

Statement of
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Chairman Lowenthal, Ranking Member Gosar and members of the Subcommittee, thank you for inviting me to appear before you today to discuss the mission of the Bureau of Ocean Energy Management (BOEM). I am pleased to appear here today with my counterpart from the Bureau of Safety and Environmental Enforcement (BSEE). BOEM coordinates and collaborates with BSEE in a variety of ways on a daily basis to ensure effective management of offshore energy activities. Through the sharing of data and collaboration on cross-cutting topics, BOEM and BSEE work efficiently to ensure that offshore energy and mineral resources belonging to the American public are managed in a safe and responsible manner that brings maximum benefit to the United States taxpayer.

The Administration's America First Offshore Energy Strategy calls for boosting domestic energy production to stimulate the Nation's economy and to ensure national security, while providing for responsible stewardship of the environment. Implementation of these goals aligns with BOEM's statutory mission. BOEM is responsible for managing the development of our Nation's offshore energy and mineral resources in an economically and environmentally responsible manner. BOEM accomplishes this mission through oil and gas leasing, renewable energy development, and marine mineral leasing, all of which are guided by rigorous, science-based environmental review and analysis. BOEM helps support the Administration's goal to increase domestic energy production by providing access to Outer Continental Shelf (OCS) resources through programs that enable exploration and production of offshore oil and gas resources and facilitate renewable energy development. As a result, BOEM plays an important role in advancing the Administration's comprehensive approach to expanding responsible domestic energy resource development as part of a broader effort to secure the Nation's energy future, benefit the economy, and create jobs.

BOEM manages access to, and, as required by statute, ensures fair market value or fair return for, OCS energy and mineral resources to help meet the Nation's energy demands and mineral needs, while also balancing such access with the protection of human, marine, and coastal environments. As the Nation's offshore energy and mineral resource manager, BOEM administers comprehensive analyses to inform decisions about where, when, and whether offshore energy and mineral development can or should occur.

Oil and Natural Gas

As of February 2019, BOEM administers more than 2,600 active oil and gas leases on nearly 14 million OCS acres. In 2018, OCS leases generated more than \$5.2 billion in revenue for the Federal Treasury, Land and Water Conservation Fund, Historic Preservation Fund, and state governments. The overall level of activity on the OCS – including current production, drilling, and the development of new projects – is estimated to support approximately 300,000 direct, indirect, and induced jobs. In FY 2017, OCS leases provided more than 621 million barrels of oil and 1.11 trillion cubic feet of natural gas to energy markets, accounting for approximately 18 percent of domestic oil production and 4 percent of domestic natural gas production, almost all of which was produced in the Gulf of Mexico.

In FY 2017, BOEM initiated efforts to develop a new National OCS Oil and Gas Leasing Program (National OCS Program), pursuant to Executive Order 13795, *Implementing an America-First Offshore Energy Strategy*, and Secretarial Order 3350, *America-First Offshore Energy Strategy*. Due to the extensive coordination and public outreach required, the entire program development process typically takes two to three years. BOEM initiated the public process on July 3, 2017, with a Request for Information, on which it received more than 800,000 comments. BOEM gave these comments careful consideration when developing its Draft Proposed Program. On January 4, 2018, the Department announced the 2019-2024 National OCS Oil and Gas Leasing Draft Proposed Program (DPP), which proposes 47 potential lease sales for consideration in 25 of the 26 OCS planning areas – the largest number of lease sales ever proposed for the National OCS Program’s five-year lease schedule. This DPP would make more than 98 percent of undiscovered technically recoverable OCS oil and gas resources available for oil and gas leasing consideration. It is also the first time in 35 years that virtually the entire OCS has been analyzed under the provisions of the OCS Lands Act and the National Environmental Policy Act at this stage in the program development process, providing the Secretary the most comprehensive and up-to-date information on which to base decisions. The publication of the DPP initiated a 60-day public comment period during which BOEM received more than 2 million comments. BOEM has again taken these comments into careful consideration and will release the Proposed Program in the coming weeks.

BOEM will continue implementation of the current 2017-2022 National OCS Program until the new National OCS Program takes effect. BOEM has conducted three Gulf of Mexico-wide lease sales under the current program, resulting in the issuance of 361 leases totaling more than \$402 million in bonus revenue. The next Gulf-wide lease sale is scheduled for March 20, 2019.

BOEM is continuing efforts to facilitate the acquisition, and evaluation, of updated resource information in the Atlantic, including updated geological and geophysical (G&G) data. The last seismic data for the Mid- and South Atlantic OCS were gathered more than 35 years ago. During FY 2014, BOEM developed a framework for the acquisition and management of G&G data within the Mid- and South Atlantic Planning Areas using current technologies. Data acquired from the permit applicants can be used to help advance fundamental scientific knowledge and identify potential offshore oil and gas resources, as well as determine the fair market value of such resources. This data can also assist BOEM in identifying sand to be used for restoration of

our Nation's beaches and barrier islands following severe weather events and to protect coasts and wetlands from erosion.

In 2014, BOEM issued a Record of Decision for the Programmatic Environmental Impact Statement for Atlantic G&G activities that established stringent mitigation measures while allowing for potential G&G survey activities off the Mid-Atlantic and South Atlantic coast. There are currently nine permit applications pending for G&G activities related to oil and gas in the Atlantic, ranging from aerial magnetic and gravity surveys to deep penetration seismic surveys. NOAA Fisheries issued Incidental Harassment Authorizations (IHAs) to five permit applicants pursuant to the Marine Mammal Protection Act on November 30, 2018. BOEM currently is completing its review of four permit applications. Any decision to approve G&G activities does not authorize leasing for oil and gas in any area of the Atlantic. Leasing decisions will be addressed through the National OCS Program and the decision to lease a particular area would be done at the lease sale stage, which comes after approval of the National OCS Program.

