DEPARTMENT OF THE INTERIOR

Minerals Management Service

Outer Continental Shelf, Proposed 5-Year Outer Continental Shelf Oil and Gas Leasing Program for 1997-2002

AGENCY: Minerals Management Service, Department of the Interior

ACTION: Request for Comments on the Proposed 5-Year Outer Continental Shelf (OCS) Oil and Gas Leasing Program for 1997-2002

Summary: Comments are requested on the Proposed 5-year OCS Oil and Gas Leasing Program for 1997-2002. Section 18 of the OCS Lands Act (43 USC 1344) specifies a multi-step process that must be completed before the Secretary of the Interior may approve a new 5-year program. The Proposed Program and draft Environmental Impact Statement (EIS) will be available to the public for a 90-day comment period. A final proposal is scheduled to be issued in August 1996.

Addressees: Respondents should mail comments and information within 90 days of the publication of this notice to: 5-Year Program Project Director, Minerals Management Service (MMS) (MS-4430), Room 1324, 381 Elden Street, Herndon, Virginia 22070. The MMS will accept hand deliveries at 1849 C Street, NW, Room 4227, Washington, DC. Envelopes or packages should be marked "Comments on the Proposed 5-Year OCS Oil and Gas Leasing Program for 1997-2002." When submitting any privileged or proprietary information to be treated as confidential, respondents should mark the envelope, "Contains Confidential Information."

For Further Information Contact: Carol Hartgen, 5-Year Program Project Director, or Tim Redding, Program Decision Document Project Manager, at (703) 787-1216. Respondents who wish to provide illustrated information pertaining to the size and location of lease sales may obtain large OCS block-specific maps by calling (703) 787-1216.

Supplementary Information: The MMS requests comments from States, local governments, Native groups, 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 1997-2002.

Background: Section 18 requires that the 5-year program be prepared in a manner consistent with four main principles: (1) consideration of economic, social, and environmental values and the potential impact on marine, coastal, and human environments; (2) consideration of diverse environmental, geographical, and equitable regional factors; (3) a proper balance among potentials for environmental damage, discovery of oil and gas, and adverse impact on the coastal zone; and (4) assurance of receiving fair market value. It also requires that the 5-year leasing program shall consist of a schedule of proposed lease sales indicating as precisely as possible the size, timing, and location of potential OCS leasing activities which the Secretary determines will best meet the national energy needs for the 5-year period following its approval.

In addition to the requirements of section 18, consensus-based decisionmaking, science-based decisionmaking, and the use of natural gas as an environmentally preferred fuel are policy objectives endorsed by the President and the Secretary that have been considered in developing the Proposed Program.

The Secretary's decision on the Proposed Program affirms his decision on the Draft Proposed Program.

The Proposed Program: The table below indicates the proposed schedule of lease sales for the new program. They are the same as those chosen for the draft proposal. No sales are proposed off the West and East coasts. Maps 1 and 2, presented at the end of the text of this Notice, contain the areas proposed for leasing consideration in the new program.

Proposed Lease Sale Schedule

Region and Planning Area	Sale No.	Year	Proposed Activity
Alaska			
Beaufort Sea	170	1998	Small sale, focusing on nearshore blocks in center of program area (Map 1)
	176	2000	Sale in program area (Map 1)
Cook Inlet/Shelikof Strait	173	1999	Sale in program area (Map 1)
Gulf of Alaska	179	2001	Sale in program area (Map 1)
Chukchi Sea/Hope Basin	183	2002	Combined sale in program area (Map 1)
Gulf of Mexico			
Western Gulf of Mexico	*	Annual	Sale in program area (Map 2)
Central Gulf of Mexico	**	Annual	Sale in program area (Map 2)
Eastern Gulf of Mexico	181	2001	Sale in program area (Map 2) (off Alabama, 100 miles off Florida)

* Sale No. 168, 171, 174, 177, and 180
** Sale No. 169, 172, 175, 178, and 182

In developing the Proposed Program, MMS considered comments received in response to the Call for Comments and the draft proposed program. In the most recent solicitation, comments from over 90 constituencies were received including State, local, Federal, and other interests. We have continued our dialogue with our constituencies on the West, East, and Gulf coasts. We have continued working with the Alaska Regional Stakeholders Task

Force as it continues to participate in the development of recommendations on the program. The Task Force found that the Draft Proposed Program was consistent with its recommendation made to the OCS Policy Committee to consider the five areas in the program. Based on the comments received on the draft proposal, the MMS also has established a new joint subcommittee of the OCS Policy and Scientific Committees to provide an independent review and evaluation of the specific information needs for areas where controversy has led to executive or legislative restrictions on leasing. Their efforts address issues for consideration in future programs.

