

DEPARTMENT OF THE INTERIOR

Minerals Management Service

Request for Comments on the Draft Proposed 5-Year Outer Continental Shelf (OCS) Oil and Gas Leasing Program for 2007-2012 and Notice of Intent To Prepare an Environmental Impact Statement (EIS) for the Proposed 5-Year Program

SUMMARY: The Minerals Management Service (MMS) requests comments on the Draft Proposed 5-year **OCS** Oil and Gas Leasing Program for 2007-2012. This is the first proposal for a new program to succeed the current program that expires on June 30, 2007, and forms the basis for conducting the studies and analyses the Secretary will consider in making future decisions on what areas to include in the program.

Section 18 of the **OCS** Lands Act (43 U.S.C. 1344) specifies a multi-step process of consultation and analysis that must be completed before the Secretary of the Interior may approve a new 5-year program. The required steps following this notice include the development of a proposed program, a proposed final program, and Secretarial approval. Pursuant to the National Environmental Policy Act (NEPA), the MMS also will prepare an EIS for the new 5-year program.

DATES: Please submit comments and information to the MMS no later than April 11, 2006.

Public Comment Procedure

The MMS will accept comments in one of two formats: by mail or our Internet commenting system. Please submit your comments using only one of these formats, and include full names and addresses. Comments submitted by other means may not be considered. We will not consider anonymous comments, and we will make available for inspection in their entirety all comments submitted by organizations and businesses or by individuals identifying themselves as representatives of organizations and businesses.

Our practice is to make comments, including the names and home addresses of respondents, available for public review. An individual commenter may ask that we withhold his or her name, home address, or both from the public record, and we will honor such a request to the extent allowable by law. If you submit comments and wish us to withhold such information, you must so state prominently at the beginning of your submission.

ADDRESSES: Mail comments and information to: Renee Orr, 5-Year Program Manager, Minerals Management Service (MS-4010), Room 3120, 381 Elden Street, Herndon,

Virginia 20170. Please label your comments and the packaging in which they are submitted according to the subject matter. Mark those pertaining to program preparation, "Comments on Draft Proposed 5-Year Program for 2007-2012," and mark those pertaining to EIS preparation, "Scoping Comments on the EIS for the 5-Year Program for 2007-2012." If you submit any privileged or proprietary information to be treated as confidential, please mark the envelope, "Contains Confidential Information."

Internet: The MMS will accept comments submitted to our electronic commenting system. This system can be accessed at <http://www.mms.gov/5-year/2007-2012main.htm>. We also will provide access to information concerning the 5-year program and EIS, including copies of comments we receive in response to this notice, at the MMS Internet website (www.mms.gov).

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FOR FURTHER INFORMATION CONTACT: Renee Orr, 5-Year Program Manager, at (703) 787-1215.

SUPPLEMENTARY INFORMATION: The MMS requests comments from states, local governments, Native groups, tribes, the oil and gas industry, federal agencies, environmental and other interest organizations, and all other interested parties to assist in the preparation of a 5-year **OCS** oil and gas leasing program for 2007-2012 and the applicable EIS.

The draft proposed program document may be downloaded off the MMS website at www.mms.gov. The document also is available as part of our electronic commenting system noted above. Hard copies will be made available by contacting the 5-Year Program Office at 703-787-1215.

Background

Section 18 of the **OCS** Lands Act requires the Secretary of the Interior to prepare and maintain a schedule of proposed **OCS** oil and gas lease sales determined to "best meet national energy needs for the 5-year period following its approval or reapproval." This draft proposed program is the first proposed schedule of **OCS** lease sales for the 2007-2012 timeframe. The areas identified as proposed program areas in this notice are ones that warrant further study and analysis based on oil and gas resource estimates and comments received in response to the August 24, 2005 Request for Information. Inclusion of areas in the draft proposed lease sale schedule provides a basis for gathering information and conducting analyses to inform policy makers whether to include these areas for leasing consideration in the new 5-year program. Before the new 5-year program is approved and implemented, the MMS must accept and consider comments on the draft proposed program and issue for public review a proposed program, a draft EIS, a proposed final program, and a final EIS.

Summary of the Draft Proposed Program

In developing the draft proposed program for 2007-2012, the MMS considered leasing in the areas of the **OCS** that are included in the current 5-year program for 2002-2007 and additional areas off Alaska, the Gulf of Mexico, and Atlantic coast. Some of these areas are currently withdrawn from disposition by leasing through June 30, 2012, under section 12 of the **OCS** Lands Act (43 U.S.C. 1341) and have been subject to annual congressional moratoria. There will be no leasing of such areas unless the President chooses to modify the withdrawal and Congress discontinues the annual statutory moratoria. The analyses conducted for the proposed program may provide the information necessary for a potential modification of the withdrawal areas. The draft program proposes sales in offshore areas that have the highest oil and gas resource values and highest industry interest or are off the coasts of states that have expressed interest in learning more about potential energy exploration off their coasts. The proposed schedule is responsive to the recommendations of affected state and local governments.

