BUDGET JUSTIFICATIONS

The United States Department of the Interior

and Performance Information
Fiscal Year 2012

BUREAU OF OCEAN ENERGY MANAGEMENT, REGULATION AND ENFORCEMENT

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BUREAU OF OCEAN ENERGY MANAGEMENT, REGULATION AND ENFORCEMENT FY 2012 PERFORMANCE BUDGET

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Director's Preface

"…we need better regulations, better safety standards, and better enforcement when it comes to offshore drilling."

-President Barack Obama

The Deepwater Horizon blowout and oil spill brought to light serious deficiencies in the regulatory framework for offshore drilling. Over the past several months, we at the Bureau of Ocean Energy Management, Regulation and Enforcement (BOEMRE) have worked hard to address these deficiencies and to restore public confidence in oil and gas drilling on the Outer Continental Shelf (OCS). Together with Secretary of the Interior Ken Salazar, we are undertaking the most aggressive and comprehensive reforms of offshore oil and gas regulation and oversight in U.S. history.

Through our reforms, we are creating a new culture of safety and a vastly improved regulatory regime. But our success ultimately depends on receiving adequate resources to implement these reforms internally and conducting aggressive oversight to ensure that regulatory requirements – old and new – are being met by operators. As the Secretary and I have emphasized on numerous occasions, additional resources are absolutely critical if we are to accomplish meaningful and lasting change in the way in which the Department manages the nation's offshore energy resources and provides effective oversight.

Some of they key reforms we intend to implement in FY 2012 are highlighted below.

First, we will continue our work to build out three strong, independent entities to carry out the missions of promoting energy development, regulating offshore drilling, and collecting revenues. In the past, these three functions all resided within the former Minerals Management Service (MMS), creating the potential for internal conflict and an increased risk of a pro-development bias. This will no longer be the case.

On May 19, 2010, Secretary Salazar signed Executive Order 3299, which dissolved the Minerals Management Service (MMS) and called for the establishment of three new entities in its place: the Bureau of Ocean Energy Management (BOEM), the Bureau of Safety and Environmental Enforcement (BSEE), and the Office of Natural Resources Revenue (ONRR). The revenue collection arm of the former MMS has already become the Office of Natural Resources Revenue, a separate entity within the Office of the Secretary. In the next year, the offshore leasing and regulation programs will also become separate, independent organizations:

The new **Bureau of Ocean Energy Management** (BOEM) will be responsible for managing development of the nation's offshore resources in an environmentally and economically responsible way. Functions will include: Leasing, Plan Administration, Environmental Studies, National Environmental Policy Act (NEPA) Analysis, Resource Evaluation, Economic Analysis and the Renewable Energy Program.

The new **Bureau of Safety and Environmental Enforcement** (BSEE) will enforce safety and environmental regulations. Functions will include: Offshore Regulatory Programs, Research, Oil Spill Response, all field operations including Permitting and Inspections, and newly formed Training and Environmental Compliance functions.

As part of our broad and continuing reform efforts, we have created ***11 Implementation Teams*** that have been hard at work for several months. They are the central focus of our efforts to analyze critical aspects of BOEMRE's structures, functions and processes, and implement our reform agenda.

We have also established an ***Investigations and Review Unit*** (IRU) within BOEMRE to provide the internal capability to investigate allegations of misconduct or unethical behavior; provide the capability for conducting investigations into allegations that operators have violated laws and regulations relating to offshore drilling; and respond swiftly to emerging issues. The IRU's functions and capabilities will continue in the new organizations.

In addition to our ongoing organizational reforms, we have put in place major new safety requirements and programs to enhance enforcement and inspection activity. To date, we have:

- Launched a full review of our use of categorical exclusions.

- Issued a Notice to Lessees (NTL 2010-N06) that requires exploration plans to meet new requirements to show the operator is prepared to deal with potential blowout and potential worst-case discharge scenarios.

- Issued a drilling safety rule requiring permit applications for drilling projects to meet new standards for well-design, casing, and cementing, and be independently certified by a professional engineer. We are strengthening standards in the drilling and production stages, for equipment, safety practices, environmental safeguards, and oversight.

- Issued a new workplace safety rule imposing, for the first time, performance based standards for offshore drilling and production operations, including for equipment, safety practices, environmental safeguards, and management oversight of operations and contractors.

- Issued NTL 2010-N10 requiring corporate compliance statements and information about subsea blowout containment resources.

- Issued new guidance for "Idle Iron" which requires oil and gas companies operating in the Gulf of Mexico to set permanent plugs in nearly 3,500 nonproducing wells and dismantle about 650 oil and gas production platforms if they are no longer being used.

In order to ensure compliance with these new rules and make sure that we remain on par with industry regarding developments in drilling technology, BOEMRE will need to hire more

engineers, inspectors, and staff for environmental reviews. We have already taken steps to increase the number of inspectors and petroleum engineers in the agency. Last fall, BOEMRE engaged in a recruitment initiative with universities around the Gulf of Mexico. As a result of that recruitment tour, we received more than 500 applications within two weeks, and we are in the process of interviewing qualified candidates. Because the success of the reform agenda for offshore oil and gas exploration and development is largely dependent on bringing talent, expertise, and more personnel into the government, we are very gratified that our aggressive recruitment efforts are showing such positive results.

While we have accomplished a great deal, and our reform agenda is moving rapidly, our work is far from complete. In the near future, we plan to continue our efforts on the following initiatives:

- Developing a risk-based program for inspections, a program for safety monitoring from onshore locations, new inspections and monitoring policies and procedures, and instituting new training programs.

- Establishing an Ocean Energy Safety Advisory Committee to facilitate coordination and collaboration on offshore energy safety among industry, the academic community and federal agencies, including BOEMRE, the Department of Energy, the National Oceanic and Atmospheric Administration, and the United States Coast Guard.

- Improving offshore drilling safety, containment and response by issuing the next generation of regulations regarding (1) performance-based safety rules, including Safety and Environmental Management Systems; (2) additional safety measures, including blowout preventer enhancements; and (3) well containment and spill response.

- Enhancing our OCS Renewable Energy program and implementing the Secretary's "Smart from the Start" initiative, continuing Task Force activities regarding renewable energy development, identifying Wind Energy Areas and initiating regional environmental assessments and consultations for Mid Atlantic Wind Energy Areas to address lease issuance and site assessment activities. These efforts alone are being conducted in keeping with the President's Ocean Policy Task Force recommendations regarding Coastal and Marine Spatial Planning efforts. We are also working toward issuing guidelines for key stages of renewable energy project development and facilitating action on existing projects, including Cape Wind and interim policy leases.

- Working aggressively – but responsibly – to conduct the remaining Gulf of Mexico (GOM) lease sales pursuant to the 2007-2012 OCS Five Year Oil and Gas Leasing Program. This includes completing required environmental analysis in the Western and Central GOM. We are also conducting scoping meetings and environmental analysis in the Arctic and GOM in preparation for potential leasing activity under the 2012-2017 OCS Five Year Oil and Gas Leasing Program.

- Developing the first Geological and Geophysical (G&G) Programmatic Environmental Impact Statement (PEIS) for areas in the mid and south Atlantic. The PEIS will evaluate potential environmental effects of multiple G&G activities, such as seismic surveys, that will be conducted to inform future decisions regarding oil, natural gas, and renewable energy development on the OCS in the mid- and south Atlantic planning areas.

We will spend most of FY 2011 implementing the reorganization of BOEMRE and will formally establish BOEM and BSEE in October 2011. This request represents an interim step in the reorganization process and consolidates requested funding for BOEM and BSEE using the pre-existing budget structure. Funds for ONRR are being requested separately as part of the Office of the Secretary's request. Additional delineation of the division of base program resources will occur in the coming months, and we will continue consulting Congress throughout the next phase of the reorganization.

BOEMRE's FY 2012 request is $358.4 million. The request is offset by $151.6 million in eligible OCS rental receipts, $8.6 million in cost recovery fees, and $65.0 million in inspection fees, resulting in a net request of $133.2 million in appropriated dollars.

This request is composed of funding increases for resource management functions; safety and enforcement functions; and administration, savings, and other budget adjustments. The request also contains funding for an independent advisory board and an investigations and review unit.

The request includes a program increase of $92.1 million for safety and enforcement functions over the FY 2010 enacted level and $81.9 million over the FY 2011 continuing resolution (P.L. 111-322). This request includes program increases over the FY 2010 enacted level of $54.7 million to increase OCS operations inspection and monitoring capabilities, $11.4 million for engineering studies, $8.6 million for oil spill research, $6.9 million for permitting, $5.1 million for environmental and operational oversight compliance, $2.9 million for management operations, $2.9 million for management operations, $1.2 million for general support, and $1.2 million for oil spill response compliance.

The safety and enforcement request proposes to increase inspection fees by $55.0 million from the 2010 level of $10.0 million to $65.0 million. The President's National Commission on the BP Deepwater Horizon Oil Spill and Offshore Drilling report recommended the use of industry fees to "provide adequate leasing capabilities and regulatory oversight for the increasingly complex energy-related activities being undertaken on the OCS". It also argued that the oil and gas industry "should do significantly more and provide the funds necessary for regulation [which] would no longer be funded by taxpayers, but instead by the industry that is being permitted to have access to publicly owned resources." This funding will be used to hire new inspectors, improve the tools and systems necessary to implement the risk-based inspection program, and expand offshore transportation resources. As a result of the revenue derived from increasing the inspection fee, the net cost of the safety and enforcement improvements requested in this budget is $37.1 million over the FY 2010 enacted level and $26.9 million over the FY 2011 continuing resolution (P.L. 111-322).

An additional $19.5 million over the FY 2010 enacted level and FY 2011 continuing resolution (P.L. 111-322) is requested for resource management functions. This request includes $8.1 million to fund NEPA and environmental studies staff, $6.5 million for environmental studies, $2.5 million for general support, $2.1 million for renewable energy, $1.9 million to ensure fair market value, $1.0 million for marine spatial planning, $310,000 for bid evaluation, a reduction of $900,000 to remove the Center for Marine Resources and Environmental Technology earmark, and a $2.0 million reduction in marine minerals funding.

Other significant changes include a request for $1.2 million to fund an independent advisory board and $5.8 million for an Investigations and Review Unit.

As indicated by this overview, the reorganization is intended to effect a great deal more than merely separating the functions into new organizations – it is about laying the foundation for lasting change in the way BOEMRE does business. Investing in this foundation is a critical aspect of reform and is an essential step toward creating a sustainable and environmentally responsible domestic offshore energy industry.

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FY 2012 PERFORMANCE BUDGET

Bureau of Ocean Management, Regulation and Enforcement

General Statement

Table 1 : Summary of BOEMRE Budget Request

Budget Authority ($000)	MMS	BOEMRE		
	2010 Enacted [/6]	2011 CR [7/]	2012 Request [7/]	Change from 2010 Enacted
Total, former Minerals Management Service (MMS)	**348,250**	**371,303**	**506,252**	**+158,002**
Less ONRR Funding (Program Transferred to OS)	-109,244	-122,101	-147,901	-38,657
Rescission of Prior Balances	0	-25,000	0	0
Total - BOEMRE Only	**239,006**	**224,202**	**358,351**	**+119,345**
ROMM/OEM Direct Appropriation [1/]	175,217	78,009	118,265	-56,952
Rescission of Prior Year Balances [2/]	0	-25,000	0	0
Oil Spill Research Appropriation	6,303	6,303	14,923	+8,620
Direct Appropriations	**181,520**	**59,312**	**133,188**	**-48,332**
Offsetting Rental Receipts	143,730	143,390	151,580	+7,850
Cost Recovery Fees	13,000	11,500	8,583	-4,417
Inspection Fees	10,000	10,000	65,000	+55,000
Total Offsetting Collections	**166,730**	**164,890**	**225,163**	**+58,433**
Total Discretionary Budget Authority	**348,250**	**224,202**	**358,351**	**+10,101**
Mandatory Budget Authority				
Payments to States [3/]	1,662,244	*n/a*	*n/a*	*n/a*
Geothermal Payments to Counties	6,857	*n/a*	*n/a*	*n/a*
Coastal Impact Assistance Program [4/]	250,000	0	*n/a*	*n/a*
Total Mandatory Budget Authority	**1,919,101**	**0**	**0**	**-1,919,101**
Grand Total - Budget Authority - BOEMRE	**2,267,351**	**224,202**	**358,351**	**-1,909,000**
FTE				
Former MMS (ROMM/OEM FTE)	1,666	1,672	2,035	+369
Less ONRR FTE (Transferred to OS)	-588	-599	-640	-52
BOEMRE Only (OEM FTE)	**1,078**	**1,073**	**1,395**	**+317**
Reimbursable ROMM/OEM FTE [5/]	[130]	[64]	[64]	[0]
Oil Spill Research Appropriation	18	18	22	+4
Coastal Impact Assistance Program [4/]	24	24	*n/a*	*n/a*
Total FTEs	**1,120**	**1,115**	**1,417**	**321**

1/ The Royalty and Offshore Minerals Management (ROMM) appropriation, which formerly funded MMS will be renamed the Ocean Energy Management (OEM) appropriation under BOEMRE starting in FY 2012.

2/ The first FY 2011 Continuing Resolution (P.L. 11-242) rescinded $25 million in prior year balances.

3/ Includes Mineral Leasing and Associated Payments; National Forest Fund Payments to States; Leases of Lands Acquired for Flood Control, Navigation and Allied Purposes; Qualified OCS revenues to Gulf producing states (GOMESA); and National Petroleum Reserve – Alaska state payments. Estimated FY 2011 payments are shown during this transition year. As of October, 1, 2011 the transition of this account to the Office of Natural Resources Revenue (ONRR) within the Assistant Secretary, Policy Management, and Budget will be complete and reflected in the appropriate section of their budget document.

4/ The Coastal Impact Assistance Program (CIAP) is being moved to the U.S. Fish and Wildlife Service beginning in FY 2012.

5/ Estimated FTE - ROMM/OEM dedicated to reimbursable activities.

6/ ONRR is now under the Department of the Interior's Assistant Secretary, Policy, Management, and Budget.

7/ At completion of this FY 2012 Budget Request a FY 2011 appropriation had not been enacted and BOEMRE was opperating under P.L. 111-322 (Continuing Resolution through March 4, 2011). The amounts shown here are provided for comparison with the BOEMRE FY 2012 request. Because ONRR is funded through the ROMM appropriation in 2011 and has access to offsetting collections, the 2011 budget for ONRR reflects higher direct appropriations and lower offsetting collections. In FY 2012, BOEMRE will retain authority for all offsetting collections and ONRR will be funded through direct appropriations in the Office of the Secretary.

Per Secretarial Order 3329, issued on May 19, 2010, the former Minerals Management Service (MMS) is being reorganized into three strong, independent entities with clearly defined roles and missions. MMS – with its conflicting missions of promoting resource development, enforcing safety regulations, and maximizing revenues from offshore operations combined with a lack of resources – could not keep pace with the challenges of overseeing the oil and gas industry operating in Outer Continental Shelf waters.

The reorganization of the former MMS is designed to remove those conflicts by clarifying and separating missions across three entities and providing each of the new entities with clear missions and additional resources necessary to fulfill those missions.

