy development.

In May 2011, the Governors of Alaska, Louisiana, Mississippi, Texas and Virginia formed the OCS Governors Coalition with the goal of better understanding the promise and potential of offshore energy development. Since its inception, the Governors of Alabama and South Carolina have joined the Coalition.

Specifically, the mission of the Coalition is to improve the potential role of offshore energy production in a comprehensive national energy policy. In addition, the Coalition seeks improved communication with federal officials on offshore resource development and improved overall management and stewardship of coastal resources. We believe these resources could play an important role in job creation, increasing economic activity, mitigating national, state and local government deficits, reducing our foreign trade deficit and putting America on a path to energy independence.

Similar to your recent endorsement of an "all-of-the-above" energy policy, our Coalition embraces the understanding that the United States should develop all of our energy resources – both traditional and renewable sources – to provide our nation with a stable, secure supply of affordable American energy. The soaring cost of fuel further underscores how imperative a comprehensive domestic energy policy is for American families and businesses, particularly at a time of economic recovery.

As we begin a New Year, the Coalition has identified four priorities for 2012 and would like to begin a better dialogue with your Administration in order to address these concerns.

First, the Coalition recognizes that the pace and level of permitting for offshore exploration and production in the Gulf of Mexico and off Alaska must accelerate. We appreciate the safety and regulatory measures implemented by industry and regulators following the *Deepwater Horizon* tragedy in April 2010. Since the incident, delays in permitting, a lack of new permits issued and, in some cases, overly burdensome permit conditions have resulted in dramatically lower investment in U.S. offshore energy – both in comparison to historic levels and to current global norms. While some progress has been made to decrease the average wait time for approvals, we would urge stronger, swifter action. In order to resolve these delays and put our states back to work, the Administration must examine ways to streamline the permitting process and to ensure operators receive permits in a predictable and sustainable way that do not impose onerous, arbitrary conditions that may limit the economic viability of OCS development. This is critical to allow companies to plan their activities and make investment decisions.

Second, the Coalition urges the Administration to expand access to new offshore areas for traditional and renewable energy development. Principally, we remain disappointed by the Administration's failure to include new leasing areas in the Proposed Draft Five-Year Plan for Oil and Gas Leasing for 2012-2017. Despite strong bipartisan support from Virginia, the Administration did not reinstate a lease sale off Virginia. Areas of the Mid- and South-Atlantic and the Eastern Gulf of Mexico contain abundant reserves of oil and natural gas. But with the decision to exclude these areas from consideration where supported by adjacent states, exploration of these frontier areas will not proceed until at least 2018. We urge the Administration to consider more thoroughly the wishes of the affected states when considering offshore leasing plans.

Meanwhile, the Coalition is pleased to see progress on leasing for offshore wind development, including off Virginia's coasts. Other members in the Coalition look forward to similarly exploring the opportunities for offshore wind and tidal energy, and we would appreciate similar cooperation with the Administration on these potential initiatives in the future.

However, we do have concerns that the National Ocean Council (NOC) and its proposed coastal and marine spatial planning will have unintended consequences for all types of energy development, including offshore wind leasing. Before the Council proceeds with its planning program, we urge the Administration to allow for a better understanding of the bureaucratic hurdles that will be erected through this process and for our coalition states to play a more substantial role in NOC recommendations.

Third, the Coalition believes all states that host OCS development off its shores should participate in revenue-sharing associated with offshore energy production. Revenue-sharing provides states with resources to fund coastal restoration and conservation, helping to protect and preserve their coastlines. As an example, Governor Jindal recently released the Louisiana Comprehensive Master Plan for a Sustainable Coast. Funding from future OCS development received by Louisiana through the Gulf of Mexico Energy Security Act of 2006 is critical to protecting citizens from hurricanes and saving Louisiana's coast. As federal and state governments examine opportunities for expanded energy development, we hope the Administration supports efforts to extend revenue-sharing.

Finally, the Coalition seeks updated evaluations on OCS resources. In order to make sound decisions about OCS development, policymakers need current assessments of U.S. offshore energy reserves. Due to advances in technology, the Department of the Interior's estimates for OCS reserves has increased dramatically over the past decade. We believe expanded assessment of offshore resources -- particularly in those areas not currently available for leasing – will allow the federal government and the states to reach more informed policies on the role of the OCS in a comprehensive national energy policy. As you know, the National Petroleum Council (NPC) report "Prudent Development" highlighted the vast oil and natural gas resources in the United States, including the OCS, and described how these resources can be developed safely without harming the environment.

The Coalition seeks to establish mechanisms for consistent dialogue with the Administration on these vital issues, and ways for states to have additional input into these determinations. In addition to improving communication via this Coalition, we would recommend that your Administration reestablish the OCS Policy Committee within the Department of the Interior. The previous Committee, whose charter expired in 2010, allowed participation from all coastal state governors, as well as several federal agencies, the business community, the environmental community and other local constituencies. This type of inclusive, consistent communication will help drive a sound OCS policy.

Improving our collective understanding of domestic offshore energy prospects and finding solutions that benefit all Americans through reduced dependence on overseas energy sources, increased domestic energy production, decreased foreign trade deficit and more domestic employment opportunities will help to ensure a bright future for generations of Americans.

We appreciate your attention to these matters, and the Coalition looks forward to working with your Administration more closely to advance these objectives.

Sincerely,

Governor Bobby Jindal State of Louisiana	Governor Sean Parnell State of Alaska	Governor Nikki R. Haley State of South Carolina
Governor Robert Bentley State of Alabama	Governor Robert McDonnell State of Virginia	Governor Rick Perry State of Texas
Governor Phil Bryant State of Mississippi		

Cc: Secretary of the Interior Kenneth Salazar
Bureau of Safety and Environmental Enforcement Director James Watson
Bureau of Ocean Energy Management Director Tommy Beaudreau
National Oceanic and Atmospheric Administration Director Jane Lubchenco

The Honorable Bobby Jindal, Governor of Louisiana (Chair)
The Honorable Sean Parnell, Governor of Alaska
The Honorable Rick Perry, Governor of Texas
The Honorable Phil Bryant, Governor of Mississippi
The Honorable Robert Bentley, Governor of Alabama
The Honorable Nikki Haley, Governor of South Carolina
The Honorable Robert McDonnell, Governor of the Commonwealth of Virginia

OUTER CONTINENTAL SHELF ★ GOVERNORS COALITION ★

July XX, 2012

The Honorable Barack Obama
The White House
1600 Pennsylvania Avenue, NW
Washington, DC 20500

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The Coalition would appreciate a prompt response from your administration. We look forward to communicating with you soon.

Sincerely,

Enclosed: Letter to President Obama dated March 13, 2012

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From: Natalie Joubert <NJoubert@hbwresources.com>
Sent: Thursday, July 12, 2012 10:46 AM
To: Nick Tew; Chip Kline (LA); Chris Champion (MS); Cindy Sims (AK); Cooper Shattuck (AL); David Holt CEA; Doug Domenech (VA); Elizabeth Bluemink (AK); Emily Domenech (TX); Frank Collins (LA); Garret Graves (LA); I'man Robinson (VA); Janie Mason (AK); Jeffrey Jones (AK); Baker, Josh; Haltiwanger, Katherine; Kip Knudson (AK); Kirk Sims (AL); Mark Robbins (AK); Maureen Matsen (VA); Randall Ruaro (AK); Sara Benhauser (VA); Shana Gooch; Olson, Zoe J (GOV); Michael Whatley
Subject: RE: OCS Gov: Updates on POTUS Letter and Tampa

Yes, the Eastern GOM moratorium is until 2022. The letter is referring to the possibility that the Congress may lift the moratorium prior to the end of the proposed 2012-2017 Five-Year Plan. I will revise to clarify.

Thank you, Nick!

Natalie

From: Nick Tew [mailto:ntew@gsa.state.al.us]
Sent: Thursday, July 12, 2012 10:33 AM
To: Natalie Joubert; Chip Kline (LA); Chris Champion (MS); Cindy Sims (AK); Cooper Shattuck (AL); David Holt CEA; Doug Domenech (VA); Elizabeth Bluemink (AK); Emily Domenech (TX); Frank Collins (LA); Garret Graves (LA); I'man Robinson (VA); Janie Mason (AK); Jeffrey Jones (AK); Josh Baker (SC); Katherine Haltiwanger (SC); Kip Knudson (AK); Kirk Sims (AL); Mark Robbins (AK); Maureen Matsen (VA); Randall Ruaro (AK); Sara Benhauser (VA); Shana Gooch; Olson, Zoe J (GOV); Michael Whatley
Subject: Re: OCS Gov: Updates on POTUS Letter and Tampa

Shouldn't the Eastern GOM moratorium date be 2022 rather than 2017?