Executive Order 13795 called for a reconsideration of BOEM's Notice to Lessees No. 2016-N01, which addressed financial assurance, to reduce unnecessary regulatory burdens while ensuring operator compliance with lease terms. One of BOEM's priorities with respect to regulatory reform is to better align requirements with the realities of aging offshore infrastructure. BOEM's goals are to ensure that lease obligations (such as decommissioning) are borne by the lessees and not by the taxpayers. BOEM is proactively implementing a comprehensive Risk Management and Financial Assurance Program to modernize its regulatory regime. BOEM's Risk Management Program will develop risk governance structures, including revised bonding and financial assurance regulations, as well as general and project-specific risk management strategies and procedures. Finally, the program will monitor and track the financial strength of offshore lessees to ensure that BOEM is requiring the proper level of bonding or other acceptable financial risk mitigation measures to protect taxpayers.

Renewable Energy Development

In recognition of the role renewable energy can play in securing U.S. energy independence and supporting national economic growth, BOEM will continue to examine the development of renewable energy. BOEM identifies potential wind energy areas using a coordinated approach that includes extensive environmental analysis, public review, and large-scale planning. BOEM has issued 15 active commercial offshore wind energy leases, including three recently awarded following a competitive auction offshore Massachusetts that garnered \$405 million in winning bids. To date, competitive wind energy lease sales have generated more than \$473 million in bonus bids for nearly 2 million acres in the OCS. If fully developed, these leases could generate enough energy to power over 5.5 million homes. BOEM is currently engaged in renewable energy planning efforts for areas offshore California, Hawaii, New York/New Jersey, and North/South Carolina. BOEM is also making progress on siting demonstration and technology testing projects for wind and marine hydrokinetic energy offshore on both the Atlantic and Pacific coasts.

Two construction and operations plans – for the Vineyard Wind Project and South Fork Wind Farm – were submitted to BOEM in FY 2018, and BOEM has initiated development of

environmental impact statements for both projects. Current lessees have told BOEM to anticipate receiving up to five more construction and operations plans through 2019. Reviews of all these projects will be conducted consistent with statutory and regulatory authorities, as well as with EO 13807 (*Establishing Discipline and Accountability in Environmental Review and Permitting Process for Infrastructure Projects*) and SO 3355 (*Streamlining National Environmental Policy Act Reviews and Implementation of Executive Order 13807*).

Offshore wind has the potential to play an integral role in our future energy portfolio. BOEM will continue to work closely with other Federal agencies, states, and other key stakeholders to ensure the responsible development of this technology.

Marine Minerals

In carrying out its mission to manage the responsible development of offshore resources, BOEM considers resources other than conventional or renewable energy. Pursuant to the OCS Lands Act, BOEM is the steward of OCS sand, gravel, and shell resources. Through its Marine Minerals Program, BOEM manages the responsible use of these resources, which are critical for the long-term success and cost-effectiveness of many shore protection, beach nourishment, and wetlands restoration projects along the Atlantic and Gulf of Mexico coasts. Since 1995, BOEM (and its predecessors) has leased almost 150 million cubic yards of sediment resources for 55 projects in eight states and helped to restore more than 300 miles of coastline along the Atlantic and Gulf coasts.

BOEM continues to see an increasing trend in the number of requests for OCS sediment, as well as a commensurate increase in the volume of OCS sediment allocated per year. These trends are driven by diminishing resources in state waters and a high frequency of recent storms along the Atlantic and Gulf of Mexico coasts.

Critical minerals are a new focal area for BOEM's Marine Minerals Program. Pursuant to Executive Order 13817 – *A Federal Strategy To Ensure Secure and Reliable Supplies of Critical Minerals* – and Secretarial Order 3359 – *Critical Mineral Independence and Security* – BOEM is collaborating with the USGS to determine which critical minerals are located on the OCS.

Environmental Programs

BOEM is responsible for assessing the impacts of, and providing effective environmental safeguards for, OCS energy and mineral resources exploration and development. BOEM develops, funds, and manages scientific research to inform these assessments and provide the foundation for sound, science-based policy decisions that help BOEM manage the Nation's offshore energy and mineral resources in an environmentally and economically responsible manner.

BOEM's environmental programs, including its Environmental Studies Program, provide information about the potential environmental impacts of OCS energy and mineral resource development and offer measures to prevent, mitigate, and monitor these impacts. This

information supports and guides decision-making not just within BOEM, but also by BSEE and other governmental authorities.

Because of the quality, scale, and duration of studies performed under its auspices, BOEM's Environmental Studies Program is a leading contributor to the growing body of scientific knowledge about the Nation's marine and coastal environment. Through its applied research program, BOEM has leveraged partnerships with academic institutions and other Federal agencies to produce top-tier scientific work.

BOEM's management of the Nation's OCS oil and gas, marine minerals, and renewable energy resources will continue to be informed through the environmental assessments, studies and partnerships conducted under its Environmental Programs. These efforts are vital to ensuring that the impacts of OCS activities on the environment are understood and effective protective measures are put in place.

Conclusion

Moving forward, BOEM's oil and gas, renewable energy, marine mineral, and environmental programs will continue to meet the high standards set by the Administration, Congress, and the public through appropriate planning, development, and protection of the Nation's offshore resources in response to the Nation's energy and coastal resilience needs.

Thank you once again for the opportunity to testify here today. I would be happy to answer any questions you may have.