On October 1, 2010, the revenue collection arm of the former MMS became the Office of Natural Resources Revenue (ONRR) and now reports to the Department of the Interior's Assistant Secretary for Policy, Management and Budget. By October 1, 2011, the offshore resource management and safety and enforcement functions will also become separate and independent bureaus.

This request for the Bureau of Ocean Energy Management, Regulation and Enforcement (BOEMRE), a temporary organization created for this transition period, will fund the reorganization of the former MMS and effectively reform offshore energy development.

FY 2012 PERFORMANCE BUDGET REQUEST

BOEMRE

Bureau of Ocean Energy Management, Regulation and Enforcement (BOEMRE) has undertaken an aggressive overhaul of the offshore oil and natural gas regulatory process, increasing safety in an effort to ensure that oil and gas development is conducted responsibly. BOEMRE has implemented enhanced safety standards through new regulations and guidance, and is working with and closely monitoring industry to ensure compliance.

BOEMRE is requesting funding through the newly established Ocean Energy Management (OEM) appropriation, formerly the Royalty and Offshore Minerals Management (ROMM) appropriation, along with the existing Oil Spill Research (OSR) appropriation. The OEM appropriation, like the former ROMM appropriation, is partially offset by a portion of Outer Continental Shelf (OCS) rental collections, cost recovery fees, and inspection fees.

In FY 2012, BOEMRE is requesting a discretionary operating account level of $358.4 million, which includes $151.6 million from offsetting rental collections, $8.6 million from cost recovery fees, $65.0 million from inspection fees, $118.3 million from direct OEM appropriations, and $14.9 million from the OSR appropriation. This request excludes funds requested for the newly

established Office of Natural Resources Revenue (ONRR) which are being requested separately within the Office of the Secretary appropriation.

REORGANIZATION AND REFORM

On April 20, 2010, a loss of well control occurred and resulted in an explosion, fire, and the eventual sinking of the Deepwater Horizon drilling rig, a disaster that killed 11 workers, seriously injured many others, and ultimately resulted in the release of nearly five million barrels of oil into the Gulf of Mexico over a period of almost three months, creating the largest oil spill ever in American waters.

In response, the Department of the Interior has launched the most aggressive and comprehensive reforms in U.S. history to strengthen oversight and regulation of offshore oil and gas operations in order to reduce the risk of a similar disaster in the future. Multiple investigations and analyses were set in motion, including those conducted by the DOI Safety Oversight Board, the National Commission on the BP Deepwater Horizon Oil Spill and Offshore Drilling, and the National Academy of Engineering. The results of these investigations will continue to inform DOI's reorganization and reform efforts.

The Need for Reform

On January 11, 2011, the National Commission on the BP Deepwater Horizon Oil Spill and Offshore Drilling released its full report, containing key findings from its extensive investigation into the causes of the blowout of BP's Macondo well.

> "…the Macondo blowout was the product of several individual missteps and oversights by BP, Halliburton, and Transocean, which government regulators lacked the authority, the necessary resources, and the technical expertise to prevent."
>
> "The blowout was not the product of a series of aberrational decisions made by rogue industry or government officials that could not have been anticipated or expected to occur again. Rather, the root causes are systemic, and absent significant reform in both industry practices and government policies, might well recur."

The Commission report goes on to say that the responsibilities for these shortfalls are not those of MMS alone: "But even if MMS had the resources and political support needed to promulgate the kinds of regulations necessary to reduce the risk, it would still have lacked personnel with the kinds of expertise and training needed to enforce those regulations effectively." The reorganization and related reforms that would be funded by this request are intended to address these shortfalls while at the same time allowing for the continuity of operations and ongoing production activity.

Organizational Reforms

Three strong, independent entities are being created to carry out the missions of promoting energy development, regulating offshore drilling, and collecting revenues. In the past, these

three conflicting functions resided within the same bureau, creating the potential for internal conflict and a strong risk of a pro-development bias.

The reorganization will specifically **separate resource management from safety and oversight** to allow permitting engineers and inspectors greater independence, more budgetary autonomy, and clearer senior leadership focus. The goal is to create tough-minded, but fair, regulators who can effectively evaluate and keep pace with the risks of offshore drilling and will promote the development of safety cultures in offshore operators.

In addition, this new structure will ensure that robust environmental analyses are conducted so that the potential environmental effects of proposed operations are given appropriate weight during decision-making related to resource management and that leasing and plan approval activities are properly balanced. These processes must be both rigorous and efficient so that operations can go forward in a timely manner with a complete understanding of their potential environmental impacts and appropriate mitigation against those potential environmental effects in place.

The **Bureau of Ocean Energy Management** (BOEM) will be responsible for managing development of the nation's offshore energy resources in an environmentally and economically responsible way. Functions will include: Leasing, Plan Administration, Environmental Studies, National Environmental Policy Act (NEPA) Analysis, Resource Evaluation, Economic Analysis and the Renewable Energy Program.

The **Bureau of Safety and Environmental Enforcement** (BSEE) will enforce safety and environmental regulations. Functions will include: Offshore Regulatory Programs, Research, Oil Spill Response, all field operations including Permitting and Inspections, and newly formed Training and Environmental Compliance functions.

The **Office of Natural Resources Revenue (ONRR)** was transferred to the Department of the Interior's Office of the Assistant Secretary for Policy, Management and Budget (PMB) on October 1, 2010. ONRR collects and disburses on average approximately $10 billion in annual revenues for the Nation, states, and American Indians. The office performs a variety of critical functions in pursuit of its mission to ensure the transparent and robust collections of royalties, rents, fees, and other revenues, including auditing of industry to determine compliance with the terms of each lease; enforcement against violators; development of regulations with respect to revenue valuation and collection and enforcement activities; assessment of civil and criminal penalties related to royalty and revenue collection; and cooperation with related criminal investigations and prosecutions.

Finally, an Investigations and Review Unit (IRU) has been established for the purpose of providing the internal capability within BOEMRE to promptly and credibly respond to allegations or evidence of misconduct and unethical behavior by employees as well as by industry; to oversee and coordinate BOEMRE's internal auditing, regulatory oversight and enforcement systems and programs; and to assure BOEMRE's ability to respond swiftly to emerging issues and crises, including significant incidents such as spills, accidents and other crises.

As appropriate, the IRU's functions and capabilities will continue in the new organizations and adjustments will be made as needed to incorporate recommendations and findings from ongoing investigations and reorganization studies.

Offshore Drilling Safety and Management Reforms

In September 2010, BOEMRE announced two new rules that raise the bar for the oil and gas industry's safety and environmental practices on the Outer Continental Shelf: one that strengthens requirements for equipment, well control systems, and blowout prevention practices and another that improves workplace safety by reducing the risk of human error on drilling rigs and platforms.

The first rule, the Drilling Safety Rule, immediately put in place tough new standards for well design, casing and cementing, and well control equipment, such as blowout preventers (BOPs). Operators are now required to obtain independent third-party inspections and certification of each stage of the proposed drilling process. An engineer must also certify that blowout preventers meet new standards for testing and maintenance and are capable of severing the drill pipe under the pressures anticipated for the well.

The second rule is the Workplace Safety Rule, which aims to reduce the human and organizational errors that lie at the heart of many accidents and oil spills. Operators on the OCS now must develop a comprehensive safety and environmental management program that identifies the potential hazards and risk-reduction strategies for all phases of activity, from well design and construction, to operation and maintenance, and finally to the decommissioning of platforms.

BOEMRE has also imposed more stringent requirements that companies must meet in applying for permits to drill:

- Operators must also provide additional information regarding their ability to respond to a blowout and to a worst-case oil spill scenario when they request new drilling permits; and

- Responsibility will flow directly from the individuals responsible for making decisions on behalf of these companies. From now on, energy company officials must certify that their operations comply with all safety regulations.

BOEMRE launched a full review of our NEPA categorical exclusions, which are no longer being used to approve proposed deepwater drilling projects. These new policies substantially raise the standards for all offshore operators.

BOEMRE, in collaboration with other federal agencies, is conducting comprehensive new environmental analyses of the Gulf of Mexico and the Arctic. These analyses will help inform future leasing and development decisions.

Coastal Impact Assistance Program

The Energy Policy Act of 2005 (Public Law 109-58) was signed into law on August 8, 2005. Section 384 of the Act establishes the Coastal Impact Assistance Program (CIAP) which authorizes funds to be distributed to Outer Continental Shelf (OCS) oil and gas producing states for the conservation, protection and preservation of coastal areas, including wetlands.

Under the CIAP, the Secretary of the Interior is authorized to distribute to producing States and coastal political subdivisions (CPSs) $250 million for each of the fiscal years 2007 through 2010. This money will be shared among Alabama, Alaska, California, Louisiana, Mississippi, and Texas; and will be allocated to each producing State and eligible CPS based upon allocation formulas prescribed by the Act.

From the inception of the program, the Bureau of Ocean Energy Management Regulation and Enforcement (BOEMRE), formally the Minerals Management Service (MMS), was designated to implement and oversee the program. However, in FY 2012, the Coastal Impact Assistance Program will be transferred to the Fish & Wildlife Service (FWS) since the purpose of the CIAP aligns more directly with the mission of FWS. The transfer will allow BOEMRE to focus on programs directly aligned with its mission.

FY 2012 BUDGET HIGHLIGHTS

As part of the Department of the Interior's New Energy Frontier Initiative, BOEMRE's FY 2012 request is $358.4 million. The request is offset by $151.6 million in eligible OCS rental receipts, $8.6 million in cost recovery fees, and $65.0 million in inspection fees, resulting in a net request of $133.2 million.

This request is composed of funding increases for resource management functions; safety and enforcement functions; and administration, savings, and other budget adjustments. The request also contains funding for an independent advisory board and an investigations and review unit as detailed below.

Table 2: FY 2012 Analysis of Budgetary Changes

Organization	*Item*	*FTE*	*($000)*
FY 2010 BOEMRE - Direct Appropriation		**1,684**	**181,520**
Baseline Adjustment	Reorganization: Transfer to ONRR/PMB	-588	-109,244
FY 2010 BOEMRE - Revised Baseline - Direct Appropriation*		**1,096**	**72,276**
FY 2011 Continuing Resolution (P.L. 111-322)**		0	+12,036
FY 2012 BOEMRE Changes			
Administration, Savings, and Adjustments	Fixed Costs	0	+1,192
	Reorganization Efficiencies and Budget Changes	+1	+1,058
	Administrative Savings	0	-1,432
	Offsetting Collections (rental receipts and cost recovery fees)	0	-5,273
Subtotal:		**+1**	**-4,455**
Resource Management	NEPA and Environmental Studies Staff	+52	+8,063
	Environmental Studies	0	+6,500
	General Support	0	+2,527
	Renewable Energy	+11	+2,050
	Fair Market Value	+1	+1,930
	Marine Spatial Planning	+4	+1,000
	Bid Evaluation	+2	+310
	Center for Marine Resources and Environmental Technology	0	-900
	Marine Minerals	0	-2,000
Subtotal:		**+70**	**+19,480**
Safety and Environmental Enforcement	Inspection/Monitoring Capability***	+116	+44,483
	Engineering Studies - TA&R	+12	+11,360
	Oil Spill Research	+4	+8,620
	Permitting	+41	+6,945
	Environmental & Operational Oversight Compliance	+33	+5,115
	Management Operations Support	+12	+2,860
	General Support	0	+1,246
	Oil Spill Response Compliance	+8	+1,240
	Inspection Fees	0	-55,000
Subtotal:		**+226**	**+26,869**
Other	Investigations and Review Unit	+20	+5,782
	Independent Advisory Board	+4	+1,200
Subtotal:		**+24**	**+6,982**
BOEMRE FY 2012 Request - Direct Appropriation		**1,417**	**133,188**

**The direct appropriation funding shown here is provided for comparison with the BOEMRE FY 2012 request. Because ONRR is funded through the ROMM appropriation in 2010 and 2011 and has access to offsetting collections, the actual budget reflects higher direct appropriations and lower offsetting collections.*

***P.L. 111-322 provided a total of $24.9 million in direct appropriations over FY 2010. Of this amount, $12.9 million was designated for ONRR. P.L. 111-242 (a previous CR) included a $25 million rescission of prior year unobligated balances for the OCS Connect Project for which budget authority is restored in FY 2012. FTE hired with funding from*

The Budget proposes the following discretionary funding increases and decreases relative to the 2010 enacted level. Limited funding for the inspection capability/monitoring initiative was received under P.L. 111-322 and is discussed in that initiative and in the regulatory section.

Fixed Costs (+$1,192,000; 0 FTE): Fixed costs of $1.2 million are fully funded within this request.

Reorganization Efficiencies and Budget Changes (+$1,058,000; + 1 FTE): An increase of $3,502,000 is required to maintain existing administrative staff and meet non-variable costs as funding from revenue management sources will no longer be available. An amount of $150,000 and one FTE is requested to meet increased administrative workload resulting from the expansion of the BOEMRE workforce. These adjustments are offset by anticipated reorganization efficiencies totaling $2.6 million that will be achieved through more efficient use of existing facilities and consolidation during the reorganization.

Administrative Cost Savings: (-$1,432,000; +0 FTE): In support of the President's commitment to fiscal discipline and spending constraints, BOEMRE is participating in an aggressive Department-wide effort to curb non-essential administrative spending. In accordance with this initiative, BOEMRE's justification assumes $447,000 in savings in FY 2012 against actual FY 2010 expenditures. A specific implementation plan will be completed in the near future; however, the activities where savings will be realized include: advisory contracts; travel and transportation of people and things, including employee relations; printing; and supplies. There will be no programmatic impact of implementing these savings initiatives, as functions will be performed in a more efficient and more effective manner. Actions to address the Accountable Government Initiative and reduce these expenses builds upon the management efficiency efforts in travel, relocation, and strategic sourcing proposed in the FY 2011 budget request resulting in total savings of $1.4 million.

Offsetting Collections (-$5,273,000; 0 FTE): In FY 2012, BOEMRE requests to retain $160.2 million from eligible offsetting rental receipts and cost recovery fees to defray the costs of bureau operations. This is a $5.3 million increase (because offsetting collections reduce required direct appropriations from the Treasury they are often presented as a negative number) compared to the FY 2011 level. This increase is composed of an $8.2 million increase in offsetting rental collections and a $2.9 million reduction in revenue from cost recovery fees.

NEPA and Environmental Studies Staff (+$8,063,000; +52 FTE): The need for additional environmental studies also requires staff to manage the studies, both scientific staff and coordination staff, including Contracting Officer's Representatives (CORs) for the Environmental Studies Program (ESP). As planned in FY 2011, BOEM will continue to expand its environmental review requirements and capability in FY 2012, at both the pre-lease and post-lease stages. At the pre-lease review stage, environmental specialists will begin their coordination efforts with the environmental compliance activity in the Bureau of Safety and Environmental Enforcement (BSEE). Coordination with BSEE will continue at the post-lease stage.