Nick

Nick Tew, PhD

Alabama State Geologist and Oil and Gas Supervisor

Geological Survey of Alabama
State Oil and Gas Board of Alabama
P.O. Box 869999
Tuscaloosa, AL 35486-6999

From: Natalie Joubert <NJoubert@hbwresources.com>
To: "Chip Kline (LA)" <Chip.Kline@GOV.STATE.LA.US>, "Chris Champion (MS)" <Chris.Champion@governor.ms.gov>, "Cindy Sims (AK)" <cindy.sims@alaska.gov>, Cooper Shattuck <Cooper.Shattuck@governor.alabama.gov>, David Holt CEA <dholt@consumerenergyalliance.org>, "Doug Domenech (VA)" <Doug.Domenech@governor.virginia.gov>, "Elizabeth Bluemink (AK)" <elizabeth.bluemink@alaska.gov>, "Emily Domenech (TX)"

<emily.domenech@governor.state.tx.us>, "Frank Collins (LA)" <fcollins@gov.state.la.us>, "Garret Graves (LA)" <Garret@GOV.STATE.LA.US>, "I'man Robinson (VA)" <I'man.Robinson@governor.virginia.gov>, "Janie Mason (AK)" <Janice.mason@alaska.gov>, "Jeffrey Jones (AK)" <jeffrey.jones@alaska.gov>, "Josh Baker (SC)" <joshbaker@gov.sc.gov>, "Katherine Haltiwanger (SC)" <KatherineHaltiwanger@gov.sc.gov>, "Kip Knudson (AK)" <kip.knudson@alaska.gov>, "Kirk Sims (AL)" <kirk.sims@governor.ms.gov>, "Mark Robbins (AK)" <mark.robbins@alaska.gov>, "Maureen Matsen (VA)" <Maureen.Matsen@governor.virginia.gov>, Nick Tew <ntew@gsa.state.al.us>, "Randall Ruaro (AK)" <Randall.ruaro@alaska.gov>, "Sara Benhauser (VA)" <Sara.Benghauser@governor.virginia.gov>, Shana Gooch <shana.gooch@governor.state.tx.us>, "Olson, Zoe J (GOV)" <zoe.olson@alaska.gov>, Michael Whatley <MWhatley@hbwresources.com>
Subject: OCS Gov: Updates on POTUS Letter and Tampa

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Natalie Joubert
Consumer Energy Alliance
1666 K Street, NW Suite 500
Washington, DC 20006
(202) 429-4931 (office)
(202) [redacted] (mobile)

CEA
CONSUMERENERGYALLIANCE

www.consumerenergyalliance.org

From: Natalie Joubert
Sent: Thursday, July 05, 2012 6:14 PM
To: 'Chip Kline (LA)'; 'Chris Champion (MS)'; 'Cindy Sims (AK)'; 'Cooper Shattuck (AL)'; David Holt CEA; 'Doug Domenech (VA)'; 'Elizabeth Bluemink (AK)'; 'Emily Domenech (TX)'; 'Frank Collins (LA)'; 'Garret Graves (LA)'; 'I'man Robinson (VA)'; 'Janie Mason (AK)'; 'Jeffrey Jones (AK)'; 'Josh Baker (SC)'; 'Katherine Haltiwanger (SC)'; 'Kip Knudson (AK)'; 'Kirk Sims (AL)'; 'Mark Robbins (AK)'; 'Maureen Matsen (VA)'; 'Nick Tew (AL)'; 'Randall Ruaro (AK)'; 'Sara Benhauser (VA)'; 'Shana

Gooch'; 'Olson, Zoe J (GOV)'; Michael Whatley
Subject: RE: OCS Gov Letter to President for Review

All,

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Thank you,

Natalie

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Sent: Thursday, July 05, 2012 10:10 AM
To: 'Chip Kline (LA)'; 'Chris Champion (MS)'; 'Cindy Sims (AK)'; 'Cooper Shattuck (AL)'; David Holt CEA; 'Doug Domenech (VA)'; 'Elizabeth Bluemink (AK)'; 'Emily Domenech (TX)'; 'Frank Collins (LA)'; 'Garret Graves (LA)'; 'I'man Robinson (VA)'; 'Janie Mason (AK)'; 'Jeffrey Jones (AK)'; 'Josh Baker (SC)'; 'Katherine Haltiwanger (SC)'; 'Kip Knudson (AK)'; 'Kirk Sims (AL)'; 'Mark Robbins (AK)'; 'Maureen Matsen (VA)'; 'Nick Tew (AL)'; 'Randall Ruaro (AK)'; 'Sara Benhauser (VA)'; 'Shana Gooch'; 'Olson, Zoe J (GOV)'; Michael Whatley
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Consumer Energy Alliance
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Washington, DC 20006
(202) 429-4931 (office)
(202) [redacted] (mobile)

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Baker, Josh

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Sent: Friday, July 13, 2012 4:23 PM
To: Chip Kline (LA); Chris Champion (MS); Cindy Sims (AK); Cooper Shattuck (AL); David Holt CEA; Doug Domenech (VA); Elizabeth Bluemink (AK); Emily Domenech (TX); Frank Collins (LA); Garret Graves (LA); I'man Robinson (VA); Janie Mason (AK); Jeffrey Jones (AK); Baker, Josh; Haltiwanger, Katherine; Kip Knudson (AK); Kirk Sims (AL); Mark Robbins (AK); Maureen Matsen (VA); Nick Tew (AL); Randall Ruaro (AK); Sara Benhauser (VA); Shana Gooch; Olson, Zoe J (GOV); Michael Whatley
Subject: Letter Autopens and Tampa Scheduled - Mon, Aug 27
Attachments: Draft Letter to POTUS FollowUp_070512_REVISED.docx

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For those who have agreed to sign, please coordinate with Frank Collins, fcollins@GOV.STATE.LA.US, in Louisiana. Frank is devising a system to accept autopens now and can work with each of you. We are striving to get all autopens finalized by Wednesday, July 18th.

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Please confirm your attendance for Tampa as soon as possible, and we'll be in touch about a potential agenda and other meeting details as well as more info on the communications roll-out for the letter to President Obama.

Thank you, and have a wonderful weekend,

Natalie

From: Natalie Joubert
Sent: Wednesday, July 11, 2012 10:52 AM
To: 'Chip Kline (LA)'; 'Chris Champion (MS)'; 'Cindy Sims (AK)'; 'Cooper Shattuck (AL)'; David Holt CEA; 'Doug Domenech (VA)'; 'Elizabeth Bluemink (AK)'; 'Emily Domenech (TX)'; 'Frank Collins (LA)'; 'Garret Graves (LA)'; 'I'man Robinson (VA)'; 'Janie Mason (AK)'; 'Jeffrey Jones (AK)'; 'Josh Baker (SC)'; 'Katherine Haltiwanger (SC)'; 'Kip Knudson (AK)'; 'Kirk Sims (AL)'; 'Mark Robbins (AK)'; 'Maureen Matsen (VA)'; 'Nick Tew (AL)'; 'Randall Ruaro (AK)'; 'Sara Benhauser (VA)'; 'Shana Gooch'; 'Olson, Zoe J (GOV)'; Michael Whatley
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Subject: RE: OCS Gov Letter to President for Review

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The Honorable Bobby Jindal, Governor of Louisiana (Chair)
The Honorable Sean Parnell, Governor of Alaska
The Honorable Rick Perry, Governor of Texas
The Honorable Phil Bryant, Governor of Mississippi
The Honorable Robert Bentley, Governor of Alabama
The Honorable Nikki Haley, Governor of South Carolina
The Honorable Robert McDonnell, Governor of the Commonwealth of Virginia

OUTER CONTINENTAL SHELF ★ GOVERNORS COALITION ★

July XX, 2012

The Honorable Barack Obama
The White House
1600 Pennsylvania Avenue, NW
Washington, DC 20500

Dear Mr. President:

On behalf of all the governors who participate in the Outer Continental Shelf (OCS) Governors Coalition, we would like to inquire about the status of your response to our enclosed letter, dated March 13, 2012, regarding concerns that we have on energy development. Furthermore, we would like to address some questions and concerns that have arisen since we initially sent the March 13th letter.

One of the principal objectives of the Coalition is to advance the dialogue between federal and state officials. Unfortunately, to date no member of the Coalition has received a response from your administration on the March 13th letter, and we are becoming increasingly concerned about the lack of communication from the federal government on critical matters that affect our coastal development.