Based on the comments received and the requirements of the National Environmental Policy Act, the Proposed Program analysis includes alternatives to consider leasing in areas other than those chosen for the Draft Proposed Program. The draft EIS provides an alternative of holding a lease sale in 2000 in the Mid-Atlantic program area.

Two additional alternatives are considered in the Eastern Gulf of Mexico program area. The first Eastern Gulf of Mexico alternative provides for a sale in 2001 in an expanded program area that includes additional blocks in deep water. It was developed based on expressed industry interest and resource information, balanced with consideration of the expressed interests of the States of Florida and Alabama. A second alternative in the Eastern Gulf of Mexico is to conduct two lease sales, one in 1999 in the deepwater portion of the expanded program area and one in 2001 in the entire expanded program area.

The Secretary has decided, for this program, to give greater weight to the following two OCS Lands Act section 18 criteria: laws, goals, and policies of affected States and location of regions with respect to other uses of the sea and seabed. While he will continue to consider all section 18 factors in future decisions, he has concluded that any lesser weighting of these latter two criteria at this time would be counterproductive to long-term development of the OCS.

National Energy Needs: This Proposed Program will best meet national energy needs. Increasing imports will make the Nation more vulnerable to supply disruptions and increase the Nation's balance of payments deficit. Environmentally responsible development of OCS oil and gas resources will have to play a role in any effort to slow or reverse the increase in imported energy.

The decisions on the new 5-year program will have a long-term effect on the contribution of OCS resources to meeting the Nation's energy needs and improving its trade balance. Most production resulting from lease sales held under the new 5-year program is likely to begin over the first decade of the next century and continue for another 25 years.

In developing a 5-year program to best meet the Nation's energy needs the Secretary considered today's reality of relatively inexpensive imported oil, continuously imposed or threatened congressional restrictions, strategic consensus building efforts for exploration and development in the most likely places where actual exploration and development can occur or expand, the Nation's current reliance on OCS resources, and section 18 criteria.

Focusing on being a good neighbor, proceeding deliberately with environmental concerns extensively studied and analyzed, and pursuing work with the Alaska Regional Stakeholders Task Force and similar consensus building efforts could result in a 5-year schedule under which most lease sales are held on time and future OCS production is maximized. The approach reflected in the Proposed Program not only facilitates problem-solving and consensus building but also maintains a viable infrastructure and promotes production in proven areas while encouraging exploration and infrastructure development in other areas--such as the deep-water Gulf of Mexico and selected areas on the Alaska OCS--where there is industry interest and the potential for major discoveries. Such a program best meets national energy needs at this time.

The Secretary has concluded that the Proposed Program achieves the most equitable sharing that is possible at the present time. The greatest risks, and greatest benefits, will continue to accrue to regions with existing production and infrastructure, particularly the Central and Western Gulf. The schedule includes several sales in the Alaska region, where there is existing infrastructure and onshore production and a need to gather more information on the geological and geophysical characteristics of the region. High volumes of OCS oil and gas will continue to be produced from the California OCS even though no lease sales during this program are proposed. This fact cannot be ignored in considering the equitable sharing of developmental benefits and environmental risks.

Configuration of Planning Areas: The planning area boundaries and program areas for leasing consideration are as depicted in Maps 1 and 2. No further technical adjustments to the configuration of OCS planning areas have been made--they are the same as those published in the Draft Proposed Program.

Assurance of Fair Market Value: As in the Draft Proposed Program, the basic minimum bid level would be set at $25 per acre, subject to sale-by-sale reconsideration, and the current two-phased bid adequacy process is retained.

The Outer Continental Shelf Deep Water Royalty Relief Act (P.L. 104-58) was signed into law on November 28, 1995. This new law requires the Secretary to suspend royalty on any new leases issued during the next 5 years for blocks in water depths of 200 meters or more within the Central and Western Gulf of Mexico Planning Areas and within that portion of the Eastern Gulf of Mexico Planning Area located west of 87 degrees 30 minutes West longitude. The Secretary has 180 days to promulgate any necessary rules to implement the law, and the Department of the Interior is engaged in preliminary planning and analysis. Implementation of this law will affect internal estimates of the value of affected leases and may lead to one or more additional changes in leasing policy and the terms and conditions for these new leases.

Information Requested: 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 Proposed Program. As specified in section 18(a)(2)(F), the MMS requests the Governors of affected States to identify State laws, goals, and policies relevant to OCS oil and gas. Information provided by commenters should relate to the principles and factors of section 18, and suggestions for revising the Proposed Program should include rationale corresponding to those considerations and to the policy objectives identified by the MMS, as discussed in the background presented above.