The staff will consist of marine archaeologists; social scientists and economists; benthic/fisheries biologists; avian and marine mammal biologists; protected species biologists, air-quality experts

and/or meteorologists; physical, biological and chemical oceanographers; water-quality/pollution specialists, and other disciplines. Scientific staff will conduct environmental and socioeconomic resource impact analyses required for the preparation of environmental impact statements and for an increased number of site-specific environmental assessments. These staff will also serve the ESP as CORs for all phases of studies procurement and monitoring.

The coordination staff will consist mainly of environmental and technical professionals leading NEPA efforts related to the review and the analysis required for effective pre- and post-lease environmental assessment and compliance. Coordination staff would be utilized to assist BSEE personnel with environmental investigations and/or compliance assessments.

Environmental Studies (+$6,500,000; +0 FTE)*:* In FY 2011, the Environmental Studies Program (ESP) began studies needed to support high priority information needs related to the Deepwater Horizon Oil Spill. Also, renewable energy requirements are increasing and will include establishment of baselines and monitoring. Many of these studies will be ongoing for several years, and the additional funds in FY 2012 are needed to continue these studies and to initiate additional studies. This information will be critical in order to comply with NEPA regulations and an extensive suite of environmental laws (including Marine Mammal Protection Act (MMPA), Endangered Species Act (ESA), National Historic Preservation Act (NHPA), Coastal Zone Management Act (CZMA), Magnuson-Stevens Fishery Conservation and Management Act (MSFCMA), and Migratory Bird Treaty Act (MBTA). As it has in the past, the ESP will leverage its funds with other interested Federal and private stakeholders, while ensuring that it fulfills its mission to acquire applied research specific to the oil and gas, marine minerals, and renewable energy programs.

General Support – Resource Management (+$2,527,000; +0 FTE): The ongoing reorganization and enhancement of BOEMRE activities includes efforts to attract environmental scientists, engineers, and support personnel needed to support the thorough review of offshore energy development activities. These funds will provide for general support needs such as rent, information technology (IT) and general equipment, communications, utilities, supplies, materials, and travel for the additional personnel.

Renewable Energy (+2,050,000; +11 FTE): The requested funds will set the stage for BOEMRE to work with applicants for offshore renewable energy/alternative use projects, with a focus on specific needs in the Atlantic and Pacific OCS. A significant increase in workload is expected in both the Atlantic and Pacific OCS for conducting environmental reviews, processing commercial leases, coordinating with stakeholders, and conducting inspection and enforcement activities.

The Secretary has announced an offshore wind initiative called “Smart from the Start” to facilitate the rapid and responsible development of renewable energy on the OCS. One of the main components of this initiative is identifying priority areas up and down the Atlantic Coast for appropriate wind development. BOEMRE and the department, in close partnership with states, stakeholders, and tribes have been working to identify what are called Wind Energy Areas off the Atlantic coast. These Wind Energy Areas use coordinated environmental studies, large-scale planning and expedited approval processes to speed offshore wind energy development. Based on stakeholder and public participation, BOEMRE will prepare regional environmental

assessments in the Wind Energy Areas to evaluate the effects of leasing and site assessment activities in the areas to be leased. If no significant impacts are identified, BOEMRE could offer leases in these mid-Atlantic areas as early as the end of 2011 or early 2012. Comprehensive site-specific NEPA review will still need to be conducted for the construction of any individual wind power facility, and BOEMRE will work directly with project managers to ensure that those reviews take place on aggressive schedules.

Fair Market Value (+$1,930,000; +1 FTE): This initiative will support activities to thoroughly assess the oil and gas potential and fair market value of OCS tracts offered for lease through purchase of critical software, hardware, data, and the hiring of an additional analysis staff member. This funding will contribute to ensuring the Nation receives a fair return for publicly owned energy resources.

Marine Spatial Planning (+$1,000,000; +4 FTE): The requested funds will enable BOEMRE to coordinate Coastal and Marine Spatial Planning (CMSP) efforts with other Federal and State agencies, determine information and data needs, make sure these needs are met to effectively implement CMSP policy, and fulfill the requirement under Executive Order 13547 Stewardship of the Ocean, Our Coasts, and the Great Lakes. BOEMRE has been designated as the lead bureau in DOI for CMSP and will significantly participate in its implementation. BOEMRE may be named the lead federal agency for some of the regional CMSP teams and tasked with developing comprehensive plans over the next several years. Coordination of CMSP with other OCS users and regulators is becoming more important as new uses and potential conflicts grow. With oil and natural gas, renewable energy, shipping/navigation, military uses, recreational and commercial fishing, and others activities competing for space on the OCS, it is becoming more important to coordinate the growing demand for multiple uses. This function is critical to the integrity of the 5-Year Oil and Gas Leasing Program that inherently balances these various competing interests and contributes to determining the size, timing, and location of leasing activity on the OCS. This initiative will complement the FY 2010 Multipurpose Marine Cadastre initiative, a marine information system that brings together data layers about environmental, physical, political, and social aspects of the OCS. In a single, interactively generated map, users can see all official boundaries, rights, restrictions, and responsibilities in State and Federal waters. BOEMRE is coordinating and collaborating with many agencies and groups in the development and implementation of this cadastre. In FY 2012, support for Gulf of Mexico, Atlantic, and Arctic CMSP activities will be a significant focus of this initiative.

Bid Evaluation (+$310,000; +2 FTE): Additional staff are needed to interpret new data and information in order to complete bid adequacy determinations, estimate discovered volumes for potential energy legislation and policy analysis, develop lease sale analogs for new discoveries, and revise assessments of undiscovered resource potential. These activities contribute to ensuring that fair market value is received for public resources.

Center for Marine Resources and Environmental Technology (CMRET) (-$900,000; -0 FTE): BOEMRE proposes to eliminate the earmarked funding for the CMRET in order to redirect the funding to higher priorities.

Marine Minerals (-$2,000,000; 0 FTE): This reduction is being offered to offset priority budget increases and will eliminate funding for BOEMRE's marine minerals program. Under this

program, BOEMRE works with Federal, State and local entities to issue leases for sand and gravel in the OCS. BOEMRE receives eight to 10 requests per year. BOEMRE retains the authority to process individual lease requests for sand and gravel on a case-by-case basis, funds permitting.

Inspection/Monitoring Capability (+$44,483,000; +116 FTE): Additional staff are needed to accelerate implementation of the new inspection and oversight regime currently under development. This will require additional personnel with diverse backgrounds to conduct varied types of inspections and oversee high risk activities, including critical drilling activities such as BOP testing and cement/casing activities as they approach production zones, and emergency shut down tests on production platforms. BOEMRE is actively evaluating significant process reforms, such as inspecting in teams rather than solo, implementing a stronger risk-based inspection strategy that will require additional oversight on higher risk activities, redesigning training protocols, and incorporating new technologies such as real-time monitoring of key drilling activities. The request includes funding for increased offshore transportation costs. P.L. 111-322, provided a net amount of $10.2 million for this purpose, which BOEMRE is using to begin implementation.

Engineering Studies – TA&R (+$11,360,000; +12 FTE): The Deepwater Horizon oil spill brought to the forefront the need to raise the level of resources dedicated to the evaluation of current and proposed oil and gas exploration and development technology. Since its inception over three decades ago, the TA&R Program budget has not kept pace with the increased cost of research and demands for TA&R managed research. In its January 2011 report to the President, the National Commission on the BP Deepwater Horizon Oil Spill and Offshore Drilling identified the need for increased safety and containment research both within industry and the federal government in order to maintain the capability to address emergencies as drilling technology moved operations into deeper waters and further from shore. The Commission's findings were substantiated by testimony by industry and academia experts who identified the lack of research for the offshore oil and gas sector. The Commission determined that that neither government nor industry had invested sufficiently in research, development, and demonstration to improve containment or response technologies. The Commission found funding to be inadequate and stated that "Congress needs to make funding the agencies responsible for regulating the oil and gas development a priority in order to ensure a safer and more environmentally responsible industry in the future" and that the "desire to tap resources in deeper waters should be accompanied by equivalent investments in subsea equipment, operator training, research and development for containment and response technologies."

In addition to further deepwater research, the Commission recommended "an immediate, comprehensive federal research effort to provide a foundation of scientific information on the Arctic" and that "a comprehensive interagency research program to address oil-spill containment and response issues in the Arctic should be developed, funded, and implemented within the federal government." Although industry has a significant role and responsibility to conduct this research to ensure its operations are safe, as the safety regulator, BOEMRE (and the future BSEE) need to have sufficient technical capabilities to conduct its own research and verify that the information and research provided by industry is accurate.

Examples of near-term deepwater safety and containment research by the TA&R Program include assessment of subsurface blow-out preventer design, performance, maintenance, and inspection; cementing, barrier, and containment practices and procedures; remotely operated vehicle intervention and capabilities; and wild well control technology. The TA&R Program will continue to transfer research results to rule writers, investigators, plan reviewers, and others that need this information to improve the safety of offshore operations.

Oil Spill Research (+$8,620,000; +4 FTE): Increased funding for the Oil Spill Research Program is needed to address several key knowledge gaps brought to light by the Deepwater Horizon oil spill. The program leverages its ocean research funding, often providing funds to address needed data gathering through support to academics and university partners. Agencies including NOAA, the Navy, and the National Science Foundation often contribute funds or ship time to these efforts as they have ancillary needs for information to support their own missions. The program will continue to play a leadership role in both technology assessment and spill simulation.

Permitting (+$6,945,000; +41 FTE): Additional staff are needed to review and process lease management, qualification, bonding and unitization requests and issues, as well as requests for development activities, such as plan and permit processing and approval. A recently published report by the Department of the Interior OCS Oversight Safety Board to the Secretary of the Interior states that the "Gulf of Mexico (GOM) district offices are challenged by the volume and complexity of permit applications and the lack of a standardized engineering review protocol. In addition, the Pacific Region's permitting staff is facing significant succession issues." It goes on to state that the workforce associated with regulating day-to-day activities has not increased proportionately to work demands, creating challenges in the need to balance an adequate analysis of permit requests with the need to be responsive to industry. For instance, Applications for Permits to Modify (APMs) have increased by 71 percent from 1,246 in 2005 to 2,136 in 2009 in the New Orleans District. In the Pacific, 80 percent of current permitting employees will be retirement eligible in the next 2.5 years. The requested funds will enable BOEMRE to ensure that staffing levels are commensurate with increasing workloads.

Environmental & Operational Oversight Compliance (+$5,115,000; +33 FTE): In FY 2012, BSEE will continue to build its compliance capabilities, both environmental and operational, and will work closely with BOEM to:

- participate in NEPA activities throughout the process, specifically in developing post-lease mitigation measures;
- issue safety and environmental protection related rules and regulations; and
- provide independent safety, engineering and technical authorization before any exploration, development or production plans are implemented.

Establishing a new environmental enforcement arm and expanding operational safety capabilities of BSEE is imperative. Development of robust regulations and policies, and subsequent industry and stakeholder outreach, is necessary to ensure the right mix of safety and environmental protection to minimize the risk of safety and environmental accidents. BSEE must coordinate closely with BOEM to capitalize on efficiencies related to bureau inter-dependencies, while recognizing and avoiding conflicts that may otherwise result in bureaucratic delays to safe exploration and development. Frequent independent, technical reviews will ensure regulations,

policy, and guidance keep pace with the complexities of OCS activities, including the use of new exploration and development technologies in frontier areas. Environmental mitigation and safety measures will need to be tested, verified, and improved in an adaptive management framework. Information systems may need to be enhanced to better track compliance with new safety and environmental requirements. A substantial effort will be required in explaining the new requirements to industry and interested stakeholders.

Management Operations Support (+$2,860,000; +12 FTE): Funds are requested to staff leadership and support positions for the new Bureau of Safety and Environmental Enforcement (BSEE) bureau directorate. As the bureau becomes further established, funds will be needed to support the increased operating activities of this office. While BOEMRE is developing reorganization plans with the goal of minimizing administrative redundancy, existing leadership funding will be allocated to BOEM. Therefore, funding to support the leadership of BSEE is required.

General Support – Safety and Environmental Enforcement (+$1,246,000; +0 FTE): The ongoing reorganization and enhancement of BOEMRE activities includes efforts to attract additional engineers, scientists, and support personnel needed to support the thorough review of offshore energy development activities. These funds will provide for general support needs such as rent, information technology (IT) and general equipment, communications, utilities, supplies, materials, and travel for the additional personnel.

Oil Spill Response Compliance (+$1,240,000; +8 FTE): Additional staff are needed to ensure an adequate level of oil spill response oversight, including review and approval of oil spill response plans (OSRP) and industry compliance inspections. OSRP reviews are conducted for new plans, biennial updates, amendments and plan revisions, and confirm that an operator has proper equipment, people, and structures in place to respond to an oil spill. Compliance inspections, such as unannounced oil spill exercises and unannounced response equipment inspections, test and evaluate an operator's preparedness level. Staff also verify response personnel classroom and hands-on training and participate in table top exercises in which response team members simulate response actions using their OSRP. The experience with the Deepwater Horizon oil spill highlighted the need for increased oversight of company OSRPs.

Inspection Fee (-$55,000,000; 0 FTE): The funding increases requested in this budget would be partially offset by $65 million in collections from OCS inspection fees, a $55 million increase in revenue relative to the 2010 enacted level. New fees would be charged on drilling rigs (+$17 million) and the existing fees on fixed OCS structures subject to inspection would be increased (+$48 million). This proposal will transfer the cost of offshore inspections from the taxpayers to the offshore oil and gas industry. The proposal is consistent with the recommendations of the President's National Commission on the BP Deepwater Horizon Oil Spill and Offshore Drilling. In its report, the Commission specifically notes that regulation of the oil and gas industry should "no longer be funded by taxpayers but instead by the industry that is being permitted to have access to a publicly-owned resource."

Investigations and Review Unit (+$5,782,000; +20 FTE): Funding is requested to staff and equip an Investigations and Review Unit (IRU), a team of professionals with law enforcement backgrounds or technical expertise whose mission is to: promptly and credibly respond to

allegations or evidence of misconduct and unethical behavior by bureau employees; pursue allegations of misconduct by oil and gas companies involved in offshore energy projects; and assure the bureau's ability to respond swiftly to emerging issues and crises, including significant incidents such as spills and accidents. The IRU will evaluate all information submitted and will, where appropriate, conduct further investigation. The IRU will be sharing allegations of misconduct with the Department of the Interior's Office of Inspector General (OIG), and they will jointly determine which office conducts any investigation of those allegations.

Independent Advisory Board (+$1,200,000; +4 FTE): The Board was conceived by the Reorganization Team and would be charged with reviewing BOEM internal policies, procedures, rules, and regulations. It would also provide peer review through participation of BSEE staff who would serve as informal advisors. Requested funds would also cover operating costs such as travel and space.

Mandatory Proposals and Other Reforms in the FY 2012 Budget:

Fee on Nonproducing Oil and Gas Leases: The budget includes a proposal for a $4/acre fee (indexed annually for inflation) on all new nonproducing Federal oil and gas leases (onshore and offshore). This fee provides a financial incentive for oil and gas companies to either get leases into production or relinquish them so that the tracts can be re-leased and developed by new parties. The fee is expected to generate revenues of $25.0 million in 2012 and $874.0 million over 10 years.