Specifically, we are concerned that your administration did not properly consult with the coastal states on the Proposed Final Outer Continental Shelf Oil and Natural Gas Leasing Program for 2012-2017 prior to its release by the U.S. Department of the Interior on June 28th. In the plan, the administration fails to expand adequate access to resource-abundant areas in the Arctic and fails to establish leasing in the Mid- and South-Atlantic. Both of these decisions appear to have been made without proper consultation from the states, as required by the Outer Continental Shelf Lands Act, and without sufficient explanation for the reversal in decision from previous plans. We do not seek to delay or otherwise impair the implementation of the current proposed final leasing program, even with its reduced scope, because it remains the only mechanism for the federal government to continue to offer any OCS lease sales now that the 2007-2012 Program has been issued. But, we continue to ardently desire constructive engagement with the administration to explore ways to expand OCS access in parallel with the 2012-2017 Program.

In the Arctic, the proposed plan allows for only three lease sales in the Arctic OCS – one in the Chukchi Sea, one in Beaufort Sea and one in the Cook Inlet –all of which appear to be postponed by one-year from the date proposed in the draft plan. The final plan further removes millions of acres in the Arctic from leasing in order to form "study areas," raising the likelihood that these Arctic lease sales may never occur. The Department of the Interior did not reach out to the State of Alaska for input on these decisions, as is legally required.

In addition, the proposed plan does not include any leases in the Mid- and South-Atlantic, notwithstanding the fact that a lease sale off Virginia had been included in a previous five-year plan but was cancelled indefinitely without sufficient consultation with the Commonwealth of Virginia. The bipartisan leadership in Virginia has indicated clearly its support for a leasing program in the Atlantic and has thoroughly addressed the administration's concerns about safety and spill containment infrastructure and coordination with military operations in the area.

Finally, the plan does not properly account for the possibility that the U.S. Congress may lift the moratorium in the Eastern Gulf of Mexico prior to the end of this five-year plan. A prudent plan would have included leasing opportunities in the full Eastern Gulf of Mexico in preparation for the possible lifting of the moratorium, as was done in the past administration. By planning for possible lease sales in this area now, the federal government could have executed the pre-lease sale procedures and limited the amount of wait time between the end of the moratorium and new lease sales.

Although the federal government is responsible for the development and execution of the offshore leasing plan, states have a meaningful stake in the vitality of the leasing program. Coastal communities benefit significantly from the thousands of jobs and billions of dollars in economic activity generated from offshore energy development, and states in the Gulf of Mexico region depend on shared revenues from offshore production for a multitude of state programs, including coastal management and restoration. Given the high stakes of offshore development for all coastal states, we believe the federal government must abide by its legal responsibility to allow coastal state governors better opportunities to consult on the development of the five-year plan. Failure to do so has led to a highly disappointing 2012-2017 Five-Year Plan that severely limits the ability of the United States to develop new areas offshore, grow our economy, and decrease our dependence on overseas oil.

The Coalition would appreciate a prompt response from your administration. We look forward to communicating with you soon.

Sincerely,

Enclosed: Letter to President Obama dated March 13, 2012

Baker, Josh

From: Natalie Joubert <NJoubert@hbwresources.com>
Sent: Wednesday, July 18, 2012 3:26 PM
To: Haltiwanger, Katherine; Baker, Josh
Cc: Chip Kline (LA); Frank Collins (Coastal); David Holt
Subject: RE: Letter Autopens and Tampa Scheduled - Mon, Aug 27

Hi Katherine,

Thank you. I'm copying Frank and Chip in Louisiana who will be coordinating the autopens.

Best,

Natalie

From: Haltiwanger, Katherine [mailto:KatherineHaltiwanger@gov.sc.gov]
Sent: Wednesday, July 18, 2012 3:18 PM
To: Natalie Joubert; Baker, Josh
Subject: RE: Letter Autopens and Tampa Scheduled - Mon, Aug 27

The letter is approved as is.

Thanks,

Katherine Haltiwanger
Deputy Chief of Staff-Operations
Governor Nikki R. Haley
1205 Pendleton Street
Columbia, SC 29201
direct: 803.734.5150
fax: 803.734.5167

From: Natalie Joubert [mailto:NJoubert@hbwresources.com]
Sent: Tuesday, July 17, 2012 11:44 AM
To: Haltiwanger, Katherine; Baker, Josh
Subject: RE: Letter Autopens and Tampa Scheduled - Mon, Aug 27

Hi Katherine and Josh,

Any word if Governor Haley is ready to sign the OCS Governors letter? Alaska and Texas have signed, and Virginia and Louisiana are looking to finalize approvals today. We're shooting to get this letter out the door by the end of the week.

Please let me know if you have any further edits.

Thank you, and hope all is well,

Natalie

From: Natalie Joubert
Sent: Friday, July 13, 2012 4:23 PM
To: 'Chip Kline (LA)'; 'Chris Champion (MS)'; 'Cindy Sims (AK)'; 'Cooper Shattuck (AL)'; David Holt CEA; 'Doug Domenech (VA)'; 'Elizabeth Bluemink (AK)'; 'Emily Domenech (TX)'; 'Frank Collins (LA)'; 'Garret Graves (LA)'; 'I'man Robinson (VA)'; 'Janie Mason (AK)'; 'Jeffrey Jones (AK)'; 'Josh Baker (SC)'; 'Katherine Haltiwanger (SC)'; 'Kip Knudson (AK)'; 'Kirk Sims (AL)'; 'Mark Robbins (AK)'; 'Maureen Matsen (VA)'; 'Nick Tew (AL)'; 'Randall Ruaro (AK)'; 'Sara Benhauser (VA)'; 'Shana Gooch'; 'Olson, Zoe J (GOV)'; Michael Whatley
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Subject: Update on OCS Governor Letter: Timing on Release
Attachments: Draft Letter to POTUS FollowUp_070512_REVISED.docx

Dear OCS Governors Reps,

Thank you to everyone who has reviewed and approved the attached letter to President Obama. Louisiana is in receipt of all of the autopens and is working currently to approve, format and finalize the letter. Louisiana anticipates that the letter will be finalized late this week or by Monday, July 30. Frank Collins will circulate an update to this group when specific information on the timing is available.

As many of you are aware, Jennifer Dlouhy at *Houston Chronicle* and *Fuel Fix* has requested an exclusive on the letter. In order to guarantee the exclusive and ensure good media coverage of the letter, we ask that Coalition members do not circulate the attached to the media until after Governor Jindal's office has confirmed its sending.

If you have any questions about the timing of the release, please reach out to Frank Collins (fcollins@gov.state.la.us).

Thank you,

Natalie

Natalie Joubert
Consumer Energy Alliance
1666 K Street, NW Suite 500
Washington, DC 20006
(202) 429-4931 (office)
(202)[redacted](mobile)

CONSUMERENERGYALLIANCE

www.consumerenergyalliance.org

The Honorable Bobby Jindal, Governor of Louisiana (Chair)
The Honorable Sean Parnell, Governor of Alaska
The Honorable Rick Perry, Governor of Texas
The Honorable Phil Bryant, Governor of Mississippi
The Honorable Robert Bentley, Governor of Alabama
The Honorable Nikki Haley, Governor of South Carolina
The Honorable Robert McDonnell, Governor of the Commonwealth of Virginia

July XX, 2012

The Honorable Barack Obama
The White House
1600 Pennsylvania Avenue, NW
Washington, DC 20500

Dear Mr. President:

On behalf of all the governors who participate in the Outer Continental Shelf (OCS) Governors Coalition, we would like to inquire about the status of your response to our enclosed letter, dated March 13, 2012, regarding concerns that we have on energy development. Furthermore, we would like to address some questions and concerns that have arisen since we initially sent the March 13th letter.

One of the principal objectives of the Coalition is to advance the dialogue between federal and state officials. Unfortunately, to date no member of the Coalition has received a response from your administration on the March 13th letter, and we are becoming increasingly concerned about the lack of communication from the federal government on critical matters that affect our coastal development.

Specifically, we are concerned that your administration did not properly consult with the coastal states on the Proposed Final Outer Continental Shelf Oil and Natural Gas Leasing Program for 2012-2017 prior to its release by the U.S. Department of the Interior on June 28th. In the plan, the administration fails to expand adequate access to resource-abundant areas in the Arctic and fails to establish leasing in the Mid- and South-Atlantic. Both of these decisions appear to have been made without proper consultation from the states, as required by the Outer Continental Shelf Lands Act, and without sufficient explanation for the reversal in decision from previous plans. We do not seek to cause further delay or otherwise impair the implementation of the current proposed final leasing program, even with its reduced scope, because it remains the only mechanism for the federal government to continue to offer any OCS lease sales now that the 2012-2017 program has been issued. But we continue to ardently desire constructive engagement with the administration to explore ways to expand OCS access in parallel with the 2012-2017 Program.