Pursuant to the NEPA, the MMS also has prepared a draft EIS for the new 5-year program. Comments on the draft EIS should be sent to: 5-Year EIS Project Manager, Minerals Management Service (MS-4320), 381 Elden Street, Herndon, Virginia 22070. Comments submitted in response to this Notice will be considered in preparing the Proposed Final Program and the final EIS.

Section 18(g) authorizes confidential treatment of privileged or proprietary information that is submitted. 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.

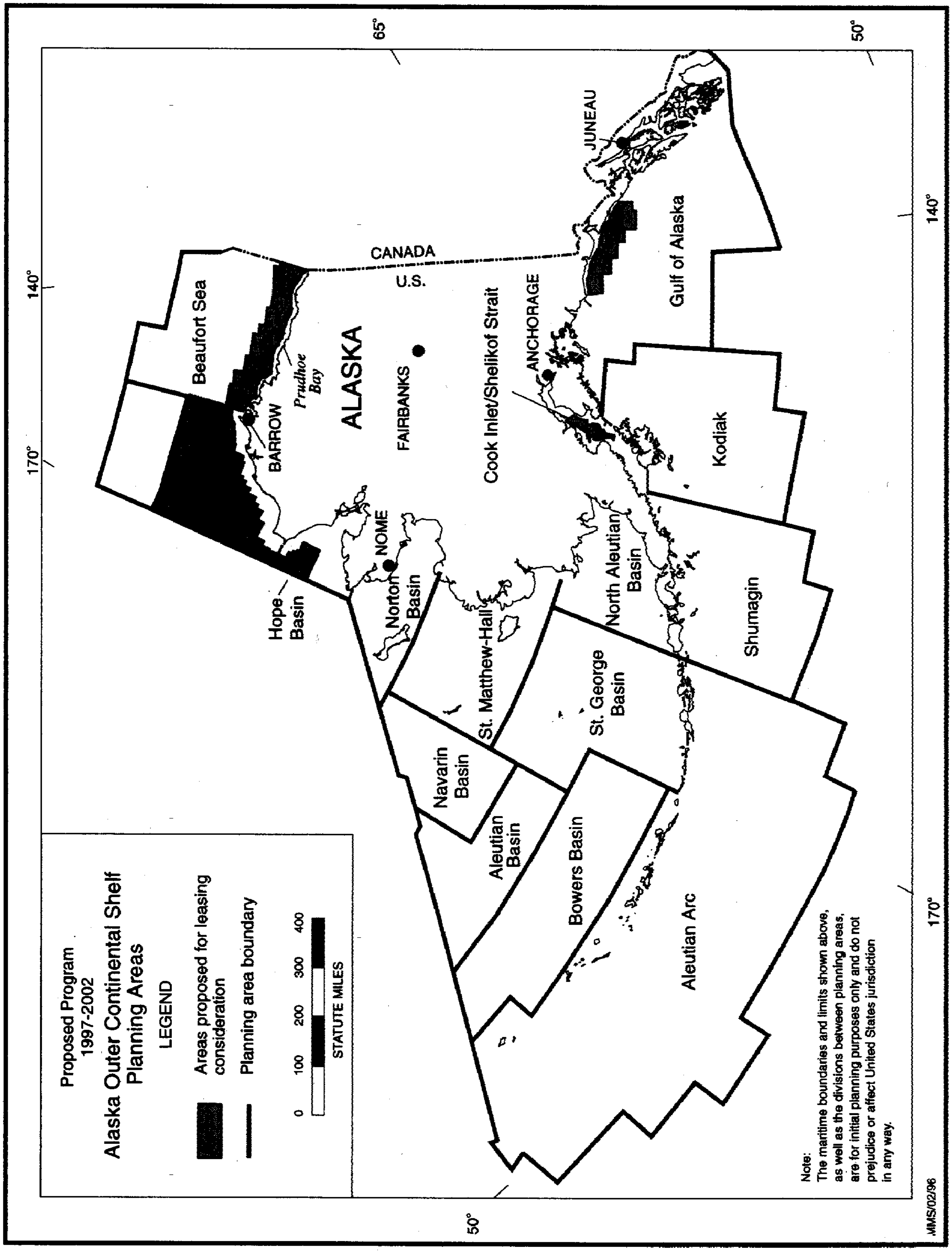
Next Steps in the Process will be to receive and evaluate all comments including the Alaska Task Force recommendations submitted through the OCS Policy Committee and to prepare and issue the Final Program and final EIS in August 1996. The Secretary may approve the new 5-year program 60 days later.