Repeal of Deep Gas Royalty Incentives: The budget proposes to repeal Section 344 of the Energy Policy Act of 2005, which extended and expanded existing deep gas royalty relief. Based on current natural gas price projections, the Budget does not assume savings from this change; however, the proposal could generate savings to the Treasury if future natural gas prices end up below current projections.

PERFORMANCE SUMMARY

The FY 2012 budget request of $358.4 million provides the resources needed to conduct BOEMRE's leasing, resource evaluation, environmental studies, and regulatory activities. The proposal also supports BOEMRE's Renewable Energy/Alternate Use program and its efforts to develop the Nation's offshore renewable energy resources in an environmentally responsible and safe manner that directly supports the Secretary's High Priority Performance Goal (HPPG) for Renewable Energy.

Performance Management

In accordance with the Government Performance and Results Act of 1993, the DOI Strategic Plan has been reviewed and updated in compliance with the three-year update requirement. The Department, in consultation with the bureaus, reviewed the organization and construct of the Strategic Plan in light of the Administration's priorities, goals, and objectives; recent innovations and efficiencies in delivering mission objectives; and the goal to provide a more integrated and focused approach to track performance across a wide range of DOI programs. Although many of the outcome goals and performance measures remain consistent from the previous Strategic Plan,

the organizing principles for those goals and measures reflect the new approach to meeting the Department's mission responsibilities. The DOI Strategic Plan for FY 2011 - FY 2016 is the foundational structure for the description of program performance measurement and planning for the FY 2012 President's Budget. Budget and program plans for FY 2012 are fully consistent with the goals, outcomes, and measures described in the new version of the DOI Strategic Plan.

Renewable Energy High Priority Performance Goal

BOEMRE supports the Renewable Energy High Priority Performance Goal (HPPG). The HPPG is as follows: *Increase approved capacity for production of renewable (solar, wind, and geothermal) energy resources on Department of Interior managed lands, while ensuring full environmental review, to at least 10,000 megawatts by the end of 2012.*

As with all programs, BOEMRE management closely monitors the renewable energy program. One of the mechanisms used to monitor the renewable energy initiative and BOEMRE's contribution toward the renewable energy HPPG is via performance metrics, bureau level metrics are included within the Goal Performance Table. The Department is presently employing a set of internal measures and milestones to monitor and track achievement of the HPPG. Progress in these areas will be reported and reviewed throughout the year by the Deputy Secretary's Principals Operations Group to identify and address any need for enhanced coordination or policy measures to address barriers to the achievement of the HPPG.

The first step in the leasing process is to identify a proposed lease area and determine whether or not there is competition for that area. If BOEMRE determines that there is competition, it will undertake a public consultation and decision process including environmental analyses such as those required by NEPA. The BOEMRE tracks the number of formal actions it publishes in the Federal Register to initiate the leasing process for renewable energy (i.e., Requests for Interest (RFI)). In April 2010, BOEMRE issued the first RFI for offshore renewable energy development off the coast of Delaware and has since issued RFIs for Maryland and Massachusetts. BOEMRE anticipates initiating five leasing processes in FY 2011 and another five in FY 2012.

The BOEMRE will issue two types of leases for renewable energy activities - *commercial leases* for development and power generation or transmission; and *limited leases* for resource assessment and technology testing. BOEMRE tracks the number of leases issued (both limited and commercial) for renewable energy activities. To issue commercial leases, BOEMRE must conduct a multi-step process entailing information gathering, consultation with interested and affected parties, NEPA review and compliance, and analysis in light of other applicable Federal requirements for each affected state.

The number of leases issued is highly dependent on the amount of interest and demand for the leases. The BOEMRE issued four limited leases (3 in New Jersey, 1 in Delaware) for testing and data collection on the OCS during FY 2010. If other interested developers submit applications for limited leases in the near future, there may be the potential to complete the required NEPA analysis and issue additional limited leases in FY 2012; however, BOEMRE does not currently have any active applications in process. Furthermore, buoy technology is gaining acceptance and could greatly reduce the need for meteorological towers (sodar and lidar technology).

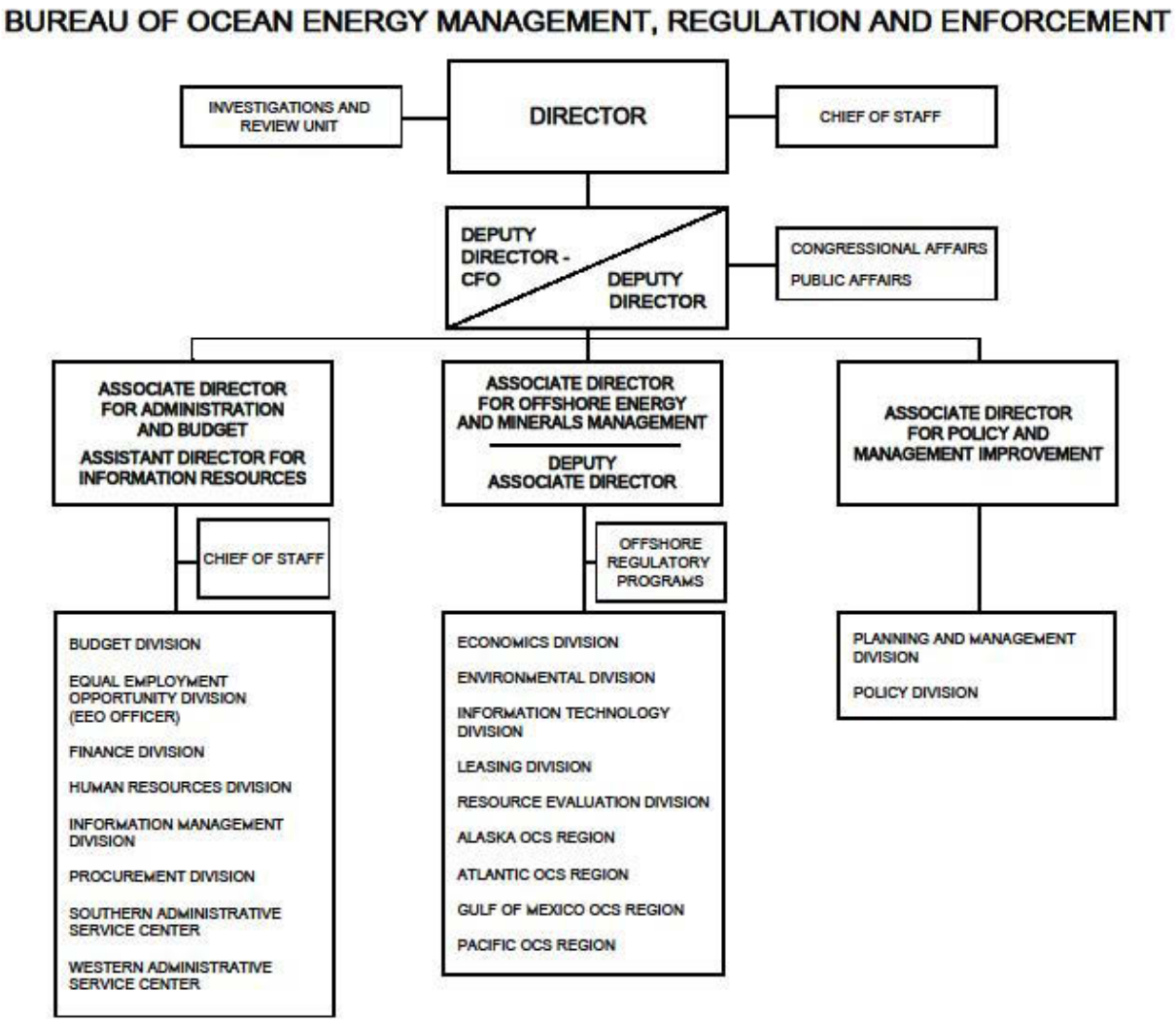
On April 28, 2010, Secretary Salazar issued a Record of Decision approving the Cape Wind renewable energy project off the coast of Massachusetts. Secretary Salazar and Cape Wind Associates President Jim Gordon signed the nation's first non-competitive lease for commercial wind energy development on the OCS on October 6, 2010. The project area offered in the lease is comprised of approximately 46 square miles on the OCS in Nantucket Sound.

In addition, in FY 2012, there may be the potential for a Right-of-Way grant to be issued for a renewable energy transmission project off the Atlantic Coast. BOEMRE anticipates being able to issue additional commercial leases for the offshore development of renewable energy in FY 2012 after the required public consultation and environmental analyses are completed.

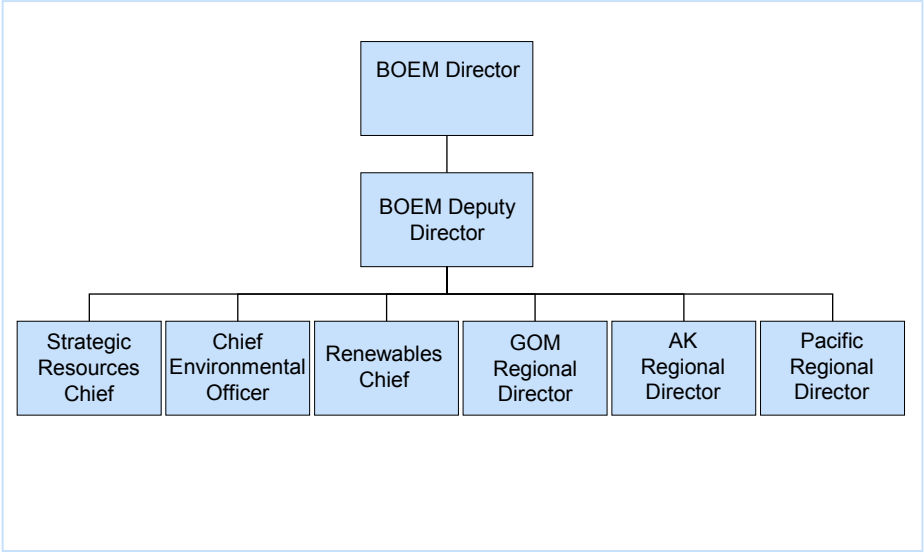
On November 23, 2010, Secretary Salazar announced an initiative called "Smart from the Start," to facilitate the siting, leasing and construction of new projects. The initiative included several elements, including (1) a plan to identify "Wind Energy Areas" offshore Atlantic states and to study those areas to attract development; (2) a plan to prepare regional environmental assessments for those areas to support the issuance of a lease and foreseeable site characterization activities; and (3) a proposed rule change to eliminate a duplicative public notice from the non-competitive leasing process. The initiative is expected to significantly reduce the time required for developers to obtain a commercial lease, while meeting all of the Department's legal and environmental responsibilities.

The BOEMRE recognizes the importance of coordinating and consulting with local and Federal stakeholders to develop a comprehensive renewable energy program for the OCS. BOEMRE tracks coordination and consultation activities. During FY 2010, BOEMRE noted seven cooperative planning and leasing efforts undertaken with relevant Federal agencies and affected state, local, and tribal governments. During FY 2010, BOEMRE established and held initial Federal/State Task Force meetings with seven states (i.e., Delaware, Rhode Island, Massachusetts, New Jersey, Virginia, Maryland, and Maine). In 2011 BOEMRE held initial stakeholder meetings with New York and North Carolina. BOEMRE has responded to requests from multiple other states (including Oregon, Florida, and South Carolina) to establish task forces. In FY 2011 and FY 2012, BOEMRE will continue to support these existing state taskforces as well as establish new ones and participate in other stakeholder collaboratives such as the West Coast Governors' Agreement on Ocean Health (WCGA), the California Working Group on Renewable Energy, and the Hawaii Clean Energy Initiative. A total of 15 collaboratives are planned for FY 2011 and another 12 are planned for FY 2012.

Figure 1: BOEMRE Organizational Chart



Bureau of Ocean Energy Management (BOEM) senior management organization structure



Bureau of Safety and Environmental Enforcement (BSEE) senior management organization structure

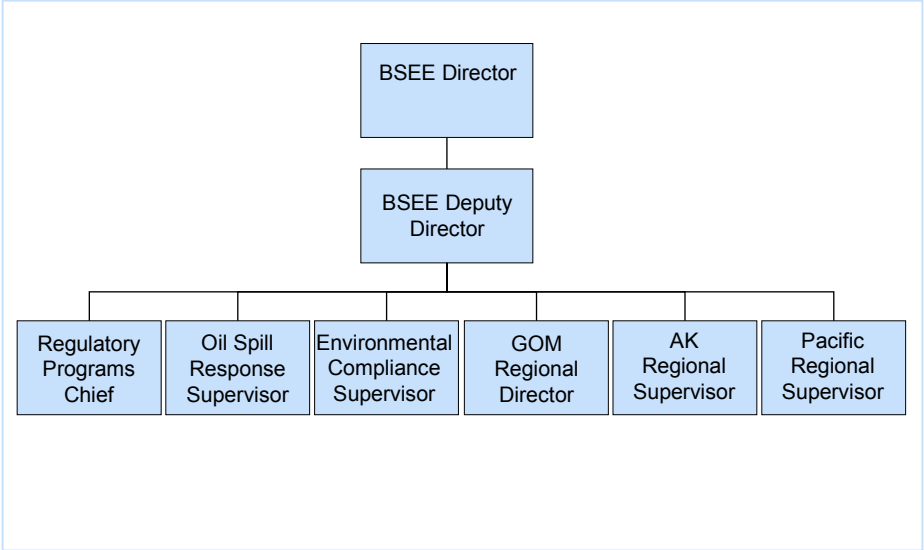


Table 3: Goal Performance Table

Goal Performance Table										
Note: Performance and Cost data may be attributable to multiple activities and subactivities. Therefore, measure costs may not equal totals shown in subactivity tables. n/a - Data not available										
Target Codes:	SP- Strategic Plan measures HPG- High Performance Goal BUR - Bureau specific measure UNK- Prior year data unavailable TBD- Targets have not yet been developed NA- Long-term targets are inappropriate to determine at this time									
Type Codes:	**C** - Cumulative Measures **A** - Annual Measures **F** - Future Measures									
Mission Area 2: Sustainably Manage Energy, Water, and Natural Resources										
Goal 1: Secure America's Energy Resources										
Supporting Performance Measures	**Type**	**2007 Actual**	**2008 Actual**	**2009 Actual**	**2010 Plan**	**2010 Actual**	**2011 Plan**	**2012 President's Budget**	**Change from 2011 Plan to 2012**	**Long-term Target 2016**
Strategy 1: Ensure environmental compliance and safety of energy development to protect people, wildlife, and the environment.										
Amount (in barrels) of operational offshore oil spilled per million barrels produced (e*xcluding Hurricane-related spills)* (SP)	C/F	2.7 (1,359/ 503.3 million)	0.52 (243.8/469 million)	3.9 (est.) (2060/531 million)	<4.5	7,600 (est.) (4,590369/ 604 million)	<4.5	<4.5	0	<4.5
Total amount (in barrels) of offshore oil spilled per million barrels produced (including Hurricane-related spills)(BUR)	C/F	2.7 (1,359/ 503.3 million)	12.8 (6007/ 469.1 million)	3.9 (est.) (2060/531 million)	--	7,600 (est.) (4,590369/ 604 million)	--	--	--	--
Total Actual/Projected Cost ($M)		64	69.8	70.4	76.6	78.3	78.9	Baseline Year*	0	--
Contributing Programs	OEMM-Regulatory									
Comments	*In FY 2010, the largest recorded oil spill on the OCS occurred following the explosion and sinking of the Deepwater Horizon drilling rig off the coast of Louisiana. Government scientists estimate that 4.9 million barrels of oil were spilled. The National Incident Command Report states that — "it is estimated that burning, skimming and direct recovery from the wellhead removed one quarter (25%) of the oil released from the wellhead. One quarter (25%) of the total oil naturally evaporated or dissolved, and just less than one quarter (24%) was dispersed (either naturally or as a result of operations) as microscopic droplets into Gulf waters." Efforts are still underway to clean up the environmental impacts and recover as much oil as possible. FY 2010 estimated results for the oil spill ratio greatly exceed the planned target; however, FY 2011 and FY 2012 targets will remain at the annual target of less than 4.5 barrels spilled per million barrels produced.* *NOTE: Oil spill data are constantly updated as additional information becomes available through the completion of investigations and/or recovery operations; occasionally, a spill may be deleted or added a year or more later and result in historical data revisions. A final spill volume for the Deepwater Horizon accident has not been determined. Therefore the numerator for the FY2010 Operational Oil Spill ratio and the rate itself are both estimates.* **FY2012 will be a baseline year for performance costs due to the planned reorganization of BOEMRE into two separate bureaus and the major changes anticipated for program operations.*									