In the Arctic, the proposed plan allows for only three lease sales in the Arctic OCS – one in the Chukchi Sea, one in Beaufort Sea, and one in the Cook Inlet –all of which appear to be postponed by one-year from the date proposed in the draft plan. The final plan further removes millions of acres in the Arctic from leasing in order to form "study areas," raising the likelihood that these Arctic lease sales may never occur. The Department of the Interior did not reach out to the State of Alaska for input on these decisions, as is legally required.

In addition, the proposed plan does not include any leases in the Mid- and South-Atlantic, notwithstanding the fact that a lease sale off Virginia had been included in a previous five-year plan but was cancelled indefinitely without sufficient consultation with the Commonwealth of Virginia. The bipartisan leadership in Virginia has indicated clearly its support for a leasing program in the Atlantic and has thoroughly addressed the administration's concerns about safety and spill containment infrastructure and coordination with military operations in the area.

Finally, the plan does not properly account for the possibility of expediting and expanding the lease sale schedule in the Gulf of Mexico to prior to the end of this five-year plan. Lease sale delays associated with the BP oil spill have caused the Gulf States to lose anticipated Gulf of Mexico Energy Security Act funding. By expediting and expanding possible lease sales in this area now, the Department of the Interior can execute pre-lease sale procedures and limit the amount of wait time between the new lease sales.

We believe that the federal government must abide by its legal responsibility to allow coastal state governors better opportunities to consult on the development and mitigation of the five-year plan. Failure to do so has led to a highly disappointing 2012-2017 Five-Year Plan that severely limits the ability of the United States to develop new areas offshore, grow our economy, and decrease our dependence on overseas oil.

The Coalition would appreciate a prompt response from your administration. We look forward to communicating with you soon.

Sincerely,

Enclosed: Letter to President Obama dated March 13, 2012

Baker, Josh

From: Natalie Joubert <NJoubert@hbwresources.com>
Sent: Wednesday, August 01, 2012 9:29 AM
To: Chip Kline (LA); Chris Champion (MS); Cindy Sims (AK); Cooper Shattuck (AL); David Holt CEA; Doug Domenech (VA); Elizabeth Bluemink (AK); Emily Domenech (TX); Frank Collins (LA); Garret Graves (LA); I'man Robinson (VA); Janie Mason (AK); Jeffrey Jones (AK); Jill Boxer (AL); Baker, Josh; Haltiwanger, Katherine; Kip Knudson (AK); Kirk Sims (AL); Mark Robbins (AK); Maureen Matsen (VA); Natalie Joubert; Nick Tew (AL); Randall Ruaro (AK); Sara Benhauser (VA); Shana Gooch (TX); Martin, Tucker (GOV); sharon.leighow@alaska.gov
Subject: Update on OCS Governors Letter
Attachments: 7-31-12 OCS Letter GBJ Final.docx

Importance: High

Dear OCS Governors Coalition Reps,

Louisiana has just made some suggested edits to the letter to President Obama and would like to ensure all governors approve the changes prior to the letter's finalization and sending. **The only substantive changes are the paragraph referencing the Gulf of Mexico at the top of page 2.**

Once we receive approval of these changes, Louisiana will finalize and send. Jennifer Dlouhy at the *Houston Chronicle* has requested an exclusive on the story and will likely issue an article the day the letter is released.

Please review and send approvals and edits to Frank Collins. We hope to issue this letter in the next two days.

Thank you, and apologies on the delay in updating the group,

Natalie

From: Frank Collins (Coastal) [mailto:fcollins@GOV.STATE.LA.US]
Sent: Tuesday, July 31, 2012 8:53 PM
To: Natalie Joubert; David Holt
Cc: Chip Kline
Subject: OCS Letter

David / Natalie –

Here's the approved letter from our office. The edits are highlighted. Can you ship it to the rest of the OCS Members to make sure everyone's OK with the edits and I'm authorized to add the autopens in?

Frank

The Honorable Bobby Jindal, Governor of Louisiana (Chair)
The Honorable Sean Parnell, Governor of Alaska
The Honorable Rick Perry, Governor of Texas
The Honorable Phil Bryant, Governor of Mississippi
The Honorable Robert Bentley, Governor of Alabama
The Honorable Nikki Haley, Governor of South Carolina
The Honorable Robert McDonnell, Governor of the Commonwealth of Virginia

July XX, 2012

President Barack Obama
The White House
1600 Pennsylvania Avenue, NW
Washington, DC 20500

Dear Mr. President:

On behalf of all the governors who participate in the Outer Continental Shelf (OCS) Governors Coalition, we would like to inquire about the status of your response to our enclosed letter, dated March 13, 2012, regarding concerns that we have on the status of offshore energy development. Furthermore, we would like to address some questions and concerns that have arisen since we initially sent the March 13th letter.

One of the principal objectives of the Coalition is to advance the dialogue between federal and state officials. Unfortunately, to date no member of the Coalition has received a response from your administration on the March 13th letter, and we are becoming increasingly concerned about the lack of communication from the federal government on critical matters that affect our coastal development.

Specifically, we are concerned that your administration did not properly consult with the coastal states on the Proposed Final Outer Continental Shelf Oil & Natural Gas Leasing Program for 2012-2017 prior to its release by the U.S. Department of the Interior on June 28th. In the plan, the administration fails to expand adequate access to resource-abundant areas in the Arctic and also fails to establish leasing in the Mid- and South-Atlantic. Both of these decisions appear to have been made without proper consultation from the states, as required by the Outer Continental Shelf Lands Act, and without sufficient explanation for the reversal in decision from previous plans. We do not seek to delay or otherwise impair the implementation of the current proposed final leasing program, even with its reduced scope, because it remains the only mechanism for the federal government to continue to offer any OCS lease sales now that the 2007-2012 Program has been completed. But, we continue to ardently desire constructive engagement with the administration to explore ways to expand OCS access in parallel with the 2012-2017 Program.

In the Arctic, the proposed plan allows for only three lease sales in the Arctic OCS – one in the Chukchi Sea, one in Beaufort Sea and one in the Cook Inlet –all of which appear to be postponed by one-year from the date proposed in the draft plan. The final plan further removes millions of acres in the Arctic from leasing in order to form "study areas," raising the likelihood that these Arctic lease sales may never occur. The Department of the Interior did not reach out to the State of Alaska for input on these decisions, as is legally required.

In addition, the proposed plan does not include any leases in the Mid- and South-Atlantic, notwithstanding the fact that a lease sale off Virginia had been included in a previous five-year plan but was cancelled indefinitely without sufficient consultation with the Commonwealth of Virginia. The bipartisan leadership in Virginia has indicated clearly its support for a leasing program in the Atlantic and has thoroughly addressed the administration's concerns about safety and spill containment infrastructure and coordination with military operations in the area.

Finally, the plan does not properly account for the possibility that the U.S. Congress may lift the moratorium in the Eastern Gulf of Mexico prior to 2017. A prudent plan would have included leasing opportunities in the full Eastern Gulf of Mexico in preparation for the possible lifting of the moratorium, as was done in the past administration. By planning for possible lease sales in this area now, the federal government can execute the pre-lease sale procedures and limit the amount of wait time between the end of the moratorium and new lease sales.

Although the federal government is responsible for the development and execution of the offshore leasing plan, states have a meaningful stake in the vitality of the leasing program. Coastal communities benefit significantly from the thousands of jobs and billions of dollars in economic activity generated from offshore energy development, and states in the Gulf of Mexico region depend on shared revenues from offshore production for a multitude of state programs, including coastal management and restoration. Given the high stakes of offshore development for all coastal states, we believe the federal government must abide by its legal responsibility to allow coastal state governors better opportunities to consult on the development of the five-year plan. Failure to do so has led to a highly disappointing 2012-2017 Five-Year Plan that severely limits the ability of the United States to develop new areas offshore, grow our economy, and decrease our dependence on overseas oil.

The Coalition would appreciate a prompt response from your Administration. We look forward to communicating with you soon.

Sincerely,

Enclosed: Letter to President Obama dated March 13, 2012

Baker, Josh

From: Natalie Joubert <NJoubert@hbwresources.com>
Sent: Thursday, August 02, 2012 4:09 PM
To: Cooper Shattuck (AL); Nick Tew (AL); Kirk Sims (AL); Chris Champion (MS); Baker, Josh; Haltiwanger, Katherine; Kip Knudson (AK); Cindy Sims (AK)
Cc: Chip Kline (LA); Frank Collins (LA)
Subject: RE: Update on OCS Governors Letter
Attachments: 7-31-12 OCS Letter GBJ Final.docx

All,

As mentioned in the note from yesterday, Louisiana has suggested some changes for approval by the group. Virginia and Texas have approved the changes, and we would appreciate it if you could review the letter (attached and below) at your earliest convenience.

