

**Statement of
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**Before the
House Committee on Natural Resources
Subcommittee on Energy and Mineral Resources**

March 10, 2020

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).

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 performs comprehensive analyses to inform decisions about where, when, and whether offshore energy and mineral development can or should occur.

The 2021 Budget Request proposes \$188.8 million for BOEM operations, including \$63.1 million in offsetting collections. The 2021 Request includes a net decrease in BOEM's total budget authority of approximately \$2.8 million from the 2020 Enacted level. BOEM's 2021 Request reflects a careful analysis of the resources needed to further advance the Administration's priorities and develop the Bureau's capacity to execute its mission carefully,

responsibly, and efficiently. It reflects increases that will support Administration and Bureau priorities, including advancing renewable energy leasing activities, furthering the National Offshore Sand Inventory, and increasing environmental studies to inform decision-making. The Request also includes a reduction in funding for the National OCS Oil and Gas Leasing Program (National OCS Program), as development of the next National OCS Program is currently on hold. The Request does not presume a particular decision on the next National OCS Program. Department of the Interior initiatives, such as the implementation of the GrantSolutions Enterprise System and the Department-wide ethics program realignment to establish the Departmental Ethics Office, are also reflected within the Request.

Oil and Natural Gas

As of February 2020, BOEM administers more than 2,600 active oil and gas leases on over 14.2 million OCS acres. In FY 2019, OCS leases generated more than \$5 billion in revenue for the Federal Treasury, Land and Water Conservation Fund, Historic Preservation Fund, and state and local governments. The overall level of activity on the OCS – including current production, drilling, and the development of new projects – is estimated to support hundreds of thousands of jobs. In FY 2019, OCS leases provided approximately 683 million barrels of oil – a record high – and more than 1 trillion cubic feet of natural gas to energy markets, accounting for approximately 16 percent of domestic oil production and 3 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 considered potential leasing in 25 of the 26 OCS planning areas. This was 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 resources, the environment, and other ocean uses 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.

In March 2019, the U.S. District Court in Alaska ruled that President Trump could not modify President Obama's OCS withdrawals under Section 12 of the OCS Lands Act. These withdrawals affected large areas of the OCS offshore Alaska, as well as certain areas in the Atlantic. These areas were included for leasing consideration in the DPP. While the court's decision is being appealed, the Department is evaluating all options to determine the best pathway to accomplish the mission entrusted to it by the President.

BOEM will continue implementation of the current 2017-2022 National OCS Program until the new National OCS Program takes effect. BOEM has conducted five Gulf of Mexico-wide lease sales under the current program, resulting in the issuance of 719 leases totaling more than \$788 million in bonus revenue. The next Gulf-wide lease sale is scheduled for March 18, 2020.

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. Data acquired from currently proposed G&G surveys could 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. G&G 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.

On July 11, 2014, BOEM issued a Record of Decision (ROD) for a Programmatic Environmental Impact Statement that established mitigation measures and safeguards to reduce or eliminate impacts to marine life from G&G activities in the Atlantic. It set a path forward for BOEM to permit G&G survey activities off the Mid- and South Atlantic coast, which would allow for important updates to the more than 35-year old data that currently exists.

The National Oceanic and Atmospheric Administration's (NOAA's) National Marine Fisheries Service 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, while the fifth application is pending a decision by NOAA (as delegated) regarding two Coastal Zone Management Act appeals. Any decision to approve G&G activities authorizes only those activities; it does not authorize leasing for oil and gas in any area of the Atlantic.

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 is developing 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.

BOEM is working toward proposing regulatory changes to its financial assurance program. This proposed rulemaking is a joint effort with the Bureau of Safety and Environmental Enforcement, and this process will afford all interested and potentially affected parties the opportunity to provide substantive feedback to the agencies. BOEM believes that its proposed regulatory

changes will allow the bureaus to more effectively address several complex financial and legal issues associated with decommissioning liability on the OCS and more effectively protect the taxpayer. The rule is currently under review at OMB.

Executive Order 13795 also directed that the Secretary of the Interior take all steps necessary to review BOEM's proposed air quality rule and determine whether it should be revised or withdrawn. The Secretary subsequently issued Secretarial Order 3350 to implement the Executive Order. Since that time, BOEM has worked with the Department to review all the significant policy issues raised by the proposed rule and drafted a narrowly tailored final rule. The rule is currently under review at OMB. BOEM continues to work through the OMB process to finalize the rule and expects to publish a final rule soon.

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 facilitate 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 covering 1.7 million acres of the OCS and generating nearly \$500 million in bonus bids. BOEM's Offshore Renewable Energy Program has at least one wind energy lease off every state on the Atlantic Coast from Massachusetts to North Carolina, forming the foundation for an emerging offshore wind industry in the U.S. BOEM is in the planning stages for identifying areas for potential wind leasing offshore the New York Bight, the Carolinas, California, and Hawaii, and has recently initiated dialogue with federal, state, local and tribal governments to explore wind energy potential offshore Oregon and in the Gulf of Maine.