Goal Performance Table (continued)										
Supporting Performance Measures	**Type**	**2007 Actual**	**2008 Actual**	**2009 Actual**	**2010 Plan**	**2010 Actual**	**2011 Plan**	**2012 President's Budget**	**Change from 2011 Plan to 2012**	**Long-term Target 2016**
Number of Recordable Injuries per 200,000 Offshore Man Hours Worked (SP)		N/A	N/A	N/A	N/A	N/A	Baseline Year	TBD	--	TBD
Total Actual/Projected Cost ($M)		0	0	0	0	0	TBD	TBD	--	--
Contributing Programs	OEMM-Regulatory									
Comments	*This new strategic plan measure is an incident rate of all Recordable Injuries that occur in the fiscal year for every 200,000 man hours worked (which is the approximate equivalent of 100 man years or full-time equivalents). Recordable injuries are injuries that require medical treatment beyond first aid and fatalities.*									
Composite accident severity ratio (BUR)	C/F	0.050 (5,208/ 104,071) (revd)	0.122 (12,440/ 101,806) (revd)	0.097 (9,532/ 98,719) (revd)	<.093	0.184 (est.) (17,872/ 97,184)	<.093	<0.93	0%	TBD
Contributing Programs	OEMM-Regulatory									
Comments	*For the composite accident severity ratio, BOEMRE assigns a point value to each operator safety incident reported based on its severity, then divides total annual points by the number of components in service for all operators. This metric provides a reflection of the incident severity. In FY 2007, the point matrix used to assign accident severity values was updated to provide a better indication of the relative severity of the incidents (i.e., there is now a larger differential between the points assigned for major versus minor incidents).* *Due to severity and magnitude of the Deepwater Horizon explosion, the ratio results for FY 2010 far exceeded the target. In addition to the fatalities, oil spilled, and facility damage, BOEMRE received a report of 46 injuries related to the Deepwater Horizon accident that resulted in > 3 days lost time, restricted work, or job transfer. Severity points were assessed for these injuries and included in the severity point total (numerator) for 2010; however, the operator has not provided the details necessary to determine which injuries were serious enough to be assessed additional severity points. For this reason, the numerator for the Composite Accident Severity Ratio and the resultant ratio are estimates only.*									
Maintain an annual composite operator performance index of X or less (BUR)	C/F	0.13 (revd)	0.19 (revd)	0.17 (revd)	<.20	0.24	<0.20	<.20	0	TBD
Total Actual/Projected Cost ($M)		42.4	45.9	46.2	50.3	51.7	TBD	Baseline Year*	0	--
Contributing Programs	OEMM-Regulatory									
Comments	*This metric is a consolidated measure of overall operator performance that combines incident severity with operator compliance to existing regulations. The operator performance index sums two ratios that are normalized for OCS operator activity. The first ratio measures operator compliance using a weighted INC (incident of non-compliance) value. The second ratio measures operator safety by assigning values for accidents (i.e., the composite accident severity ratio). As with the composite accident severity ratio, FY 2010 results are higher than other years because of the Deepwater Horizon event. The FY 2011 and FY 2012 targets are based on maintaining the FY 2010 goal.* **FY2012 will be a baseline year for performance costs due to the planned reorganization of BOEMRE into two separate bureaus and the major changes anticipated for program operations.*									

Goal Performance Table (continued)									
Supporting Performance Measures	**Type**	**2007 Actual**	**2008 Actual**	**2009 Actual**	**2010 Plan**	**2010 Actual**	**2011 Plan**	**2012 President's Budget**	**Change from 2011 Plan to 2012**	**Long-term Target 2016**
Number of fatalities among workers in DOI permitted activities (BUR)	C/F	3	2	2	4	11	4	4	0	TBD
Contributing Programs	OEMM-Regulatory									
Number of serious injuries among workers in DOI permitted activities (BUR)	C/F	32	31	25	29	29	29	29	0	TBD
Contributing Program	OEMM-Regulatory									
Comments	*In FY 2010, the explosion and sinking of the Deepwater Horizon drilling rig off the coast of Louisiana resulted in eleven deaths. Forty-six lost-time injuries were also reported and BOEMRE is still trying to obtain the detailed information necessary to determine the seriousness of these injuries. Targets for the fatalities and serious injury metrics are typically developed based on reducing a rolling multi-year average calculated after actual data for the current year becomes available. Given the unprecedented magnitude of the Deepwater Horizon incident, and the negative skewing impact that including 2010 results would have on the rolling average, FY 2011 and FY 2012 targets are being maintained at the plan for FY 2010.*									
Less than X% of total gas produced is approved to be flared offshore (BUR) (Calendar Yr)	A	0.30% (8,492,684/ 2,810,979,902 MCF)	0.51% (11,998,145/ 2,368,336,009 MCF)	0.28% (est.) (5,771,545/ 1,985,369,034 MCF)	0.70%	0.57% (est.) (9,900,316/ 1,726,885,112 MCF)	0.70%	0.70%	0.00%	TBD
Contributing Program	OEMM-Regulatory									
Comments	*The Offshore program has by far one of the best records in the world when it comes to minimizing flaring and venting. Recent industry statistics show worldwide rates ranging from 0.2% to 100%. In FY 2008, there was a slight increase due to pipeline repair activities that resulted from damage incurred during Hurricanes Gustav and Ike. FY 2010 results are higher than normal due to recovery operations related to the Deepwater Horizon spill. When oil from the spill was siphoned up to tanker vessels, the natural gas that was produced with it had to be flared because there was no means of transmission to shore (e.g., a pipeline). If the flaring/venting associated with that one lease were removed, the percent of gas flared would drop to 0.45%. Also in April 2010, BOEMRE published revised flaring and venting regulations. The new regulations require operators to install flare/vent meters on all OCS facilities that process more than 2,000 bbl of oil per day. Previously operators were allowed to estimate these flare/vent volumes. These revised regulations will improve the accuracy of flaring data but may increase reported volumes.*									
Conduct Technology Assessment and Research studies on X% of high-priority topics (BUR)	C/F	74% (25/ 34)	93% (14/15)	100% (18/18)	85%	89% (16/18)	94%	94%	0%	TBD
Total Actual/Projected Cost ($M)		0.9	1.5	1.5	1.5	1.5	1.5	Baseline Year*	0	--
Contributing Programs	OEMM-Regulatory									
Comments	*The Technology Assessment and Research (TA&R) Program is a research element encompassed within the BOEMRE Regulatory Program. The TA&R Program supports research associated with operational safety and pollution prevention as well as oil spill response and cleanup capabilities. This metric looks at the percent of TA&R studies conducted on high-priority topics. BOEMRE anticipates a major expansion of the TA&R program following the Deepwater Horizon event.* **FY2012 will be a baseline year for performance costs due to the planned reorganization of BOEMRE into two separate bureaus and the major changes anticipated for program operations.*									

Goal Performance Table (continued)										
Supporting Performance Measures	**Type**	**2007 Actual**	**2008 Actual**	**2009 Actual**	**2010 Plan**	**2010 Actual**	**2011 Plan**	**2012 President's Budget**	**Change from 2011 Plan to 2012**	**Long-term Target 2016**
Achieve a utilization rate of X% at Ohmsett, the national oil spill response test facility (BUR)	A	62% (162/ 260)	90% (217/240)	86.2% (207/240)	80.0%	91% (218/240)	85.0%	85.0%	0.0%	TBD
Contributing Programs	OEMM-Oil Spill Research									
Comments	*Ohmsett is the National Oil Spill Response Test Facility located in New Jersey. At Ohmsett, clients can test oil spill response equipment in realistic conditions and have training in the use of the equipment. This measure evaluates the utilization level of the facility. Expanded uses for the facility (e.g., dispersant training, and renewable energy wave tests) have been identified to sustain overall utilization rates at around 85%.*									
Total Number of Compliance Inspections Completed (BUR)	A	20,567	25,650	26,978	22,000	23,619	22000	TBD	--	TBD
Total Actual/Projected Cost ($M)		40.3	44.1	44.5	48.5	50	TBD	Baseline Year*	0	--
Contributing Programs	OEMM-Regulatory									
Comments	*On April 30, 2010, the President directed the Secretary to conduct a 30-day review of the Deepwater Horizon event and to report what additional precautions and technologies should be required to improve the safety of oil and gas exploration and production operations on the outer continental shelf. One of the key recommendations included in that report, as well as other subsequent reports, is that the BOEMRE needs to evaluate and revise the manner in which it conducts its drilling inspections. The current inspection program has only 62 inspectors which is not sufficient to provide the level of oversight that is needed on federal offshore oil and gas activities. Over the next few years, the inspection program and workforce is expected to change dramatically. Although final decisions have not been made, the new inspection strategy is expected to involve more on-site witnessing of high risk activities (e.g., BOP testing and cement/casing activities) that will take more time to complete, but will not necessarily increase the number of inspections. For this reason, it is difficult to determine how many inspections will be completed in FY2012 and beyond.* **FY2012 will be a baseline year for performance costs due to the planned reorganization of BOEMRE into two separate bureaus and the major changes anticipated for program operations.*									
Conduct full Coast Guard inspections on X% of manned offshore facilities annually (BUR)	A	20% (224/ 1,121)	14.7% (164/1112)	13.6% (141/1035) (revd)	10.0%	16.5% (169/1021)	10.0%	10.0%	0.0%	TBD
Contributing Programs	OEMM- Regulatory									
Comments	*Inspection of U.S. Coast Guard regulated items is a function that was provided for by regulation but one for which BOEMRE is not reimbursed. Assumption of limited responsibilities by BOEMRE was pursued following a report by the Inspector General that the U.S. Coast Guard was not conducting inspections of safety items on fixed facilities, as required by law. At this time, BOEMRE inspectors conduct a limited FPSIP (fixed platform self inspection program) inspection on every platform that they visit and have an annual target of conducting full FPSIP inspections on 10 percent of manned facilities. Although more is done when the resources are available, the targeted percentage of full FPSIP inspections performed by BOEMRE inspectors has not increased because it would detract from performing inspections of equipment and operations under BOEMRE jurisdiction.* *It is not known what impact that current ongoing program reviews and the pending reorganization of BOEMRE will have on this process and this metric.*									

Goal Performance Table (continued)										
Supporting Performance Measures	**Type**	**2007 Actual**	**2008 Actual**	**2009 Actual**	**2010 Plan**	**2010 Actual**	**2011 Plan**	**2012 President's Budget**	**Change from 2011 Plan to 2012**	**Long-term Target 2016**
Strategy 2: Develop renewable energy potential including wind, solar, geothermal, and hydropower										
Number of megawatts of approved capacity authorized on public land and the Outer Continental Shelf (OCS) for renewable energy development while ensuring full environmental review (Cumulative) (SP)		N/A	N/A	N/A	N/A	N/A	N/A	0	N/A	2750
Total Actual/Projected Cost ($M)		0	0	0	0	0	0	Baseline Year*	0	0
Contributing Programs	OEMM- Renewable Energy									
Comments	*The number of megawatts approved capacity for renewable energy development is one the Department's High Priority Goals. This metric tracks the cummulative number of approved megawatts based on the total capacity of the equipment to be installed, as specified in an approved Construction and Operations Plan (COP). On November 1, 2010, BOEMRE issued its first commercial lease for the existing Cape Wind project off the coast of Massaschusetts and is currently reviewing the Construction and Operations Plan for the project. BOEMRE has initiated three other commercial leasing processes in Deleware, Maryland and Massachusetts. Once the required public consultation and environmental analyses are completed, Site Assessment Plans (SAPs) along with Construction and Operation Plans (COPs) can be submitted for review and approval.* **FY2012 will be a baseline year for performance costs due to the planned reorganization of BOEMRE into two separate bureaus and the major changes anticipated for program operations.*									
Number of renewable energy leasing processes initiated (e.g., Requests for Interest) (BUR)	C/F	N/A	N/A	1	3	1	6	6	0	TBD
Total Actual/Projected Cost ($M)		--	--	9	25.1	25	25.1	Baseline Year	0	--
Contributing Programs	OEMM-Renewable Energy									
Comments	*To enable renewable energy development on the OCS, BOEMRE must conduct a multi-step process entailing information gathering, consultation with interested and affected parties, NEPA review and compliance, and analysis in light of other applicable federal requirements for each affected state. The first step in each decision process will identify a proposed lease area and determine whether there is competition for that area. If BOEMRE determines there is competitive interest, it will undertake a public consultation and decision process. This metric counts the number of formal actions BOEMRE publishes in the Federal Register to initiate the leasing process for renewable energy. In April 2010, BOEMRE issued the first Request For Interest (RFI) for offshore renewable energy development off the coast of Delaware and during the first quarter of FY 2011, two more RFIs were published for potential development off the coasts of Maryland and Massachusetts. BOEMRE anticipates initiating a total of 5 leasing processes in FY 2011, and another 5 in FY 2012.* *NOTE: The Renewable Energy metrics presented are subject to revision as the Program matures. Projected costs for this performance measure include all funding associated with renewable energy performance. FY2012 will be a baseline year for performance costs due to the planned reorganization of BOEMRE into two separate bureaus and the major changes anticipated for program operations.*									