If the text is approved by your office, please confirm with Frank and Chip (cc'd). They are in receipt of all the autopens and can finalize the letter.

Thank you,

Natalie

From: Natalie Joubert
Sent: Wednesday, August 01, 2012 9:29 AM
To: 'Chip Kline (LA)'; 'Chris Champion (MS)'; 'Cindy Sims (AK)'; 'Cooper Shattuck (AL)'; David Holt CEA; 'Doug Domenech (VA)'; 'Elizabeth Bluemink (AK)'; 'Emily Domenech (TX)'; 'Frank Collins (LA)'; 'Garret Graves (LA)'; 'I'man Robinson (VA)'; 'Janie Mason (AK)'; 'Jeffrey Jones (AK)'; 'Jill Boxer (AL)'; 'Josh Baker (SC)'; 'Katherine Haltiwanger (SC)'; 'Kip Knudson (AK)'; 'Kirk Sims (AL)'; 'Mark Robbins (AK)'; 'Maureen Matsen (VA)'; 'Natalie Joubert (CEA)'; 'Nick Tew (AL)'; 'Randall Ruaro (AK)'; 'Sara Benhauser (VA)'; 'Shana Gooch (TX)'; 'Martin, Tucker (GOV)'; sharon.leighow@alaska.gov
Subject: Update on OCS Governors Letter
Importance: High

Dear OCS Governors Coalition Reps,

Louisiana has just made some suggested edits to the letter to President Obama and would like to ensure all governors approve the changes prior to the letter's finalization and sending. **The only substantive changes are the paragraph referencing the Gulf of Mexico at the top of page 2.**

Once we receive approval of these changes, Louisiana will finalize and send. Jennifer Dlouhy at the *Houston Chronicle* has requested an exclusive on the story and will likely issue an article the day the letter is released.

Please review and send approvals and edits to Frank Collins. We hope to issue this letter in the next two days.

Thank you, and apologies on the delay in updating the group,

Natalie

From: Frank Collins (Coastal) [mailto:fcollins@GOV.STATE.LA.US]
Sent: Tuesday, July 31, 2012 8:53 PM
To: Natalie Joubert; David Holt
Cc: Chip Kline
Subject: OCS Letter

David / Natalie –

Here's the approved letter from our office. The edits are highlighted. Can you ship it to the rest of the OCS Members to make sure everyone's OK with the edits and I'm authorized to add the autopens in?

Frank

The Honorable Bobby Jindal, Governor of Louisiana (Chair)
The Honorable Sean Parnell, Governor of Alaska
The Honorable Rick Perry, Governor of Texas
The Honorable Phil Bryant, Governor of Mississippi
The Honorable Robert Bentley, Governor of Alabama
The Honorable Nikki Haley, Governor of South Carolina
The Honorable Robert McDonnell, Governor of the Commonwealth of Virginia

August XX, 2012

The Honorable Barack Obama
The White House
1600 Pennsylvania Avenue, NW
Washington, DC 20500

Dear Mr. President:

On behalf of all the governors who participate in the Outer Continental Shelf (OCS) Governors Coalition, we would like to inquire about the status of your response to our enclosed letter, dated March 13, 2012, regarding concerns that we have on offshore energy development. Furthermore, we would like to address some questions and concerns that have arisen since we initially sent the March 13th letter.

One of the principal objectives of the Coalition is to advance the dialogue between federal and state officials. Unfortunately, to date no member of the Coalition has received a response from your administration on the March 13th letter, and we are becoming increasingly concerned about the lack of communication from the federal government on critical matters that affect our coastal development.

Specifically, we are concerned that your administration did not properly consult with the coastal states on the Proposed Final Outer Continental Shelf Oil and Natural Gas Leasing Program for 2012-2017 prior to its release by the U.S. Department of the Interior on June 28th. In the plan, the administration fails to expand adequate access to resource-abundant areas in the Arctic and fails to establish leasing in the Mid- and South-Atlantic. Both of these decisions appear to have been made without proper consultation from the states, as required by the Outer Continental Shelf Lands Act, and without sufficient explanation for the reversal in decision from previous plans. We do not seek to cause further delay or otherwise impair the implementation of the current proposed final leasing program, even with its reduced scope, because it remains the only mechanism for the federal government to continue to offer any OCS lease sales now that the 2012-2017 Program has been issued. But, we continue to ardently desire constructive engagement with the administration to explore ways to expand OCS access in parallel with the 2012-2017 Program.

In the Arctic, the proposed plan allows for only three lease sales – one in the Chukchi Sea, one in the Beaufort Sea, and one in the Cook Inlet –all of which appear to be postponed by one year from the date proposed in the draft plan. The final plan further removes millions of acres in the Arctic from leasing in order to form "study areas," raising the likelihood that these Arctic lease sales may never occur. The Department of the Interior did not reach out to the State of Alaska for input on these decisions, as is legally required.

In addition, the proposed plan does not include any leases in the Mid- and South-Atlantic, notwithstanding the fact that a lease sale off Virginia had been included in a previous five-year plan but was cancelled indefinitely without sufficient consultation with the Commonwealth of Virginia. The bipartisan leadership in Virginia has indicated clearly its support for a leasing program in the Atlantic and has thoroughly addressed the administration's concerns about safety and spill containment infrastructure and coordination with military operations in the area.

Finally, the plan does not properly account for the possibility of expediting and expanding the lease sale schedule in the Gulf of Mexico prior to the end of the five-year plan. Lease sale delays associated with the BP oil spill have caused the Gulf States to lose anticipated Gulf of Mexico Energy Security Act funding. By expediting and expanding possible lease sales in this area now, the Department of the Interior can execute pre-lease sale procedures and limit the amount of wait time between the new lease sales.

We believe that the federal government must abide by its legal responsibility to allow coastal state governors better opportunities to consult on the development and mitigation of the five-year plan. Failure to do so has led to a highly disappointing 2012-2017 Program that severely limits the ability of the United States to develop new areas offshore, grow our economy, and decrease our dependence on overseas oil.

The Coalition would appreciate a prompt response from your administration. We look forward to communicating with you soon.

Sincerely,

Enclosed: Letter to President Obama dated March 13, 2012

Baker, Josh

From: Natalie Joubert <NJoubert@hbwresources.com>
Sent: Tuesday, August 07, 2012 10:32 AM
To: Haltiwanger, Katherine; Frank Collins (Coastal); Chip Kline
Cc: Baker, Josh
Subject: RE: SC Approval of the OCS Governor Coalition Letter

Katherine,

Can you affirm from our conversation that Gov. Haley has approved the letter? Always best to have these conversations in writing.

We'll be in touch later today or tomorrow about the timing of the letter's release.

Thank you,
Natalie

From: Haltiwanger, Katherine [mailto:KatherineHaltiwanger@gov.sc.gov]
Sent: Tuesday, August 07, 2012 9:59 AM
To: Frank Collins (Coastal); Natalie Joubert; Chip Kline
Cc: Baker, Josh
Subject: RE: SC Approval of the OCS Governor Coalition Letter

Please see attached.

Thanks,
Katherine

From: Frank Collins (Coastal) [mailto:fcollins@GOV.STATE.LA.US]
Sent: Tuesday, August 07, 2012 9:56 AM
To: Natalie Joubert; Chip Kline
Cc: Haltiwanger, Katherine; Baker, Josh
Subject: RE: SC Approval of the OCS Governor Coalition Letter

Josh / Katherine – can you send me an e-version of the Governor's signature I can add to the letter?

Thanks!

Frank

From: Natalie Joubert [mailto:NJoubert@hbwresources.com]
Sent: Tuesday, August 07, 2012 8:56 AM
To: Frank Collins (Coastal); Chip Kline
Cc: Katherine Haltiwanger (SC); Josh Baker (SC)
Subject: SC Approval of the OCS Governor Coalition Letter

Frank and Chip -

I just spoke Katherine in Governor Haley's office, and South Carolina has approved the edited version of the OCS Governors letter. Please connect with Josh and Katherine if there is anything else that you need to move forward with the letter.

