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Minerals Management Service Outer Continental Shelf Oil and Gas Leasing Program 2007-2012

The Minerals Management Service (MMS) contributes to America's national security and quality of life by managing energy production from Federal offshore resources at affordable prices. Bonus bids, rentals, and royalties from Outer Continental Shelf (OCS) leases provide more than \$6 billion a year in revenue to the U.S. Treasury. Production from OCS leases accounts for about 21 percent of the natural gas and 30 percent of the oil produced in the United States. Production of oil and gas from Federal offshore lands creates thousands of well-paying jobs and stimulates economic development nationwide. Domestic production reduces U.S. reliance on foreign oil and gas and helps moderate price pressures in international oil markets. In addition to providing current major contributions to production, the OCS also holds about 60 percent of remaining oil to be discovered and 57 percent of the remaining natural gas to be discovered in the U.S. The MMS estimates that 76.0 billion barrels of oil and 406.1 trillion cubic feet of natural gas are technically recoverable from federal offshore areas.

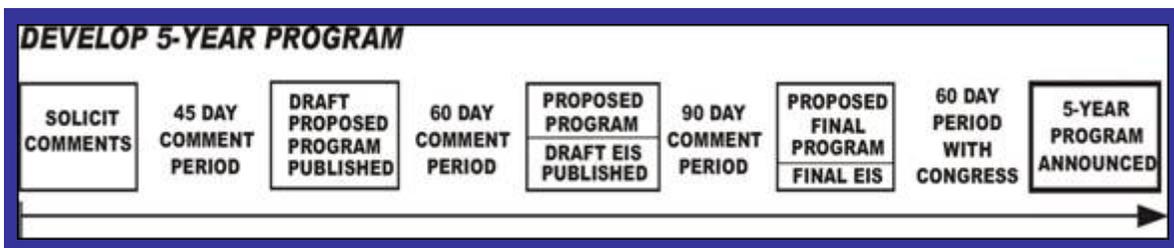
Every five years the MMS, part of the Department of the Interior, is required by the Outer Continental Shelf Lands Act (OCSLA) to prepare a new five-year plan that specifies the size, timing and location of areas to be considered for Federal offshore natural gas and oil leasing. The five-year planning process provides several opportunities for MMS to work

with stakeholders, including Federal and state agencies, local communities, private industry, and the general public to develop a program that offers access in an environmentally responsible manner to those areas with potential for discovery of natural gas and oil. Not every area analyzed in a five-year plan is recommended for leasing consideration. By this means, MMS helps to best meet U.S. energy needs with oil and natural gas from domestic sources, thereby helping reduce dependence on foreign energy.

Furthermore, public participation is an integral part of preparing an environmental impact statement (EIS) in conjunction with the five-year program, and there are multiple opportunities for public comment during the EIS process as well.

The MMS is currently beginning the development of the next five-year plan for 2007 to 2012, with a firm commitment that this plan be responsive to the Nation's energy needs, ensure environmental safeguards, and address public concerns.

Drilling for oil and gas, even with the high technology available today, is a long range planning and development process. The five-year plan process provides opportunities for the Federal Government, States, industry, and other interested parties to plan and participate in the steps that may lead to specific OCS oil and gas lease sales.





Maintaining a reliable schedule of proposed OCS lease sales, something not available in all parts of the world, allows the oil and gas industry to plan efficient exploration strategies. Having the program in place has increased the energy industry's confidence in the Department's leasing policies.

The approved five-year programs must be reviewed annually, and any significant revisions to an approved program must undergo the same analysis and steps, including a supplemental environmental analysis, as an original program.

The OCS operations are managed for continued compliance with key Federal statutes. The MMS analyzes environmental impacts of proposed actions in accordance with the National Environmental Policy Act. The provisions of the Coastal Zone Management Act help protect the coastal environment and OCS lease sales, and plans and permits are subject to review by States that have developed coastal management programs. The MMS Environmental Studies Program is responsible for providing the solid scientific information needed for critical program decisions that must, by law, accommodate the delicate balance between the exploration and development of energy resources and the protection of the human, marine, and coastal environments.

The current five-year program, which runs from 2002 through 2007, includes 20 sales in 8 OCS planning areas in parts of the Gulf of Mexico and in Alaska's Beaufort Sea and Cook Inlet. Bonus bids from eleven of these sales have provided more than \$1.5 billion for the Federal Treasury, including almost \$47 million in bids from a recent Beaufort Sea sale. Sales may be scheduled in Alaska's Norton Basin, Chukchi Sea, and Hope Basin if sufficient interest is expressed by industry.

Part or all of nine OCS planning areas are under yearly Congressional moratoria and/or Presidential withdrawal, which mean they are not available for leasing consideration until 2012. The moratoria areas include part of the Alaska coast, the West and East coasts of the United States, and most of the Eastern Gulf of Mexico.