Cynthia Quarterman

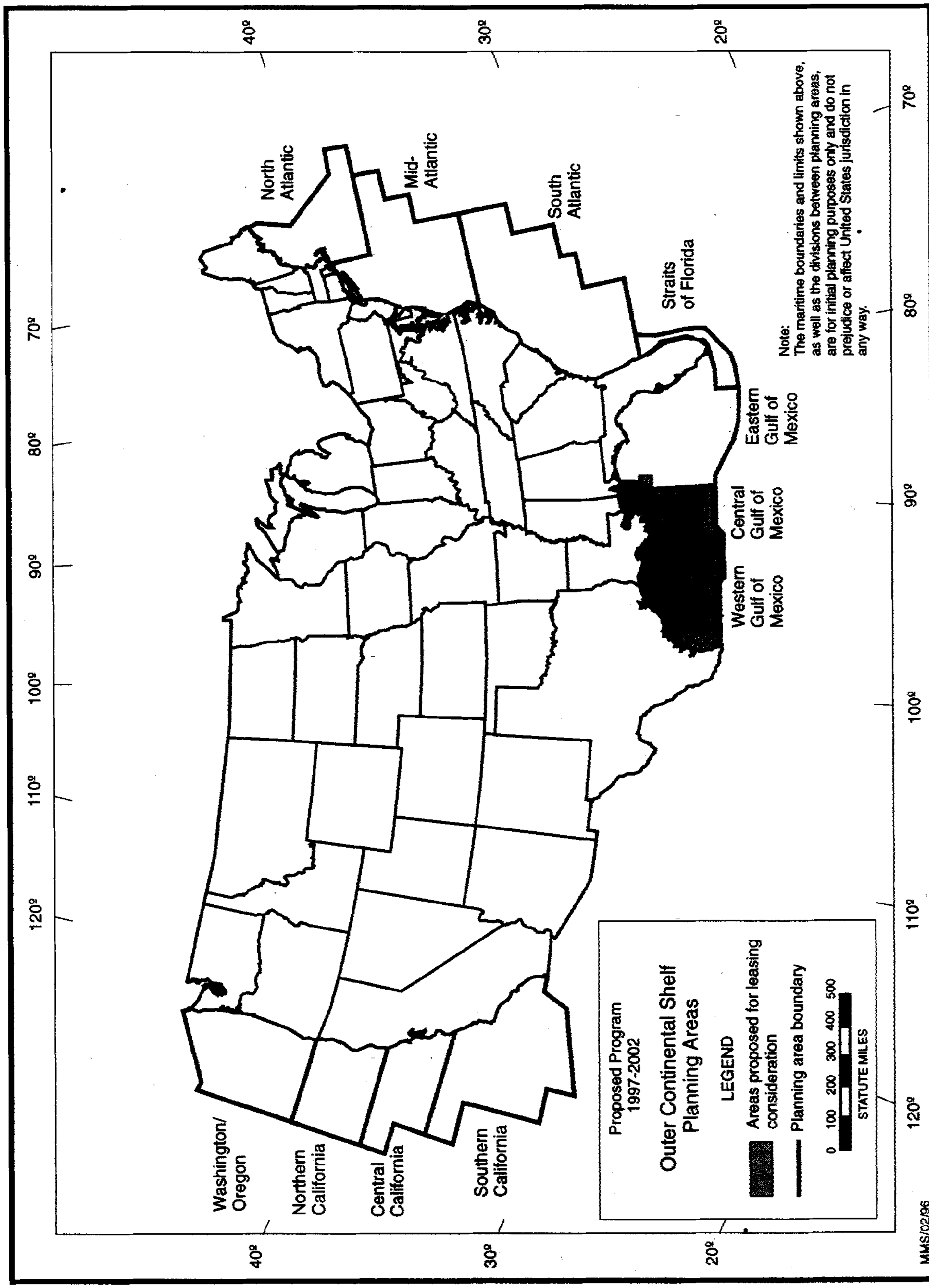
Cynthia Quarterman
Director, Minerals Management Service

FEB -5 1996

Date


Proposed Program
1997-2002
Alaska Outer Continental Shelf
Planning Areas
LEGEND
Areas proposed for leasing consideration
Planning area boundary
0 100 200 300 400
STATUTE MILES
Beaufort Sea
Prudhoe Bay
BARROW
ALASKA
FAIRBANKS
CANADA
U.S.
ANCHORAGE
JUNEAU
Cook Inlet/Shelikof Strait
Gulf of Alaska
Kodiak
NOME
Hope Basin
Norton Basin
St. Matthew-Hall
North Aleutian Basin
Shumagin
St. George Basin
Navarin Basin
Aleutian Basin
Bowers Basin
Aleutian Arc
65°
50°
140°
170°
Note:
The maritime boundaries and limits shown above, as well as the divisions between planning areas, are for initial planning purposes only and do not prejudice or affect United States jurisdiction in any way.
MMS/02/96

Map 1. Alaska



Map 2. Lower 48 States

[FR Doc. 96–2867 Filed 2–8–96; 8:45 am]

BILLING CODE 4310–MR–C