Thank you,

Natalie

Natalie Joubert
Consumer Energy Alliance
1666 K Street, NW Suite 500
Washington, DC 20006
(202) 429-4931 (office)
(202) [redacted] (mobile)

CONSUMERENERGYALLIANCE

www.consumerenergyalliance.org

Baker, Josh

From: Natalie Joubert <NJoubert@hbwresources.com>
Sent: Thursday, August 09, 2012 5:03 PM
To: Chip Kline (LA); Chris Champion (MS); Cindy Sims (AK); Cooper Shattuck (AL); David Holt CEA; Doug Domenech (VA); Elizabeth Bluemink (AK); Emily Domenech (TX); Frank Collins (LA); Garret Graves (LA); I'man Robinson (VA); Janie Mason (AK); Jeffrey Jones (AK); Mims, Vickie; Baker, Josh; Haltiwanger, Katherine; Kip Knudson (AK); Kirk Sims (MS); Mark Robbins (AK); Maureen Matsen (VA); Nick Tew (AL); Randall Ruaro (AK); Sara Benhauser (VA); Shana Gooch (TX)
Subject: OCSGC Media & Info on Tampa Mtg Aug. 27

Dear OCS Governors Reps,

In addition to the *Houston Chronicle* and *Fuel Fix* articles on the OCS Governors letter, it appears *The Hill* and *Politico* (Morning Energy) picked up the story as well. *The Hill* piece is below, and all of the articles are hyperlinked in this email.

On a second item, as a reminder, we have scheduled the next OCS Governors Coalition representatives meeting in **Tampa, FL** for **Monday, August 27th at 12pm ET**. The meeting will take place at the Holiday Inn Express, Tampa Rocky Point (3025 North Rocky Point Drive East, Tampa, Florida 33607). The venue is a ten-minute drive from Tampa International Airport and about a fifteen-minute drive from the Tampa Bay Times Forum (GOP Convention).

I have received confirmation that reps from Texas and Virginia will attend, and Governor Scott's energy policy advisor, Mary Bane, has confirmed to attend the meeting to evaluate Florida's potential to join the Coalition.

Please let me know if you or any of your colleagues will be attending. We will have a catered lunch available. An agenda for the meeting will be circulated soon.

Thank you,

Natalie

Natalie Joubert
Consumer Energy Alliance
1666 K Street, NW Suite 500
Washington, DC 20006
(202) 429-4931 (office)
(202)[redacted](mobile)

GOP govs, green groups press Obama on drilling

By Ben Geman - 08/09/12 02:30 PM ET

The Obama administration is facing fresh political criticism from the right and the left over its offshore drilling policies.

Seven GOP governors from coastal states, in a new letter to President Obama, say the federal 2012-2017 oil-and-gas leasing plan is far too modest, and accuse President Obama of largely freezing them out of its development.

The Republicans, under the umbrella of the Outer Continental Shelf Governors Coalition, attack the plan for keeping the Atlantic Coast off-limits to drilling, and also allege the scope and pace of leasing in Arctic waters off Alaska's coast is too modest.

"We believe that the federal government must abide by its legal responsibility to allow coastal-state governors better opportunities to consult on the development and mitigation of the five-year plan," states the letter from the governors of Louisiana, Alabama, Alaska, South Carolina, Texas, Virginia and Mississippi.

"Failure to do so has led to a highly disappointing 2012-2017 Five-Year Plan that severely limits the ability of the United States to develop new areas offshore, grow our economy and decrease our dependence on overseas oil," adds the letter on the Interior Department's plan.

The Aug. 8 letter also states that the plan failed to "properly account for the possibility of expediting and expanding the lease sale schedule in the Gulf of Mexico."

Over a dozen environmental groups, meanwhile, are putting renewed pressure on Interior Secretary Ken Salazar not to allow Royal Dutch Shell to begin planned exploratory drilling in Arctic seas off Alaska's coast this summer.

The oil giant hopes to soon commence long-planned, long-delayed exploratory drilling in the Beaufort and Chukchi seas.

But the green groups, in a letter to Salazar on Thursday, say a series of recent events "call into further question the company's ability to drill safely in the Arctic."

The include Shell's request for the Environmental Protection Agency to relax air pollution permits for drillship emissions, the July incident in which the Noble Discoverer drillship slipped its mooring and nearly ran aground in Dutch Harbor, and activists' concerns about Shell's oil spill containment barge.

"The bottom line is that Shell is not living up to its promises and is trying to drill this summer even while serious problems remain, including the persistence of hazardous icy conditions in the Arctic. In light of the significant missing scientific information, lack of preparedness and Shell's broken promises, we urge you to deny Shell its [drilling permits] for Arctic drilling this season," states the letter from the Alaska Wilderness League, the Center for Biological Diversity, CREDO Action, Defenders of Wildlife, Greenpeace, the National Audubon Society and other groups.

http://thehill.com/blogs/e2-wire/e2-wire/242971-gop-govs-green-groups-press-obama-on-drilling

Baker, Josh

From: Natalie Joubert <NJoubert@hbwresources.com>
Sent: Thursday, August 09, 2012 7:39 AM
To: Chip Kline (LA); Chris Champion (MS); Cindy Sims (AK); Cooper Shattuck (AL); Doug Domenech (VA); Elizabeth Bluemink (AK); Emily Domenech (TX); Garret Graves (LA); I'man Robinson (VA); Janie Mason (AK); Jeffrey Jones (AK); Baker, Josh; Haltiwanger, Katherine; Kip Knudson (AK); Kirk Sims (MS); Mark Robbins (AK); Maureen Matsen (VA); Nick Tew (AL); Randall Ruaro (AK); Sara Benhauser (VA); Shana Gooch (TX); Martin, Tucker (GOV); sharon.leighow@alaska.gov; Allison Castle; Catherine Frazier
Cc: David Holt; Frank Collins (Coastal)
Subject: OCS Gov Letter in Houston Chron/Fuel Fix

All –

Please see the article on the OCS Gov letters below and at the following links. Note, *Fuel Fix*, the *Chronicle's* energy blog, contains a copy of the letter.

http://www.chron.com/business/article/GOP-governors-decry-limited-role-in-offshore-3774024.php

http://fuelfix.com/blog/2012/08/09/coastal-governors-decry-limited-role-in-offshore-drilling-plan/

I noticed that Jennifer incorrectly cited that there are nine governors in the Coalition, but the article proceeds to list each of the seven members.

Please let me know if you have any questions.

Thank you,
Natalie

GOP governors decry limited role in offshore planning

By Jennifer A. Dlouhy

Published 10:15 p.m., Wednesday, August 8, 2012

WASHINGTON - The Obama administration ignored the wishes of coastal leaders when assembling a plan for offshore drilling near their shores, a group of Republican governors from Texas, Louisiana and other states says.

In a letter to President Barack Obama Wednesday and obtained exclusively by Hearst Newspapers, the pro-drilling governors say they are "concerned about the lack of communication from the federal government on critical matters that affect our coastal development."

In particular, the group complains that the Interior Department did not consult properly with coastal states on a plan for selling offshore oil and gas drilling leases from 2012-2017 before completing the plan in June.

The five-year offshore lease plan focuses on allowing oil and gas development in already-explored areas of the Gulf of Mexico and the Arctic, while ruling out lease sales in Atlantic waters, despite pressure from some Virginia officials eager for exploration off state shores.

The administration's program sets up 12 Gulf of Mexico lease sales as well as the possibility of three auctions for rights to drill in waters near Alaska.

The nine governors who wrote Obama on Wednesday under the umbrella of the year-old Outer Continental Shelf Governors Coalition called that drilling plan anemic.

"The administration fails to expand adequate access to resource-abundant areas in the Arctic and fails to establish leasing in the Mid- and South-Atlantic," the group said. And Arctic lease sales "may never occur," the governors said, because the government is requiring further study of that area.

Under the administration's targeted-leasing approach to Arctic and Alaskan waters, federal regulators will decide what acreage to put on the auction block after studying possible effects on wildlife and the indigenous communities that depend on whaling and fishing for food.

The governors also complained that the final lease plan only includes 12 Gulf auctions, even though several sales were delayed after the 2010 oil spill. Gulf Coast states claim a share of federal royalty revenue for oil and gas produced near their shores.

Signers were Govs. Rick Perry of Texas, Sean Parnell of Alaska, Bobby Jindal of Louisiana, Phil Bryant of Mississippi, Robert Bentley of Alabama, Nikki Haley of South Carolina and Robert McDonnell of Virginia.

Interior Department

Interior Department spokeswoman Kate Kelly rejected the governors' complaint about poor consultation.

"In developing the five-year program, Interior conducted outreach and sought input from all 50 states, tribes and other stakeholders," Kelly said.

Tommy Beaudreau, the head of the Bureau of Ocean Energy Management that assembled the leasing program, told Congress in May that his agency conducted public hearings in Gulf Coast states, Washington, and across Alaska's North Slope and considered more than 280,000 public comments in crafting the final sale schedule.

Coastal states

The Outer Continental Shelf Lands Act, which governs oil and gas leasing in federal waters, requires the government to consult with coastal states and localities while developing leasing programs.

The coastal governors coalition said it still is waiting for a response to a letter it sent the White House in March asking for a dialogue about offshore development.

"For five months, this administration has ignored our outreach attempting to improve the state-federal dialogue," Perry spokeswoman Allison Castle said.