Goal Performance Table (continued)										
Supporting Performance Measures	**Type**	**2007 Actual**	**2008 Actual**	**2009 Actual**	**2010 Plan**	**2010 Actual**	**2011 Plan**	**2012 President's Budget**	**Change from 2011 Plan to 2012**	**Long-term Target 2016**
Number of BOEMRE-supported stakeholder collaboratives for renewable energy (BUR)	C/F	3	5	2	8	11	15	15	0	TBD
Contributing Programs	OEMM-Renewable Energy									
Comments	*BOEMRE recognizes the importance of coordinating and consulting with local and federal stakeholders to develop a comprehensive renewable energy program for the OCS. This metric quantifies the number of cooperative planning and leasing efforts undertaken with relevant federal agencies and affected state, local, and tribal governments. BOEMRE has actively sought and will continue to solicit stakeholder input through collaborative partnerships with federal agencies, state governments and other affected stakeholders.* *During FY 2010, BOEMRE noted seven cooperative planning and leasing efforts undertaken with relevant Federal agencies and affected state, local, and tribal governments. During FY 2010 BOEMRE established and held initial Federal/State Task Force meetings with seven states (i.e., Delaware, Rhode Island, Massachusetts, New Jersey, Virginia, Maryland, and Maine). In 2011 BOEMRE held initial stakeholder meetings with New York and North Carolina. BOEMRE is responding to requests from multiple other states (including Oregon, Florida, and South Carolina) to establish task forces. In FY 2011 and FY 2012, BOEMRE will continue to support these existing state taskforces as well as establish new ones and participate in other stakeholder collaboratives such as the West Coast Governors' Agreement on Ocean Health (WCGA), the California Working Group on Renewable Energy, and the Hawaii Clean Energy Initiative. A total of 15 collaboratives are planned for FY 2011 and 12 for FY 2012.* *NOTE: The Renewable Energy metrics presented are subject to revision as the Program matures.*									
Total number of renewable energy leases or grants issued (competitive or noncompetitive; limited or commercial) (BUR)	C/F	N/A	N/A	0	5	4	2	12	10	TBD
Number of limited leases for renewable energy testing and data collection (BUR)	C/F	N/A	N/A	0	4	4	0	2	2	TBD
Number of commercial leases for the development of renewable energy (BUR)	C/F	N/A	N/A	0	1	0	2	8	6	TBD
Number of right-of-way/ right-of-use and easement grants issued (BUR)	C/F	N/A	N/A	N/A	0	0	0	2	2	TBD
Contributing Programs	OEMM-Renewable Energy									
Comments	*In the first quarter of FY 2011, BOEMRE issued its first commercial renewable energy lease for the existing Cape Wind project off the coast of Massachusetts. BOEMRE has also issued four limited leases (3 in New Jersey, 1 in Delaware) for testing and data collection and initiated three other commercial leasing processes in Delaware, Maryland, and Massachussets. To facilitate the siting, leasing and construction of new renewable energy projects Secretary Salazar recently announced an initiative called "Smart from the Start." This initiative is expected to significantly reduce the time required for developers to obtain a commercial lease, without sacrificing the departments legal and environmental responsibilities. In FY 2012, BOEMRE anticipates there will be the potential to issue two additional limited leases for research, eight or more commercial leases for energy development, and two Right-of-Way grants for a renewable energy transmission projects.* *NOTE: The Renewable Energy metrics presented are subject to revision as the Program matures.*									

Goal Performance Table (continued)										
Supporting Performance Measures	**Type**	**2007 Actual**	**2008 Actual**	**2009 Actual**	**2010 Plan**	**2010 Actual**	**2011 Plan**	**2012 President's Budget**	**Change from 2011 Plan to 2012**	**Long-term Target 2016**
Number of Ongoing EA/EISs for Renewable Energy Development (BUR)	C/F	N/A	N/A	0	1	0	2	4	0	TBD
Number of Completed EA/EISs for Renewable Energy Development (BUR)	C/F	N/A	N/A	3	0	1	2	4	0	TBD
Contributing Programs	OEMM-Renewable Energy									
Comments	*Comprehensive environmental analyses are an essential but lengthy part of the overall OCS lease planning process. The number of ongoing Environmental Impact Statements (EISs) or Environmental Assessments (EAs) will be highly dependent on the level of interest in potential leasing areas and whether the lease issuance process will be competitive or non-competitive. For a non-competitive process, the financial burden of conducting the environmental assessment is borne by the applicant. In a competitive process, BOEMRE will fund the EA or EIS. In April 2010, the BOEMRE completed a supplemental Environmental Assessment on the Cape Wind Energy Project after receiving additional information following the publication of its Final EIS in 2009.* *NOTE: The Renewable Energy metrics presented are subject to revision as the Program matures.*									
Strategy 3: Manage conventional energy development including coal, oil, and natural gas										
Number of offshore lease sales held consistent with the Secretary's Five-Year Oil and Gas Program (SP)	C/F	2	5	2	4	1	0	2*	2	TBD
Total Actual/Projected Cost ($M)		33.2	39.4	40.9	44.6	42.7	43	Baseline Year**	0	--
Contributing Programs	OEMM-Leasing and Environment, Resource Evaluation									
Comments	*This measure counts lease sales conducted under the OCS Oil and Gas Leasing Program as defined in the Secretary's Five-Year Program. In April 2009, the DC Circuit Court remanded the 2007-2012 OCS oil and gas leasing program and required the Interior Department to "conduct a more complete comparative analysis of the environmental sensitivity of different areas." Based on a revised environmental sensitivity analysis, the Secretary announced a Preliminary Revised Program (PRP) in March of 2010 that did not allow for additional lease sales to be held in the Beaufort Sea and Chukchi Sea planning areas under the 2007-2012 OCS Program and the President removed Bristol Bay from leasing consideration through 2017.* *Additionally in May 2010, the Secretary cancelled the Western Gulf of Mexico Sale 215 to determine whether the baseline environmental information utilized in the multi-sale Environmental Impact Statement (EIS) conducted for this lease sale needed to change as a result of the Deepwater Horizon oil spill. Collectively, these decisions resulted in the removal of five Alaska lease sales from the 5-Year Program (two in 2010 and three in 2011) and the cancellation of one Gulf of Mexico sale in 2010. For these reasons, only one of the four planned sales was held in FY 2010.* *In December of 2010, the Secretary announced his final Revised Program (RP) for the Outer Continental Shelf Oil and Gas Leasing Program 2007-2012. Once the RP has been approved by the Court and the supplemental environmental analyses in the Gulf of Mexico are complete, BOEMRE will take the necessary steps to ensure its successful implementation within statutory requirements.* **It is anticipated that lease sales will resume early in FY2012 and based on the proposed December 2010 proposed Revised Program, two lease sales will be held (one in the Central Gulf of Mexico and one in the Western Gulf of Mexico).* ****FY2012 will be a baseline year for performance costs due to the planned reorganization of BOEMRE into two separate bureaus and the major changes anticipated for program operations.*									

Goal Performance Table (continued)										
Supporting Performance Measures	**Type**	**2007 Actual**	**2008 Actual**	**2009 Actual**	**2010 Plan**	**2010 Actual**	**2011 Plan**	**2012 President's Budget**	**Change from 2011 Plan to 2012**	**Long-term Target 2016**
Percent of available offshore oil and gas resources offered for leasing compared to what was planned in the Secretary's Five-Year Plan (BUR)	C/F	84.2% (228.5/ 271.3)	2007-2012 (Proposed) Revised Leasing Program Target: TBD							
Percent of available OCS acres offered for leasing during the 5 Year Program compared to what was planned for leasing (BUR)	C/F	67.3% (386.1/ 573.8)	2007-2012 (Proposed) Revised Leasing Program Target: TBD							
Contributing Programs	OEMM-Leasing and Environment, Resource Evaluation									
Comments	*For each 5-Year Program, BOEMRE (formerly MMS) identifies OCS program areas that will be considered for future leasing through individual sales. Acreage with few estimated technically recoverable resources is excluded from the acreage that is planned to be offered under the 5-Year Program and the targets assume that only the most prospective acreage will be offered. For the Revised 2007-2012 OCS Oil and Gas Leasing Program, the acreage planned to be offered is projected to contain 98% of Undiscovered Technically Recoverable Resources available and encompass 91% of the total acreage available for leasing. This means that approximately 9% of the acreage available for leasing was determined to contain insufficient technically recoverable resources. If all the sales scheduled in the Revised 5-year program for a specific year were held, meaning no major deferrals of acreage planned to be offered, the available resources offered would be 100%.* *The current 5-Year plan includes "special interest sales," a process designed for the remote areas of Alaska that contain prospects for oil and gas, but are currently considered to have high risk, high costs, and lower industry interest. If industry does not express an interest in the Call for Information for Special Sales, presale work does not continue and the sale is not held.* **Note: The targets for these metrics will have to be recalculated once the Court has approved the Revised Program for 2007-2012.*									
Percent of available OCS acres offered in each year's lease sales (BUR)	C/F	35% (44.6/ 127.3)	88% (175.2/ 198.5)	99.9% (91.35/91.42)	72%	69% (62.57/90.91)	0	99%	99%	TBD
Contributing Programs	OEMM-Leasing and Environmental and Resource Evaluation									
Percent of available OCS oil and gas resources offered in each year's lease sales (BUR)	C/F	35.6%* (19.5/ 54.7)	98.9% (161.2/ 162.9)	100% (77.99/77.99)	98.0%	71% (55.55/78.04)	0	99%	99%	TBD
Total Actual/Projected Cost ($M)		33.2	39.4	40.9	44.6	42.7	43	Baseline Year**	0	--
Contributing Program	OEMM-Leasing and Environment, Resource Evaluation									
Comments	*These measures count the acreage and resources offered (in BBOE - billion barrels of oil equivalent) through lease sales scheduled under the Secretary's 5-Year OCS Oil and Gas Leasing Program. Targets for the 2007-2012 OCS Oil and Gas Leasing Program assume that the most prospective acreage will be offered and are based on Secretary's Revised Program that was released on December 1, 2010. Since it is anticipated that no lease sales will be held in FY 2011, the percentage of available acres and resources offered are 0. In FY2012, two leases sales are anticipated to be held—the 218 Sale in the Western Gulf of Mexico and a combined sale in the Central Gulf of Mexico for scheduled Sales 216 and 222.* **As a result of a settlement of litigation brought by the State of Louisiana, BOEMRE postponed Central Gulf of Mexico Sale 201 scheduled for March 2007, which decreased the quantity of resources offered in that year.* ***FY2012 will be a baseline year for performance costs due to the planned reorganization of BOEMRE into two separate bureaus and the major changes anticipated for program operations.*									

Goal Performance Table (continued)										
Supporting Performance Measures	**Type**	**2007 Actual**	**2008 Actual**	**2009 Actual**	**2010 Plan**	**2010 Actual**	**2011 Plan**	**2012 President's Budget**	**Change from 2011 Plan to 2012**	**Long-term Target 2016**
Percent of Environmental Studies Program (ESP) projects rated "Moderately Effective" or better by BOEMRE internal customers (BUR)	A	100% (12/12)	85% (29/34)	91% (20/22)	85%	91% (10/11)	85%	85%	0%	TBD
Percent of ESP Projects delivered on time (BUR)	A	54% (7/13)	74% (25/34)	91% (20/22)	60%	56% (6/11)	60%	60%	0%	TBD
Contributing Programs	OEMM-Leasing and Environment									
Comments	*These measures evaluate the effectiveness and timeliness of the ESP's projects. Starting in FY 2011 and continuing into FY 2012, BOEMRE anticipates conducting a number of high priority oceanographic, environmental, and social science studies to assess the impacts of the Deepwater Horizon spill that are not addressed through other efforts. Because oil released into the environment immediately undergoes a process of weathering and dispersal as it comes into contact with water or air, assessment must begin as quickly as possible to provide long-term tracking in terms of location, condition of the oil (chemical composition), and impact to natural resources and habitats. Multiple studies are also planned to inform the offshore Renewable Energy program.*									
Percent of leases drilled annually for the first time - 5 Year Leases (BUR) (calendar year)	A	4.8% (86/1,778)	4.7% (71/1,526)	2.5% (38/ 1,547)	2.5%	1.3% (15/1155)	2.0%	2.5%	0.5%	TBD
Contributing Program	OEMM-Resource Evaluation									
Comments	*The number of drilling rigs currently in use on shallow water leases (typically 5-year leases) in the Gulf of Mexico has decreased in recent years and significantly dropped from FY 2008 when oil prices were at record high levels (e.g., from 50 to 9 in FY 2009). This decrease helps explain why the percent of 5-year leases drilled for the first time in FY 2009 was greatly reduced from the results achieved over the prior few years. In FY 2010 and 2011, BOEMRE anticipates a further reduced percentage because the approval times for shallow water exploration plans increased significantly after additional environmental and safety reviews and requirements that were added following the Deepwater Horizon explosion The increased approval times can impact drilling schedules because rig contracts are often put in place years in advance. Scheduled rigs may be diverted to other projects outside the Gulf if plans have not been approved. In addition, some projects that were deemed economically feasible, based on the original schedule and prior to the additional requirements, may become uneconomical and therefore not be initiated.* *As operators adjust to the new requirements, drilling rates should recover to recent levels in FY 2012; however, it is unlikely that rates will return to pre-2009 levels unless the economics of oil and gas exploration in the Gulf of Mexico change significantly.*									
Percent of leases drilled annually for the first time - 8/10 Year Leases (BUR)(calendar year)	A	1.2% (42/3,536)	1.2% (38/3,277)	0.8% (36/4,652)	1.2%	0.3% (14/4501)	0.9%	1.1%	0.2%	TBD
Contributing Program	OEMM-Resource Evaluation									
Comments	*Following the Deepwater Horizon explosion and spill, Secretary Salazar directed BOEMRE to suspend of the drilling of wells using subsea blowout preventers (BOPs) or surface BOPs on a floating facility. He also suspended approval of pending and future applications for permits to drill wells using subsea BOPs or surface BOPs on a floating facility. These suspensions, were in place until October 12, 2010 and were primarily applicable to deepwater operations with 7/8/10 year lease terms. As a result, BOEMRE expects that the percentage of 7/8/10 year leases drilled for the first time to be significantly reduced in FY 2010 and still lower than originally planned in FY 2011. Assuming that the majority of operators are able to comply with new safety requirements as they are developed, BOEMRE anticipates returning to recent levels in FY 2012.* *NOTE: Beginning with Sale 213 held in 2010, the primary term for leases in water depths of 400 meters to 1,600 meters changed. The primary term for leases in 400 meters to less than 800 meters changed from an initial 8-year term that would be revised to 5 years unless exploratory drilling was commenced, to an initial 5-year term which would be extended to 8 years only if exploratory drilling was commenced. The primary term for leases in 800 meters to less than 1,600 meters changed from a 10-year (unconditional) primary lease term to a 7-year primary lease term that would be extended to 10 years, again only if exploratory drilling commenced.*									