New Planning Area Boundaries

On January 3, 2006, the MMS published a notice in the **Federal Register** announcing the setting of Federal **OCS** administrative boundaries beyond state submerged lands for planning, coordination, and administrative purposes. The Supplementary Information in the January notice contained a section entitled “methodology.” Using equidistance as a method to establish maritime boundaries, in the absence of special circumstances or agreement to the contrary, is consistent with customary domestic and international law and conventions. It should also be noted that, although the three maps appended to the January 3, 2006 Notice depicted an extension of the shelf beyond the U.S. exclusive economic zone only in the Gulf of Mexico, this did not suggest that the United States does not have an extended shelf in other areas. Further, the depicted limits and boundaries do not prejudice or affect in any way United States sovereign rights or jurisdiction within or seaward of these limits and boundaries. Some of the planning area boundaries have been moved to correspond to the new administrative lines. The number of planning areas has not changed; it remains at 26. See Maps 1 and 2 for the redrawn planning areas.

Some aspects of this draft proposed plan use these administrative boundaries. Congress has recently considered several legislative proposals that would establish state seaward lateral boundaries for **OCS** revenue sharing and other purposes. If such legislation is passed before this plan becomes final, we would consider adjustments to the areas offered in this 5-year plan to reflect the same boundary lines, if appropriate.

Proposed Lease Sales for Consideration

The draft program proposes a total of 21 **OCS** lease sales in 7 areas (4 areas off Alaska, 2 areas in the Gulf of Mexico, and 1 area in the Atlantic). Maps A and B show the areas proposed for leasing. Table A lists the location and timing of the proposed lease sales in areas that are available for leasing consideration, *i.e.*, not withdrawn or subject to congressional moratoria. Table B lists the location and timing of the proposed lease sales in areas that are withdrawn and/or subject to moratoria.

Alaska Region

In the Alaska Region, the draft program proposes multiple lease sales in the Beaufort and Chukchi Seas and North Aleutian Basin Planning Areas, which are three areas of interest to Alaska, the MMS, and the oil and gas industry. Multiple sales are consistent with the Governor of Alaska's recommendations. The North Aleutian Basin Planning Area is currently withdrawn by presidential order under section 12 of the **OCS** Lands Act. In response to the August Request for Information, the Governor of Alaska stated that "[t]he borough governments and regional Native corporations in the vicinity of the North Aleutian Basin have all expressed support for including this area in the next draft of the 2007-2012 program. During the comment period on the draft, I hope that public and industry input will provide the Secretary and the state with adequate information to decide whether or not to ask the President to lift the current withdrawal and allow a sale during the 2007-2012 program." In order to have this opportunity, the North Aleutian Basin is included in this proposal.

The Cook Inlet Planning Area is included on the schedule for a "special interest sale" as a potential source of natural gas for local residents and businesses. This approach was first used in the current program for 2002-2007. A special interest sale is one that may be held on a date chosen by the Secretary, after consideration of the comments received in response to annual calls for information.

Gulf of Mexico Region

In the Central and Western Gulf of Mexico Planning Areas, which are the two areas of highest resource potential and interest, the draft proposed program would continue the customary practice of scheduling annual areawide lease sales. As a result of the reconfiguration of some planning areas to follow the new administrative lines, some of the areas formerly in the Eastern and Western Gulf Planning Areas are now part of the Central Gulf Planning Area. As part of this draft proposed program, there are no lease sales scheduled in the newly configured Eastern Gulf Planning Area. Under this proposal, the Central Gulf of Mexico Planning Area would include a portion of the area that was identified for Sale 181 in the 5-year program for 1997-2002. This portion of the previous Sale 181 area is proposed for offering in 2007. The MMS has no intention of offering for leasing areas within 100 miles of the Florida coast that used to be part of the Eastern Gulf Planning Area. The original Sale 181 area is not under Presidential withdrawal and is not subject to congressional moratorium. Subsequent annual Central Gulf sales may consider the area to the south of the original Sale 181 area that is currently under Presidential withdrawal and has been subject to annual congressional moratorium, if both of those restrictions were to be lifted.

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Atlantic **OCS**

There are four planning areas in the Atlantic **OCS**—North Atlantic, Mid-Atlantic, South Atlantic, and Straits of Florida. The draft proposed program proposes a "special

interest sale” in the Mid-Atlantic in late 2011. The area proposed for consideration is in the Mid-Atlantic Planning Area off the coastline of Virginia. In its response to the August Request for Information, Virginia expressed a willingness to continue a dialogue that explores options regarding the energy resources off its coastline. Inclusion of this area in the draft proposed program will provide additional information to the State, the public, industry, and other interested parties about the impacts of exploration off this coast. This will also provide further information to the Secretary to consider whether or not to propose a “special interest sale” in the 2007-2012 program, should the President lift the current withdrawal and should Congress discontinue the annual moratorium. In addition, pursuant to Section 18 of the **OCS** Lands Act, no sale will be proposed until all affected states have the opportunity to comment. There have not been any lease sales in the Atlantic since the early 1980’s. At this time, there are no active leases.

