

Statement for the Record
Bureau of Ocean Energy Management
U.S. Department of the Interior
House Committee on Natural Resources
Subcommittee on Energy and Mineral Resources

Discussion Draft of H.R. _ , Comprehensive Offshore Resource Evaluation Act (CORE Act)

July 23, 2024

Chairman Stauber, Ranking Member Ocasio-Cortez and members of the Subcommittee, thank you for the opportunity to provide this Statement for the Record on the discussion draft, Comprehensive Offshore Resource Evaluation Act (CORE Act). The Department of the Interior (Department, DOI) notes its strong preference to testify on bills after they have been introduced. Given the breadth of subject matter contained in the text of the bill, the Department did not have adequate time to conduct an in-depth analysis of its provisions. We are providing the following preliminary comments on the draft bill but would like to preserve the opportunity to submit additional input on the bill after it is introduced, if necessary. The Department defers to the U.S. Department of Commerce, National Oceanic and Atmospheric Administration on incidental take authorizations under the Marine Mammal Protection Act (MMPA).

The Bureau of Ocean Energy Management (BOEM) is taking a leading role in transitioning the U.S. to a clean energy future – one that will advance renewable energy, create good-paying jobs, and ensure economic opportunities are accessible to all communities, including underserved communities – while managing the development of oil and gas resources on the U.S. Outer Continental Shelf (OCS) in an environmentally and economically responsible manner.

For decades, resource evaluations have been carried out by geologists, statisticians, and economists, providing critical input to decision-makers and inform various policy alternatives. Increasingly complex quantitative techniques and procedures have been developed in response to the needs and uses for these assessments.

Section 2: Comprehensive Inventory of OCS Oil and Gas Resources

Section 2 of the CORE Act amends Section 357 of the Energy Policy Act of 2005 (EPACT) to expand the Department’s comprehensive inventory and analysis of undiscovered oil and natural gas resources on the OCS. The new Section 357 would, in part, require the following analyses:

- An assessment of undiscovered oil and gas resources in each planning area on the OCS;

- An assessment of the effects that production of undiscovered resources would have on the economy of the United States and the economic and environmental impacts that laws limiting lands available for leasing (i.e., section 12 of the OCS Lands Act) have on the exploration, development, and production of oil and gas;
- A determination of the approximate net greenhouse gas emission reductions that would occur if the total quantity of oil and gas resources imported from foreign countries were replaced with newly produced undiscovered resources;
- An identification of alternative sources of energy that communities could rely on if the oil and gas resources assessed are not discovered and developed;
- A comparison of the amount of onshore or offshore acreage and infrastructure required to produce an equivalent amount of energy from renewable sources (such as solar and wind) compared to oil and gas;
- An examination of the feasibility of conducting and acquiring new geophysical seismic surveys on the OCS; and
- Once every ten years, an assessment of the costs, benefits, and accuracy of the models utilized to conduct resource assessments, including consultation with various oil and gas industry associations.

Furthermore, the CORE Act would require the Secretary of the Interior to submit the newly updated inventory to Congress no later than 180 days after the date of enactment.

Currently, section 357 of EPACT directs the Secretary of the Interior to conduct an inventory and analysis of oil and natural gas resources contained within the submerged lands of the U.S. OCS, and to submit this analysis to Congress every 5 years. At present, these required analyses are required to:

- Incorporate available data on oil and natural gas resources in areas offshore of Mexico and Canada that are relevant to estimate the resource potential of the OCS;
- Use any available technology except drilling to obtain accurate resource estimates;
- Analyze how OCS resource estimates have changed over time in relation to available data and exploration and development activities;
- Estimate the effect of understated oil and natural gas resource estimates on domestic energy investments; and
- Identify and explain how legislative, regulatory, and administrative programs or processes restrict or impede resource development and affect domestic supply.

The CORE Act would greatly expand the analysis/forecasting conducted under section 357 and would require additional research, funding, and time to conduct. In addition, some of the provisions within the discussion draft are potentially duplicative of existing processes. Similar analyses are conducted as part of the National OCS Oil and Gas Leasing Program development

process (e.g., analysis of national energy needs and contributions of oil and natural gas to the U.S. economy), and as part of BOEM's National Environmental Policy Act processes.

The Department would like to work with the Sponsor and the Subcommittee on aligning any new requirements with current processes and ensuring that Congress receives the necessary OCS conventional energy resource information in an effective and efficient manner.

Section 3: Transboundary Hydrocarbons Report

Section 3 requires the Secretary of State, in consultation with the Secretary of the Interior, to submit a report to Congress on existing and potential transboundary hydrocarbon reservoirs on the OCS.

Currently, the United States is party to a transboundary agreement (TBA) with Mexico that establishes a legal framework for the exploitation of transboundary hydrocarbon reservoirs that may exist along the maritime boundary between the United States and Mexico in the Gulf of Mexico. The Secretary of the Interior is tasked with implementation, which in turn has been delegated to BOEM and the Bureau of Safety and Environmental Enforcement. The TBA provides a process for orderly assessment and development of any hydrocarbon resources determined to be transboundary, including the allocation of resources to each party, safety and environmental protection responsibilities, and efficient production of the resources. The TBA would be used as a reference for negotiations related to the development of similar agreements with other neighboring countries where the potential for transboundary hydrocarbon resources could exist.

Additionally, while the Department has existing assessments of gross resource potential across the OCS, BOEM does not currently have access to seismic and well data in Mexican and Russian waters to delineate the extent of potential hydrocarbon reservoirs that may cross international borders. Access to foreign data, if available, would require negotiated data sharing agreements or the addition of funding to purchase this data from commercial sources.

Section 4: Offshore Geological and Geophysical Survey Licensing

Under Section 4, the CORE Act requires NOAA to maintain incidental take regulations under the MMPA governing the issuance of Letters of Authorizations for OCS geophysical and geological surveys that shall not expire, requires the current NOAA incidental take regulations for geological and geophysical (G&G) surveys to be in place for perpetuity, and requires the Secretary of the Interior to permit G&G surveys related to oil and gas activities on the Gulf of Mexico OCS within 30 days of receiving a completed application.

The Department of Interior strongly supports permitting and authorization efficiency, but also supports the need to thoroughly evaluate the impacts associated with oil and gas activities, including G&G surveys, on marine resources. The issuance of oil and gas G&G permits in the Gulf of Mexico OCS currently takes 60-90 days to ensure sufficient reviews and activity-specific consultation with NOAA under the Endangered Species Act (ESA) and MMPA. The purpose of those environmental reviews and consultations is to manage the potential impacts of G&G activities on protected species and identify appropriate measures to avoid, minimize, and mitigate impacts. BOEM's ability to adapt to new information and changing operations allows for improvements in the efficiency and effectiveness of environmental review outcomes, which may not be possible if all current requirements are frozen in time and review periods are arbitrarily curtailed. The Department would like to work with the Sponsor and the Subcommittee on how the bill's potential requirements could be aligned with the Department's existing G&G permitting process while ensuring continued protection of important marine resources.

Conclusion

Thank you for the opportunity to provide this Statement for the Record and discuss the Department's efforts to responsibly manage our nation's energy resources on the OCS to meet the Nation's energy needs while minimizing impacts to the ocean, ocean users, and marine life. These programs are essential for the administration's continued commitment to ensuring a clean and secure energy future -- one that is sustainable and benefits all Americans.