BOEM is also working with stakeholders regarding marine hydrokinetic (MHK) projects on the OCS. BOEM has jurisdiction to issue leases on the OCS for MHK, while the Federal Energy Regulatory Commission (FERC) has jurisdiction to issue licenses for these same projects. As a result, a Memorandum of Understanding between the Department of the Interior and FERC facilitates collaboration between the two agencies with a goal of developing a cohesive, streamlined process that will help accelerate the development of MHK (i.e., wave, tidal, and ocean current) energy projects. One such project is the PacWave South Project being conducted by Oregon State University. The proposed project is a grid-connected wave energy test site located approximately six nautical miles offshore Newport, Oregon with an area of approximately 2.65 square miles. The project would consist of four test 'berths' to support the testing of up to 20 wave energy devices, with an installed capacity not to exceed 20 megawatts, to demonstrate the viability of wave energy.

BOEM is currently reviewing six Construction and Operations Plans (COP) for Atlantic wind energy projects and anticipates receiving up to six more in CY 2020. Reviews of all these projects will be conducted consistent with statutory and regulatory authorities, as well as with Executive Order 13807 (*Establishing Discipline and Accountability in Environmental Review and Permitting Process for Infrastructure Projects*) and Secretarial Order 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 Nation's 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. Recent actions by the Department and BOEM exhibit the commitment we have towards ensuring that offshore wind projects are developed responsibly with regards to the environment, communities, and other users of wind energy areas.

Vineyard Wind submitted a COP in December 2017 for its lease offshore Massachusetts, proposing to construct and operate an 800-megawatt wind energy facility. On December 7, 2018, BOEM published a Notice of Availability for the Draft Environmental Impact Statement (EIS) for the COP. As part of this process, BOEM held public hearings from February 11-15, 2019, and the public comment period closed on February 22, 2019.

Comments received from stakeholders and cooperating agencies requested an analysis of a more robust cumulative impact scenario. Considering such comments and recent state offshore wind procurement announcements, BOEM is expanding its cumulative impacts analysis of projects within its Draft EIS. Because BOEM has determined that a greater build out of offshore wind capacity is more reasonably foreseeable than was analyzed in the initial Draft EIS, BOEM has decided to supplement the Draft EIS and solicit comments on its revised cumulative impacts analysis. The supplement will also incorporate analysis of fisheries data that was previously unavailable to the bureau. In addition, Vineyard Wind has updated its COP to include larger turbines. This change in the project scope will also be analyzed in the supplement to the Draft EIS, as will a proposal from the Responsible Offshore Development Alliance, which represents commercial fishing interests. Stakeholders will have a 45-day period to comment on the supplement, during which BOEM will hold public hearings. The revised permitting schedule under the One Federal Decision process was published on BOEM's website on February 11, 2020. This more robust analysis will inform decisions for other offshore wind projects moving forward.

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 (hereinafter, OCS sediment). 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. As of January 2020, BOEM has executed 58 marine minerals agreements, authorizing the use of over 164 million cubic yards of OCS sediment, resulting in nearly 360 miles of restored coastline.

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. Because of this, BOEM is undertaking development of a

National Offshore Sand Inventory to identify potential sources of sand for projects and to facilitate long-term planning. Inventory information is provided to the public through BOEM's Marine Minerals Information System. BOEM continues to conduct regional sand management working group meetings to discuss project-specific needs and concerns with interested and affected stakeholders.

Critical minerals continue to be a 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 U.S. Geological Survey to determine which critical minerals are located on the OCS. BOEM, through DOI, participates on the National Science and Technology Council's Subcommittee on Critical Minerals. It is important to note that promising critical mineral deposits may exist in the Pacific insular areas (e.g., Guam and American Samoa), although, under the OCS Lands Act as currently written, BOEM has no authority to lease or otherwise authorize private mineral exploration offshore U.S. insular areas. In FY 2020, multiple Federal agencies leveraged available funding to help launch BOEM's National Offshore Critical Mineral Inventory. Also, in FY 2020, BOEM, USGS and NOAA kicked off a multiyear collaboration effort to fund the first U.S.-based critical mineral expedition since the early 1980's and explore the massive sulfide mineralization and associated ecosystems of the deepwater Escanaba Trough offshore northern California. In FY 2021, BOEM plans to work with NOAA, USGS, the Department of Energy, and the Defense Logistics Agency to create a comprehensive critical mineral assessment plan focusing on the Aleutian Arc and associated seamounts offshore Alaska.

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 environments. 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.