Pending lease sales

The House of Representatives voted last month to reject the administration's five-year drilling plan and replace it with a more aggressive leasing plan backed by GOP leaders, which would schedule 29 auctions over the next five years. A bipartisan Senate coalition also is advancing an expanded leasing plan.

But any move to toss out the Obama administration's five-year offshore program would halt pending lease sales, including a Nov. 28 auction of drilling rights in the western Gulf of Mexico. It almost certainly would trigger a new round of environmental studies of any new sale schedule that could take more than a year to complete.

From: Natalie Joubert
Sent: Wednesday, August 08, 2012 1:25 PM
To: 'Chip Kline (LA)'; 'Chris Champion (MS)'; 'Cindy Sims (AK)'; 'Cooper Shattuck (AL)'; 'Doug Domenech (VA)'; 'Elizabeth Bluemink (AK)'; 'Emily Domenech (TX)'; 'Garret Graves (LA)'; 'I'man Robinson (VA)'; 'Janie Mason (AK)'; 'Jeffrey Jones (AK)'; 'Josh Baker (SC)'; 'Katherine Haltiwanger (SC)'; 'Kip Knudson (AK)'; 'Kirk Sims (MS)'; 'Mark Robbins (AK)'; 'Maureen Matsen (VA)'; 'Nick Tew (AL)'; 'Randall Ruaro (AK)'; 'Sara Benhauser (VA)'; 'Shana Gooch (TX)'; 'Martin, Tucker (GOV)'; sharon.leighow@alaska.gov; Allison Castle; Catherine Frazier
Cc: David Holt; 'Frank Collins (Coastal)'
Subject: OCS Gov Letter To Be Sent Tomorrow - Final Copy Attached
Importance: High

Dear OCS Governors Reps -

Please find attached the letter from the Outer Continental Shelf Governors Coalition to President Obama. Louisiana will send the letter to the White House later today. I've also attached the March 13th letter for your reference.

As previously discussed, Jennifer Dlouhy at the *Houston Chronicle* has requested an exclusive of the story. In respect to this request, please do not circulate the letter to any media contacts until after 6am **ET** tomorrow, Thursday, August 9. Once Jennifer's story is published, I will circulate a copy for your review.

On behalf of Louisiana, I'd like to pass along a big "thank you" for all your efforts in editing and approving the letter swiftly. Due to the *Houston Chronicle* exclusive and other potential stories, the letter should receive strong media attention and hopefully elicit a response from the administration.

Please let Frank or me know if you have any questions.

Sincerely,

Natalie

Natalie Joubert
Consumer Energy Alliance
1666 K Street, NW Suite 500
Washington, DC 20006
(202) 429-4931 (office)
(202) [redacted] (mobile)

CONSUMERENERGYALLIANCE

www.consumerenergyalliance.org

Baker, Josh

From: Natalie Joubert <NJoubert@hbwresources.com>
Sent: Tuesday, August 14, 2012 4:28 PM
To: Haltiwanger, Katherine
Cc: Baker, Josh
Subject: RE: OCSGC Media & Info on Tampa Mtg Aug. 27

Hi Katherine,

Thank you for your response, and I will follow-up with you and Josh after the meeting.

Best,
Natalie

From: Haltiwanger, Katherine [mailto:KatherineHaltiwanger@gov.sc.gov]
Sent: Tuesday, August 14, 2012 4:10 PM
To: Natalie Joubert
Cc: Baker, Josh
Subject: Re: OCSGC Media & Info on Tampa Mtg Aug. 27

Natalie, South Carolina will not be able to have anyone attend the meeting. Please let us know if there is any follow-up from it.

From: Natalie Joubert [mailto:NJoubert@hbwresources.com]
Sent: Thursday, August 09, 2012 05:02 PM
To: Chip Kline (LA) <Chip.Kline@GOV.STATE.LA.US>; Chris Champion (MS) <Chris.Champion@governor.ms.gov>; Cindy Sims (AK) <cindy.sims@alaska.gov>; Cooper Shattuck (AL) <Cooper.Shattuck@governor.alabama.gov>; David Holt CEA <dholt@consumerenergyalliance.org>; Doug Domenech (VA) <Doug.Domenech@governor.virginia.gov>; Elizabeth Bluemink (AK) <elizabeth.bluemink@alaska.gov>; Emily Domenech (TX) <emily.domenech@governor.state.tx.us>; Frank Collins (LA) <fcollins@gov.state.la.us>; Garret Graves (LA) <Garret@GOV.STATE.LA.US>; I'man Robinson (VA) <I'man.Robinson@governor.virginia.gov>; Janie Mason (AK) <Janice.mason@alaska.gov>; Jeffrey Jones (AK) <jeffrey.jones@alaska.gov>; Mims, Vickie <Vickie.Mims@governor.alabama.gov>; Baker, Josh; Haltiwanger, Katherine; Kip Knudson (AK) <kip.knudson@alaska.gov>; Kirk Sims (MS) <kirk.sims@governor.ms.gov>; Mark Robbins (AK) <mark.robbins@alaska.gov>; Maureen Matsen (VA) <Maureen.Matsen@governor.virginia.gov>; Nick Tew (AL) <ntew@gsa.state.al.us>; Randall Ruaro (AK) <Randall.ruaro@alaska.gov>; Sara Benhauser (VA) <Sara.Benghauser@governor.virginia.gov>; Shana Gooch (TX) <shana.gooch@governor.state.tx.us>
Subject: OCSGC Media & Info on Tampa Mtg Aug. 27

Dear OCS Governors Reps,

In addition to the *Houston Chronicle* and *Fuel Fix* articles on the OCS Governors letter, it appears *The Hill* and *Politico* (Morning Energy) picked up the story as well. *The Hill* piece is below, and all of the articles are hyperlinked in this email.

On a second item, as a reminder, we have scheduled the next OCS Governors Coalition representatives meeting in **Tampa, FL** for **Monday, August 27th at 12pm ET**. The meeting will take place at the Holiday Inn Express, Tampa Rocky Point (3025 North Rocky Point Drive East, Tampa, Florida 33607). The venue is a ten-minute drive from Tampa International Airport and about a fifteen-minute drive from the Tampa Bay Times Forum (GOP Convention).

I have received confirmation that reps from Texas and Virginia will attend, and Governor Scott's energy policy advisor, Mary Bane, has confirmed to attend the meeting to evaluate Florida's potential to join the Coalition.

Please let me know if you or any of your colleagues will be attending. We will have a catered lunch available. An agenda for the meeting will be circulated soon.

Thank you,

Natalie

Natalie Joubert
Consumer Energy Alliance
1666 K Street, NW Suite 500
Washington, DC 20006
(202) 429-4931 (office)
(202) [redacted] (mobile)

GOP govs, green groups press Obama on drilling

By Ben Geman - 08/09/12 02:30 PM ET

The Obama administration is facing fresh political criticism from the right and the left over its offshore drilling policies.

Seven GOP governors from coastal states, in a new letter to President Obama, say the federal 2012-2017 oil-and-gas leasing plan is far too modest, and accuse President Obama of largely freezing them out of its development.

The Republicans, under the umbrella of the Outer Continental Shelf Governors Coalition, attack the plan for keeping the Atlantic Coast off-limits to drilling, and also allege the scope and pace of leasing in Arctic waters off Alaska's coast is too modest.

"We believe that the federal government must abide by its legal responsibility to allow coastal-state governors better opportunities to consult on the development and mitigation of the five-year plan," states the letter from the governors of Louisiana, Alabama, Alaska, South Carolina, Texas, Virginia and Mississippi.

"Failure to do so has led to a highly disappointing 2012-2017 Five-Year Plan that severely limits the ability of the United States to develop new areas offshore, grow our economy and decrease our dependence on overseas oil," adds the letter on the Interior Department's plan.

The Aug. 8 letter also states that the plan failed to "properly account for the possibility of expediting and expanding the lease sale schedule in the Gulf of Mexico."

Over a dozen environmental groups, meanwhile, are putting renewed pressure on Interior Secretary Ken Salazar not to allow Royal Dutch Shell to begin planned exploratory drilling in Arctic seas off Alaska's coast this summer.

The oil giant hopes to soon commence long-planned, long-delayed exploratory drilling in the Beaufort and Chukchi seas.

But the green groups, in a letter to Salazar on Thursday, say a series of recent events "call into further question the company's ability to drill safely in the Arctic."

The include Shell's request for the Environmental Protection Agency to relax air pollution permits for drillship emissions, the July incident in which the Noble Discoverer drillship slipped its mooring and nearly ran aground in Dutch Harbor, and activists' concerns about Shell's oil spill containment barge.