Goal Performance Table (continued)										
Supporting Performance Measures	**Type**	**2007 Actual**	**2008 Actual**	**2009 Actual**	**2010 Plan**	**2010 Actual**	**2011 Plan**	**2012 President's Budget**	**Change from 2011 Plan to 2012**	**Long-term Target 2016**
Percent of high bids on leases accepted or rejected within 60 days (BUR)	A	69% (259/374)	41.2% (898/2181)	65.3% (431/660)	50.0%	56% (264/472)	N/A*	55%	N/A	TBD
Total Actual/Projected Cost ($M)		13.3	14	12.5	13.7	13.6	N/A	Baseline Year**	0	--
Contributing Programs	OEMM-Resource Evaluation									
Comments	*The 60-day target was originally set for lease sales with fewer than 600 tracts receiving bids in the Gulf of Mexico Region or 90 tracts in the Alaska Region. The original 2007-2012 5-year Program included a 500 percent expansion of acreage for Alaska and a 10 percent increase in the Gulf of Mexico, which increased the number of tracts receiving bids. Additionally, in the Gulf of Mexico deep water, many of currently leased tracts with 10-year lease terms are being relinquished, then made available. This additional acreage can result in some sales being above the baselines of 600 and 90 tracts receiving bids. In FY 2008, GOMR Sales 205 and 206 had 723 and 615 tracts receiving bids respectively, and Alaska Sale 193 resulted in 488 tracts receiving bids. The higher number of tracts being bid upon, coupled with the increased amount of geological and geophysical data that must be incorporated into current FMV evaluations, lowered the percentage of bids BOEMRE was be able to evaluate within 60 days in FY 2008. FY 2009 results include evaluations that BOEMRE performed for BLM's National Petroleum Reserve lease sale in Alaska.* **The FY 2011 target for this metric is N/A because no lease sales will be held during the fiscal year.* ***FY2012 will be a baseline year for performance costs due to the planned reorganization of BOEMRE into two separate bureaus and the major changes anticipated for program operations.*									
Percent of tracts with high bids rejected in the previous lease sale receiving acceptable high bids the next time the tracts are made available (BUR) (FY)	A	33% (1/3)	51.9% (14/27)	17.1% (6/35)	35.0%	42% (8/19)	N/A*	35.0%	N/A	TBD
Contributing Programs	OEMM-Resource Evaluation									
Comments	*This metric compares the success of rejected tracts from a previous sale the first time these tracts are made available again. High bids for tracts are rejected as inadequate if they do not meet BOEMRE's threshold of an acceptable bid based on our economic evaluation. Between FY 2007 and 2010, approximately 35 percent of the rejected tracts received acceptable bids in subsequent sales. The reduced percentage in FY 2009 most likely reflects the economic downturn and the decrease in oil and gas prices. The number of variables that affect this measure (i.e., predicted oil and gas and associated price paths, predicted costs associated with exploring and developing the leases, changes in royalty rates, royalty relief or other incentives, etc.) makes the percentage that will be rejected difficult to predict.* **NOTE: The FY 2011 target for this metric is N/A because no lease sales will be held during the fiscal year.*									

Goal Performance Table (continued)										
Supporting Performance Measures	**Type**	**2007 Actual**	**2008 Actual**	**2009 Actual**	**2010 Plan**	**2010 Actual**	**2011 Plan**	**2012 President's Budget**	**Change from 2011 Plan to 2012**	**Long-term Target 2016**
Maintain the ratio of 1.8 to 1 (+/-0.4) of accepted high bids to BOEMRE's estimated value (BUR)	C/F	2.1 to 1	2.49 to 1	1.7 to 1	1.8 to 1 (+/- 0.4)	1.8 to 1	N/A	1.8 to 1 (+/- 0.4)	N/A	TBD
Contributing Programs	OEMM-Resource Evaluation									
Comments	*BOEMRE's current tract evaluation procedure is designed to assure that the government receives fair value for leased tracts. This measure compares the accepted high bid on each tract to the government's estimated value for that tract. Industry corporate strategy with respect to acquiring specific acreage could lead to a company raising its bid above this analytical value to improve their chances of winning the lease. BOEMRE estimates are based on a discounted cash flow analysis of a tract and are not designed to predict the high bid. Therefore, the value of this indicator should always be greater than one to achieve fair value for OCS leases. The annual target ratio of 1.8 to 1 means that on average, the industry bids received are expected to be $1.80 (+/- 0.4) for every dollar of the estimated value for each tract. This target was set using several years of historical bid data and is reviewed annually to confirm its validity.* **The FY 2011 target for this metric is N/A because no lease sales will be held during the fiscal year.*									
Reserves recovered per dollar of funding for the conservation management component of the program (BUR)	A	62.7 BOE	28.9 BOE (85,811,266/ 2,972,207)	27.08 (60,923,024/ 2,249,708)	5.2 BOE	24.3 (55,943,067/ 2,299,660)	5.2 BOE	5.2 BOE	0	TBD
Contributing Programs	OEMM-Regulatory									
Comments	*A Conservation Information Document (CID) details the operator's initial development plan and proposed depletion scenario for a deepwater project. Operators have the tendency to propose a field depletion scenario where marginally economic reservoirs will be bypassed in favor of more prolific reservoirs. BOEMRE conducts an independent evaluation to determine if any additional economically producible reservoirs not proposed for development by the operator should be developed. A final CID may require operators to produce reservoirs that they might otherwise bypass, which results in reserves recovered. This metric estimates the return on investment for BOEMRE conservation activities. The fixed annual target reflects the fact that as the price of oil and gas fluctuates, it is difficult to predict the number of reservoirs operators will propose to bypass in their CIDs or how much those reservoirs will produce. If operators committed to producing every zone in every CID during the year, the result would be 0, however; if they proposed to bypass many reservoirs with reserves that BOEMRE determines are economically producible, the results would be much higher.*									
Blocks/Tracts Evaluated (BUR)	A	18,645**	8,341	11,287	9,300	8,233	9,300	9,300	0	TBD
Total Actual/Projected Cost ($M)		44.8	43.1	43.8	47.7	49	48.0	Baseline Year*	0	--
Contributing Programs	OEMM-Resource Evaluation									
Comments	*To determine the potential resources on the OCS and the fair market value of those resources, BOEMRE must conduct detailed evaluations of the blocks and tracts offered for lease each year as well as conduct regular resource assessment activities. On average BOEMRE currently evaluates approximately 9,300 individual blocks/tracts annually; however, special evaluations (e.g., regional evaluations for hydrates) may increase that number significantly in some years. In FY 2009, a special 3-D seismic interpretation was conducted over six large protraction areas in the deep water Gulf of Mexico and additional blocks were made available in the Central Gulf of Mexico sale. These additional assessments covered over 3,000 blocks and contributed to the increased number of blocks/tracts evaluated during the fiscal year.* **FY2012 will be a baseline year for performance costs due to the planned reorganization of BOEMRE into two separate bureaus and the major changes anticipated for program operations.* ***Results for FY 2007 are increased due to a special evaluation in the Atlantic Region for hydrates.*									

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Table 4. Budget At A Glance ($000)

	BOEMRE Reorganization and Baseline										FY 2012	
	FY 2010 Enacted	Reorganization Transfers to ONRR/PMB	BOEMRE FY 2010 Baseline* (Excludes ONRR)	Adjustment for FY 2011 CR	2011 CR*	Administration, Savings, and Adjustments	Resource Management	Safety and Environmental Enforcement	Investigations and Review Unit	Independent Advisory Board	BOEMRE Request	Change from 2010 BOEMRE Baseline
Offshore Energy and Minerals Management												
Renewable Energy	21,413		21,413	-205	21,208	-185	+2,050	0			**23,073**	+1,660
Leasing & Environmental	59,461		59,461	-568	58,893	-822	+15,906	+1,433			**75,410**	+15,949
Resource Evaluation	35,285		35,285	-329	34,956	-713	+490	0			**34,733**	-552
Regulatory Program	60,261		60,261	+11,343	71,604	-1,135	+1,034	+71,816			**143,319**	+83,058
Information Management	20,454		20,454		20,454	+14	0	0			**20,468**	+14
Total OEMM	**196,874**	**0**	**196,874**	**+10,241**	**207,115**	**-2,841**	**+19,480**	**+73,249**	**0**	**0**	**297,003**	**+100,129**
Office of Natural Resources Revenue												
Compliance and Asset Mgmt	50,940	-50,940	0									
Revenue and Operations	38,434	-38,434	0									
Total ONRR/PMB	**89,374**	**-89,374**	**0**		**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
General Administration												
Executive Direction	2,818	-361	2,457	-2	2,455	+585					**3,040**	+583
Policy & Mgmt Improvement	4,328	-1,341	2,987	-3	2,984	+73			+5,782	+1,200	**10,039**	+7,052
Administrative Operations	20,029	-8,808	11,221	-7	11,214	+1,110					**12,324**	+1,103
General Support Services	28,524	-9,360	19,164	-33	19,131	+1,891					**21,022**	+1,858
Total GA	**55,699**	**-19,870**	**35,829**	**-45**	**35,784**	**+3,659**	**0**	**0**	**+5,782**	**+1,200**	**46,425**	**+10,596**
ROMM/OEM	**341,947**	**-109,244**	**232,703**	**+10,196**	**242,899**	**+818**	**+19,480**	**+73,249**	**+5,782**	**+1,200**	**343,428**	**+110,725**
Offsetting Collections	**-166,730**		**-166,730**	**+1,840**	**-164,890**	**-5,273**		**-55,000**			**-225,163**	**-58,433**
Oil Spill Research	**6,303**	**0**	**6,303**		**6,303**			**+8,620**			**14,923**	**+8,620**
Net Appropriation	**181,520**	**-109,244**	**72,276**	**+12,036**	**84,312**	**-4,455**	**+19,480**	**+26,869**	**+5,782**	**+1,200**	**133,188**	**+60,912**
OCS Connect Rescission				**-25,000**	-25,000						**0**	0
Total (w/rescission)	**181,520**	**-109,244**	**72,276**	**-12,964**	**59,312**						**133,188**	**+60,912**

**Provided for illustrative purposes only. Actual transfers occur in FY 2012.*

***P.L. 111-322 provided a total of $24.9 million in direct appropriations over FY 2010. Of this amount, $12.9 million was designated for ONRR.*

****Provided for comparison with the BOEMRE FY 2012 request. Because ONRR is funded through the ROMM appropriation in 2011 and has access to offsetting collections, the actual budget reflects higher direct appropriations and lower offsetting collections. P.L. 111-322 included a $25 million rescission of prior year unobligated balances for the OCS Connect Project.*

Table 5: Summary of Requirements - Ocean Energy Management (OEM)

Offshore Energy and Minerals Management (OEMM)	2010 Enacted		Reorganization Internal Transfers (+/-)		Fixed Costs & Related Changes (+/-)		Administrative Cost Savings (-)		Program Changes (+/-)		Offsetting Collections Changes (+/-)		2012 Budget Request	
	FTE	($000)	FTE	($000)	FTE	($000)	FTE	($000)	FTE	($000)	FTE	($000)	FTE	($000)
Renewable Energy														
Direct Appropriation	40	7,413	0	-2,110	0	+9	0	-93	+11	+1,949	0	0	51	7,168
Offsetting Rental Collections	0	14,000	0	+2,110	0	0	0	0	0	0	0	-205	0	15,905
Subtotal	40	21,413	0	0	0	+9	0	-93	+11	+1,949	0	-205	51	23,073
Leasing & Environmental														
Direct Appropriation	227	24,955	0	-28,172	0	+50	0	-300	+65	+16,767	0	0	292	13,300
Offsetting Rental Collections	0	34,506	0	+28,172	0	0	0	0	0	0	0	-568	0	62,110
Subtotal	227	59,461	0	0	0	+50	0	-300	+65	+16,767	0	-568	292	75,410
Resource Evaluation														
Direct Appropriation	218	21,159	0	-5,000	0	+48	0	-211	+3	-60	0	0	221	15,936
Offsetting Rental Collections	0	14,126	0	5,000	0	0	0	0	0	0	0	-329	0	18,797
Subtotal	218	35,285	0	0	0	+48	0	-211	+3	-60	0	-329	221	34,733
Regulatory														
Direct Appropriation	324	29,212	0	0	0	+71	0	-354	+213	+83,917	0	-60,273	537	52,573
Offsetting Rental Collections	0	8,049	0	0	0	0	0	0	0	0	0	+9,114	0	17,163
Cost Recovery Fees	0	13,000	0	0	0	0	0	0	0	0	0	-4,417	0	8,583
Inspection Fees	0	10,000	0	0	0	0	0	0	0	0	0	55,000	0	65,000
Subtotal	324	60,261	0	0	0	+71	0	-354	+213	+83,917	0	-576	537	143,319
Information Management														
Direct Appropriation	64	9,205	0	-9,205	0	+14	0	0	0	0	0	0	64	14
Offsetting Rental Collections	0	11,249	0	+9,205	0	0	0	0	0	0	0	0	0	20,454
Subtotal	64	20,454	0	0	0	+14	0	0	0	0	0	0	64	20,468
Total OEMM														
Direct Appropriation	873	91,944	0	-44,487	0	+192	0	-958	+292	+102,573	0	-60,273	1,165	88,991
Offsetting Collections	0	104,930	0	44,487	0	0	0	0	0	0	0	+58,595	0	208,012
Total	**873**	**196,874**	**0**	**0**	**0**	**+192**	**0**	**-958**	**+292**	**+102,573**	**0**	**-1,678**	**1,165**	**297,003**

Table 5: Summary of Requirements - OEM (continued)

General Administration	2010 Enacted		Reorganization Internal Transfers (+/-)		Fixed Costs & Related Changes (+/-)		Administrative Cost Savings (-)		Program Changes (+/-)		Offsetting Collections Changes (+/-)		2012 Budget Request	
	FTE	($000)	FTE	($000)	FTE	($000)	FTE	($000)	FTE	($000)	FTE	($000)	FTE	($000)
Executive Direction														
Direct Appropriation	27	1,818	-2	-361	0	0	0	-25	0	+610	0	0	25	2,042
Offsetting Rental Collections	0	1,000	0	0	0	0	0	0	0	0	0	-2	0	998
Subtotal	27	2,818	-2	-361	0	0	0	-25	0	+610	0	-2	25	3,040
Policy & Mgmt Improvement														
Direct Appropriation	31	3,328	-11	-1,341	0	+1	0	-29	+24	+7,083	0	0	44	9,042
Offsetting Rental Collections	0	1,000	0	0	0	0	0	0	0	0	0	-3	0	997
Subtotal	31	4,328	-11	-1,341	0	+1	0	-29	+24	+7,083	0	-3	44	10,039
Admin Operations														
Direct Appropriation	160	17,474	0	-8,808	0	+3	0	-398	+1	+1,505	0	0	161	9,776
Offsetting Rental Collections	0	2,555	0	0	0	0	0	0	0	0	0	-7	0	2,548
Subtotal	160	20,029	0	-8,808	0	+3	0	-398	+1	+1,505	0	-7	161	12,324
Gen Support Services														
Direct Appropriation	0	15,883	0	-9,360	0	+996	0	-22	0	+917	0	0	0	8,414
Offsetting Rental Collections	0	12,641	0	0	0	0	0	0	0	0	0	-33	0	12,608
Subtotal	0	28,524	0	-9,360	0	+996	0	-22	0	+917	0	-33	0	21,022
Total General Administration														
Direct Appropriation	218	38,503	-13	-19,870	0	+1,000	0	-474	+25	+10,115	0	0	230	29,274
Offsetting Rental Collections	0	17,196	0	0	0	0	0	0	0	0	0	-45	0	17,151
Total	**218**	**55,699**	**-13**	**-19,870**	**0**	**+1,000**	**0**	**-474**	**+25**	**+10,115**	**0**	**-45**	**230**	**46,425**