| Sale no. | Area | Year |
|----------|----------------------------------|------|
| 204 | Western Gulf of Mexico | 2007 |
| 205 | Central Gulf of Mexico (Portion) | 2007 |
| 193 | Chukchi Sea | 2007 |
| 206 | Central Gulf of Mexico | 2008 |
| 207 | Western Gulf of Mexico | 2008 |
| 208 | Central Gulf of Mexico | 2009 |
| 209 | Beaufort Sea | 2009 |
| 210 | Western Gulf of Mexico | 2009 |
| 211 | Cook Inlet | 2009 |
| 212 | Chukchi Sea | 2010 |
| 213 | Central Gulf of Mexico | 2010 |
| 215 | Western Gulf of Mexico | 2010 |
| 216 | Central Gulf of Mexico | 2011 |
| 217 | Beaufort Sea | 2011 |
| 218 | Western Gulf of Mexico | 2011 |
| 219 | Cook Inlet | 2011 |
| 221 | Chukchi Sea | 2012 |
| 222 | Central Gulf of Mexico | 2012 |

| Sale no. | Area | Year |
|----------|----------------------|------|
| 214 | North Aleutian Basin | 2010 |

Table B.—Draft Proposed Program for 2007-2012—Potential Lease Sale Schedule for Areas Subject to Restrictions*

| Sale no. | Area | Year |
|----------|----------------------|------|
| 220 | Mid-Atlantic | 2011 |
| 223 | North Aleutian Basin | 2012 |

*Lease sales would only be held if the President chooses to modify the withdrawal in both areas and Congress discontinues the annual statutory moratorium off the coast of Virginia.

Assurance of Fair Market Value

Section 18 of the **OCS** Lands Act requires receipt of fair market value for **OCS** oil and gas leases and the rights they convey. The draft proposed program provides for setting minimum bid levels by individual lease sale based on market conditions and for continuing to use a two-phase bid evaluation process.

Information Requested for the Draft Proposed Program

We request all interested and affected parties to comment on the size, timing, and location of leasing and the procedures for assuring fair market value that are proposed in the Draft Proposed 5-Year **OCS** Oil and Gas Leasing Program for 2007-2012. Respondents who submitted information in response to the August 24, 2005 **Federal Register** notice requesting comments on preparing the 5-year program for 2007-2012, may wish to reference that information, as appropriate, rather than repeating it in their comments on the draft proposed program. We also invite comments and suggestions on how to proceed with the section 18 analysis for the next draft of the new program, the proposed program.

Section 18(g) authorizes confidential treatment of privileged or proprietary information that is submitted. In order to protect the confidentiality of such information, respondents should include it as an attachment to other comments submitted and mark it appropriately. On request the MMS will treat such information as confidential from the time of its receipt until 5 years after approval of the new leasing program, subject to the standards of the Freedom of Information Act. The MMS will not treat as confidential any aggregate summaries of such information, the names of respondents, and comments not containing such information.

Environmental Impact Statement (EIS) Preparation

In accordance with section 102(2)(C) of the NEPA (42 U.S.C. 4332(2)(C)), MMS intends to prepare an EIS for the **OCS** oil and gas 5-year leasing program for 2007-2012 as we specified in the August 2005 notice. As part of the scoping under NEPA, this notice again solicits information regarding issues and alternatives that should be evaluated in the EIS. Comments submitted in response to the August notice need not be re-submitted.

The EIS will address the potential impacts of the adoption of the proposed 5-year program. The MMS requests respondents to focus comments on significant environmental issues attendant to **OCS** oil and gas leasing and development which should be evaluated in the EIS.

Public Scoping Meetings are planned for the EIS development. Further information will be posted on the 5-year webpage at www.mms.gov and other public notice. Dates and localities for all scoping meetings are being determined. For Atlantic scoping, information can be obtained from Norman Froomer at 703-787-1644 or via e-mail at Norman.Froomer@mms.gov. For Alaska scoping, information can be obtained from the Alaska **OCS** Region at 1-800-764-2627 or via e-mail at akwebmaster@mms.gov. For Gulf of Mexico scoping, information can be obtained from Dennis Chew at 504-736-2793 or via e-mail at Dennis.Chew@mms.gov.

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We are considering possible alternatives to the proposed action, such as offering for lease only those areas offered during the previous 5-year program, or excluding areas currently under congressional moratoria or presidential withdrawal. We will also evaluate the No Action alternative as required by NEPA and its implementing regulations.

For further information about preparation of the EIS, contact: James Bennett, Chief, Branch of Environmental Assessment at the Minerals Management Service, 381 Elden Street, MS 4042, Herndon, Virginia 20170, telephone (703) 787-1660.

Next Steps in the Process

The MMS plans to issue the proposed program and draft EIS in mid-summer 2006 for a 90-day comment period. We plan to issue the proposed final program and final EIS in winter 2007. The Secretary may approve the new 5-year program 60 days later to go into effect as of July 1, 2007.

Dated: February 1, 2006.

R.M. Johnnie Burton,
Director, Minerals Management Service.