"The bottom line is that Shell is not living up to its promises and is trying to drill this summer even while serious problems remain, including the persistence of hazardous icy conditions in the Arctic. In light of the significant missing scientific information, lack of preparedness and Shell's broken promises, we urge you to deny Shell its [drilling permits] for Arctic drilling this season," states the letter from the Alaska Wilderness League, the Center for Biological Diversity, CREDO Action, Defenders of Wildlife, Greenpeace, the National Audubon Society and other groups.

http://thehill.com/blogs/e2-wire/e2-wire/242971-gop-govs-green-groups-press-obama-on-drilling

Baker, Josh

From: Natalie Joubert <NJoubert@hbwresources.com>
Sent: Wednesday, August 15, 2012 6:15 PM
To: 'Chip Kline (LA)'; 'Chris Champion (MS)'; 'Cindy Sims (AK)'; 'Cooper Shattuck (AL)'; David Holt CEA; 'Doug Domenech (VA)'; 'Elizabeth Bluemink (AK)'; 'Emily Domenech (TX)'; 'Frank Collins (LA)'; 'Garret Graves (LA)'; 'I'man Robinson (VA)'; 'Janie Mason (AK)'; 'Jeffrey Jones (AK)'; 'Mims, Vickie'; Baker, Josh; Haltiwanger, Katherine; 'Kip Knudson (AK)'; 'Kirk Sims (MS)'; 'Mark Robbins (AK)'; 'Maureen Matsen (VA)'; 'Nick Tew (AL)'; 'Randall Ruaro (AK)'; 'Sara Benhauser (VA)'; 'Shana Gooch (TX)'
Subject: OCS Gov. Mtg Aug 27 - Final Call for RSVPs

All –

Thank you to those who have responded regarding their attendance at the Monday, August 27th OCS Governors representatives meeting. If you have not confirmed your participation, please send me a note by tomorrow. We need to move forward with planning for the Aug 27th meeting or begin planning an alternate meeting if we cannot confirm enough attendees.

Thank you,

Natalie

From: Natalie Joubert
Sent: Thursday, August 09, 2012 5:03 PM
To: Chip Kline (LA); Chris Champion (MS); Cindy Sims (AK); Cooper Shattuck (AL); David Holt CEA; Doug Domenech (VA); Elizabeth Bluemink (AK); Emily Domenech (TX); Frank Collins (LA); Garret Graves (LA); I'man Robinson (VA); Janie Mason (AK); Jeffrey Jones (AK); Mims, Vickie; Josh Baker (SC); Katherine Haltiwanger (SC); Kip Knudson (AK); Kirk Sims (MS); Mark Robbins (AK); Maureen Matsen (VA); Nick Tew (AL); Randall Ruaro (AK); Sara Benhauser (VA); Shana Gooch (TX)
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But the green groups, in a letter to Salazar on Thursday, say a series of recent events "call into further question the company's ability to drill safely in the Arctic."

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http://thehill.com/blogs/e2-wire/e2-wire/242971-gop-govs-green-groups-press-obama-on-drilling

Baker, Josh

From: Natalie Joubert <NJoubert@hbwresources.com>
Sent: Monday, August 20, 2012 12:53 PM
To: Chip Kline (LA); Chris Champion (MS); Cindy Sims (AK); Cooper Shattuck (AL); David Holt CEA; Doug Domenech (VA); Elizabeth Bluemink (AK); Emily Domenech (TX); Frank Collins (LA); Garret Graves (LA); I'man Robinson (VA); Janie Mason (AK); Jeffrey Jones (AK); Jill Boxer (AL); Baker, Josh; Haltiwanger, Katherine; Kip Knudson (AK); Kirk Sims (MS); Mark Robbins (AK); Maureen Matsen (VA); Natalie Joubert; Nick Tew (AL); Randall Ruaro (AK); Sara Benhauser (VA); Shana Gooch (TX); Michael Whatley
Subject: OCS Gov. Aug 27 Mtg in Tampa Canceled; Teleconference Availability

Importance: High

Dear OCS Governors Reps,

After speaking with many of you, it appears very few would be available to attend next Monday's lunch meeting in Tampa, Florida. Due to low participation rates, the Coalition has decided to cancel the August 27th face-to-face representatives meeting. My sincere apologies if this poses any difficulties with scheduling and traveling arrangements.

In lieu of a face-to-face meeting, many have proposed holding a teleconference after Labor Day. Please let me know if you are available **Wednesday, September 5th** at **4pm ET/3pm CT/12pm AK** for a one-hour teleconference. A calendar notice and agenda will be forwarded once we have an agreed call time.

Again, apologies on the late notice. If you have any questions, please let Chip, Frank or me know.

Thank you,

Natalie

Natalie Joubert
Consumer Energy Alliance
1666 K Street, NW Suite 500
Washington, DC 20006
(202) 429-4931 (office)
(202) [redacted] (mobile)

CONSUMERENERGYALLIANCE

www.consumerenergyalliance.org

Baker, Josh

From: Natalie Joubert <NJoubert@hbwresources.com>
Sent: Wednesday, January 23, 2013 10:13 AM
To: Baker, Josh; Haltiwanger, Katherine
Subject: FW: Governor Parnell Invitation to Governor Haley
Attachments: 01 09 13 Gov Haley OCS Invite Ltr.pdf

Hi Josh and Katherine,

I wanted to follow-up with you on two invitations that Governor Parnell has sent to Governor Haley regarding upcoming OCS Governors Coalition activities.

The first invitation, forwarded from Kip Knudson below, is for the OCSGC meeting on **Friday, February 22nd** in Washington, DC, concurrent with the NGA and RGA meetings. Governor Parnell is hosting a media roundtable for the OCS governors during which the governors can address their concerns with OCS access and the benefits OCS development can have for coastal states. Governors McDonnell and McCrory (who is likely to join the Coalition) have expressed strong interest in participating, and Governor Parnell's staff and I are reaching out to all offices to garner good participation. There will also be a staff meeting following the media roundtable.

The second invitation is for a Consumer Energy Alliance-hosted panel at the Offshore Technology Conference in Houston, TX on May 6th. Governor Haley's scheduler already noted that Governor would be unable to attend due to the legislature's schedule, but we'd like to examine whether a senior-level official would be able to participate in her place. I believe Leigh LeMoine stated that she would reach out to Josh to see who may be an appropriate surrogate. I'm following up with the official invite to see if you have any questions.

Please feel free to call me to discuss both events in greater detail.

Thank you, and look forward to hearing from you soon,

Natalie

Natalie Joubert
Consumer Energy Alliance
1666 K Street, NW Suite 500
Washington, DC 20006
(202) 429-4931 (office)
(202) [redacted] (mobile)

CONSUMERENERGYALLIANCE

ConsumerEnergyAlliance.org

From: Knudson, Kip C (GOV) [mailto:kip.knudson@alaska.gov]
Sent: Tuesday, January 22, 2013 12:37 PM
To: Natalie Joubert; David Holt

Cc: Dobson, Amy M (GOV)
Subject: FW: Governor Parnell Invitation to Governor Haley

Kip Knudson
Director of State/Federal Relations
Office of Governor Sean Parnell
State of Alaska
Hall of the States
444 North Capitol St, NW Suite 336
Washington DC 20001

202/624-5859 office
202/[redacted] cell
kip.knudson@alaska.gov

State of Alaska
CHOOSES RESPECT
choosesrespect.alaska.gov

From: Knudson, Kip C (GOV)
Sent: Friday, January 11, 2013 7:45 AM
To: 'NikkiHaley@gov.sc.gov'
Cc: 'joshbaker@gov.sc.gov'; 'KatherineHaltiwanger@gov.sc.gov'
Subject: Governor Parnell Invitation to Governor Haley

OFFICE OF GOVERNOR
SEAN PARNELL
OUTER CONTINENTAL SHELF
GOVERNORS COALITION

Good morning,

On behalf of Governor Sean Parnell and the Outer Continental Shelf (OCS) Governors Coalition, I would like to invite Governor Haley and staff to save the date for the next face-to-face meeting of the Coalition on Friday, February 22, 2013, in Washington, DC. The Coalition has reserved meeting space at the JW Marriott at 1331 Pennsylvania Avenue NW. The meeting will begin at 2:30 pm ET.

The agenda will entail a private meeting where the governors can discuss energy issues relating to the OCS and the Coalition's goals for the coming year. A media availability may be held following the meeting if the participants wish to have one. Please RSVP to Janice

Mason, Governor Parnell's scheduler, at Janice.Mason@alaska.gov or (907) 465-3500. More details will be shared with you in the near future.

Best,

Kip Knudson

Director of State/Federal Relations
Office of Governor Sean Parnell
State of Alaska
Hall of the States
444 North Capitol St, NW Suite 336
Washington DC 20001

202/624-5859 office
202/[redacted] cell
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