Table 5: Summary of Requirements - OEM (continued)

Total	2010 Enacted		Reorganization Internal Transfers (+/-)		Fixed Costs & Related Changes (+/-)		Administrative Cost Savings (-)		Program Changes (+/-)		Offsetting Collections Changes (+/-)		2012 Budget Request	
	FTE	($000)	FTE	($000)	FTE	($000)	FTE	($000)	FTE	($000)	FTE	($000)	FTE	($000)
Direct Appropriation*	1,091	130,447	-13	-64,357	0	+1,192	0	-1,432	+317	+112,688	0	-60,273	1,395	118,265
Offsetting Collections** *(All Sources)*	0	122,126	0	+44,487	0	0	0	0	0	0	0	+58,550	0	225,163
Total OEM*	**1,091**	**252,573**	**-13**	**-19,870**	**0**	**+1,192**	**0**	**-1,432**	**+317**	**+112,688**	**0**	**-1,723**	**1,395**	**343,428**
Total ONRR***	**575**	**89,374**	**n/a**											
Total OSR	**18**	**6,303**	**0**	**0**	**0**	**0**	**0**	**0**	**+4**	**+8,620**	**0**	**0**	**22**	**14,923**
Total BOEMRE	**1,684**	**348,250**	**-13**	**-19,870**	**0**	**+1,192**	**0**	**-1,432**	**+321**	**+121,308**	**0**	**-1,723**	**1,417**	**358,351**

**FY 2010 levels reflect actual budget allocations. This total differs from that presented in the FY 2010 BOEMRE baseline because it has not been adjusted for the reorganization.*

***Excludes allocation of $44.6 million in offsetting collections to ONRR in FY 2010.*

****ONRR's FY 2012 request is contained in the Office of the Secretary's Budget Justification. ONRR's FY 2010 level reflects actual budget allocations. This total excludes General Administration funding that will be transferred to ONRR in FY 2012.*

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FY 2012 PERFORMANCE BUDGET REQUEST

Offshore Energy and Minerals Management

Renewable Energy Subactivity

Table 6: OEMM Renewable Energy Subactivity Budget Summary

		2010 Enacted	Reorganization Transfers (+/-)	Fixed Costs (+/-)	Administrative Cost Savings (-)	Program Changes (+/-)	Offsetting Collections Changes (+/-)	Budget Request	Change from 2010 (+/-)
Renewable Energy	($000)	21,413	0	+9	-93	+1,949	-205	23,073	+1,660
	FTE	40	0	0	0	+11	0	51	+11

SUMMARY OF FY 2012 PROGRAM CHANGES

Request Component	Amount ($000)	FTE
Renewable Energy	+2,050	+11
Fixed Costs	+9	0
Administrative Savings	-93	0
Reorganization Efficiences and Changes	-101	0
Offsetting Collections	-205	0
Total:	**+1,660**	**+11**

JUSTIFICATION OF FY 2012 PROGRAM CHANGES

The FY 2012 budget request for the Renewable Energy Subactivity is $23.1 million and 51 FTE, a net increase of $1.7 million and 11 FTE over the FY 2010 enacted budget and $1.9 million over the FY 2011 CR level.

Consolidated information regarding fixed costs can be found in the General Administration subactivity. Information regarding BOEMRE's efforts to reduce administrative costs and achieve reorganization efficiencies can be found in the General Statement.

Renewable Energy (+$2,050,000; +11 FTE)

On January 19, 2011, Department of Interior Secretary Ken Salazar and BOEMRE Director Michael Bromwich announced the details on the reorganization of BOEMRE into two separate bureaus – the Bureau of Ocean Energy Management (BOEM) and the Bureau of Safety and Environmental Enforcement (BSEE). With this announcement, the Secretary and the Director specified that BOEMRE's offshore renewable energy program will be centralized in BOEM Headquarters (HQ) after the reorganization has been completed on October 1, 2011. In the future, as renewable energy technology and economics progress, BOEMRE may transition to a more integrated regional model.

First included in the FY 2011 President's Budget Request, BOEMRE is requesting additional funds needed to shift its attention towards region-specific needs. The FY 2012 request will

provide for the implementation of Secretary Salazar's "Smart from the Start" Atlantic Wind Initiative; the development of regional expertise and coordination for frontier areas; knowledge of local resources; local stakeholder consultation and collaboration; and development of substantial and expansive region-specific environmental analysis. The request will focus on funding Atlantic and Pacific Outer Continental Shelf (OCS) specific needs, including efforts to grow the early stages of BOEMRE's National Renewable Energy Program. As described in the announcement of January 19, 2011, the National Renewable Energy Program would lead leasing and environmental activities associated with developing the Nation's exceptional OCS renewable energy resources, driven in part by the incentives provided by the Secretary's Atlantic Wind Initiative and the demands of coastal states' aggressive endeavors to meet their renewable portfolio standards (RPS). An RPS is a policy that requires the increased production of energy from renewable energy sources, such as wind, solar, biomass, and geothermal. The RPS mechanism generally places an obligation on electricity supply companies to produce a specified fraction of their electricity from renewable energy sources. As a number of Atlantic coastal states have relatively limited onshore renewable energy resource development potential, they are aggressively pursuing offshore renewable energy development to meet the requirements of their RPSs. Likewise, funding is needed for renewable energy leasing and environmental activities proposed for the Pacific OCS, where funding is needed to support processing of rights-of-way and renewable energy research leases, and also new BOEMRE intergovernmental task force efforts with the states of Oregon and Hawaii.

Resource needs to support BOEMRE's National Renewable Energy Program are captured in terms of Atlantic and Pacific OCS areas. The level of leasing and environmental review activity in these areas will influence the actual composition and distribution of FTEs and fiscal resources.

Resource Needs

Atlantic OCS (+$1,550,000; + 9 FTE)

More than half of the country's identified offshore wind potential is located off the New England and Mid-Atlantic coasts, where water depths generally deepen gradually with distance from the shore. On November 23, 2010, Secretary Salazar announced his "Smart from the Start" Atlantic Wind Initiative. Building off the BOEMRE intergovernmental task force efforts, the goal of the Secretary's initiative is to facilitate efficient and environmentally responsible siting, leasing, and construction of new wind energy projects. As of January 2011, BOEMRE sponsors active intergovernmental task forces in nine of the thirteen Atlantic coast states. In two of the remaining four states, BOEMRE anticipates receiving Interim Policy limited lease applications, which will launch new task force efforts. Of the remaining states, one has yet to express interest in initiating a task force and the other has decided to defer implementation of an intergovernmental task force.

Given the extent and magnitude of activity that will be spurred by the this initiative, and ongoing BOEMRE and state efforts along the Atlantic coast, additional resources are needed to provide states with an easily accessible point of contact that is familiar with the state and local governments and sensitive to the issues and efforts underway in the region. The requested resources would enable BOEMRE to continue to facilitate efficient, consistent, and

environmentally sound renewable energy leasing and development activities while being responsive to the states and developers.

BOEMRE anticipates the need for staff representing some or all of the following disciplines: data management and analysis, ocean engineering, environmental studies management, program analysis, project management, FOIA, and budget. BOEMRE anticipates there will be a modest need for inspection activity associated with Atlantic OCS renewable energy projects by 2012. Resources requested include:

- *Workforce ($1,350,000; 9 FTE).* FTE to support leasing in nine states where task force meetings are ongoing and where possible additional task force requests may be received. Resources will also support review of interim policy lease applications that have been or are likely to be submitted. Expertise is needed in disciplines including geophysics, geotechnical specialists, economics, biology, marine archaeology, sociology, and renewable energy.

- *Renewable Energy Support ($200,000).* Funds are required to support the Secretary's Smart from the Start initiative, task forces, and additional interim policy lease applications.

Pacific OCS (+$500,000; + 2 FTE)

In FY 2012, BOEMRE anticipates a significant increase in work required to implement the Renewable Energy Program on the West Coast and Hawaii. Since the area for each of these activities is considered to be the frontier for OCS renewable energy, extensive stakeholder involvement will be necessary, including sponsoring intergovernmental task forces in Oregon and Hawaii, along with substantial and expansive analyses to fulfill BOEMRE's responsibilities under the OCS Lands Act (OCSLA), as amended by the Energy Policy Act of 2005 and various environmental laws and regulations. Resources requested include:

- *Workforce ($300,000; 2 FTE).* FTE to support increased workload. This includes disciplines such as leasing and electrical engineering.

- *Task Force Support ($200,000).* An Offshore Renewable Energy Task Force is needed for the Pacific states (California, Oregon and Washington), including tribal governments, to ensure that the full spectrum of agencies are involved in advising BOEMRE about the interests and issues, and to define a "way forward" for providing access to OCS renewable energy resources.

Environmental Studies: In addition to the above, BOEMRE is requesting $1,000,000 in the Leasing and Environmental subactivity for studies needed to prepare for lease issuance and/or post lease environmental monitoring in the Atlantic and/or the Pacific.

Performance Change Statement:

The need to diversify and identify viable additional energy resources is a top priority for the American public and the Administration. This initiative will help BOEMRE accelerate the use of the OCS to develop renewable energy sources while enabling BOEMRE to maximize its

responsiveness and efficiency to state, industry and stakeholder requests concerning renewable energy development on the OCS.

The requested funding will enable BOEMRE to initiate commercial lease sales and noncompetitive lease issuances in the Atlantic where development is anticipated to occur and in the Pacific where BOEMRE has committed to work with the west coast states and Hawaii to establish intergovernmental task forces and initiate leasing.

BOEMRE issued its first renewable energy Request for Interest (RFI) to initiate the commercial wind leasing process offshore Delaware in FY 2010. Additionally, BOEMRE has published RFIs offshore Maryland and Massachusetts. BOEMRE anticipates issuing RFIs or Calls for Information and Nominations (Call) to initiate the commercial wind leasing process for areas offshore New Jersey, Virginia, and Rhode Island.

Funding will enable BOEMRE to continue to establish and operate BOEMRE intergovernmental task forces to work closely with Federal and state agencies and elected leaders of local and tribal governments to address OCS renewable energy issues at a high level. These activities will include development of coastal and marine spatial planning efforts. Task force efforts are active in the following states: Maine, Massachusetts, Rhode Island, New York, New Jersey, Delaware, Maryland, Virginia, and North Carolina. Recently the Secretary accepted the Governor of Oregon's request to establish a task force. The governors of South Carolina and Florida have formally requested that BOEMRE establish task forces. Finally, it is anticipated that the State of Hawaii will submit a similar request in light of the opportunities for OCS renewable energy research activities offshore that state.

BOEMRE will also be able to address its legislative mandate to ensure safe and sound operations by conducting inspections and enforcement activities of renewable energy technology testing and resource data collection facilities (such as meteorological towers) that are anticipated to be installed in spring 2011 as a result of Interim Policy limited leases issued in FY 2010 offshore New Jersey and Delaware. Renewable energy facilities/structures are new to the United States and it is imperative that thorough inspections are conducted from the beginning and a comprehensive approach to inspecting commercial facilities is developed.

The areal extent for renewable energy technology continues to expand as technological improvements allow for renewable energy development to be sited in deeper water and new technologies, such as OCS compressed air energy storage, come-on-line. Funding would allow BOEMRE to continue to conduct needed baseline studies, monitoring studies and issue-specific studies, ensuring leasing decisions are based on sound science and best engineering practices.

If BOEMRE does not address the needs for renewable energy projects, the government will not be responsive to OCSLA and the Energy Policy Act of 2005. Requests from industry for leases will not be processed in an orderly manner and revenues anticipated from associated activities could be lost. Moreover, BOEMRE would hinder greatly the ability for states to meet their RPSs, particularly those with prime renewable energy resources located offshore their coasts.

PROGRAM OVERVIEW

The OCS has significant potential as a source of new domestic energy generation from renewable energy resources. Section 388 of the Energy Policy Act of 2005 gave the Secretary of the Interior the lead over regulating offshore renewable energy activities and alternate uses of the OCS. These renewable energy and alternate use projects may include wind, wave, current, solar energy, and hydrogen generation projects, as well as projects that make alternative use of existing oil and natural gas platforms in Federal waters.

On April 22, 2009, President Barack Obama announced that BOEMRE had finalized the regulatory framework for renewable energy generation on the OCS. This framework establishes a BOEMRE program to issue leases, easements, and rights-of-way for orderly, safe, and environmentally responsible renewable energy development activities, such as the siting and construction of offshore wind facilities on the OCS.

BOEMRE activities include:

- Program implementation;
- Environmental analysis, assessment, and compliance for both competitive and non-competitive lease sales;
- Conducting environmental studies to establish baseline information and determine the environmental effects from renewable energy development activities;
- Engaging in Technology Assessment & Research (TA&R) projects related to renewable energy;
- Consultation with state and local and tribal governments, Federal agencies, and other stakeholders; and
- Processing applications submitted for renewable energy development, and reviewing plans for proposed facilities.

PERFORMANCE OVERVIEW

Alternative Energy/Alternate Use Program: BOEMRE authority for the Outer Continental Shelf (OCS) Alternative Energy and Alternate Use program under Section 388 of the Energy Policy Act of 2005 (PL 109-58) is important for the future of domestic energy supplies, national security, and the environment. Under this authority, BOEMRE will regulate renewable energy projects and alternate uses of facilities currently or previously used for activities authorized under the OCSLA (e.g., existing oil and gas platforms). Renewable energy includes wind, wave, solar, ocean current, and generation of hydrogen. Alternate uses of existing facilities may include, but are not limited to, research, education, recreation, and support for offshore operations and facilities. Section 388 of the Energy Policy Act authorizes BOEMRE to:

- Ensure consultation with state and local governments, Federal agencies, and other stakeholders;
- Ensure protection of the environment;

- Grant easements, leases, or rights-of-way for alternate energy related uses of the Federal OCS;
- Pursue appropriate enforcement actions in the event violations occur;
- Require appropriate financial assurances to ensure that facilities constructed are properly removed at the end of their useful life;
- Regulate, monitor, and determine fair return to the Nation; and
- Ensure that appropriate revenue is shared with adjacent coastal states, as required by law.

BOEMRE completed a Programmatic Environmental Impact Statement (EIS) in November 2007 that examined the interface between the marine and human environment and the technologies and activities that generate energy from ocean alternative energy resources. The final Renewable Energy regulatory framework was published in the Federal Register on April 29, 2009.

BOEMRE also announced in November 2007 the establishment of an interim policy for Offshore Alternative Energy Resource Assessment and Technology Testing Activities. The interim policy invited the public to nominate areas of the OCS in which BOEMRE would consider awarding limited leases that authorize data collection and technology testing. The interim policy was developed as a measure to jumpstart resource data collection and technology testing activities on the OCS in advance of the final regulations.

The Energy Policy Act of 2005 also directs the Secretary of the Interior, together with other agencies, to establish an OCS Mapping Initiative to assist in decision making related to renewable energy uses on the OCS. This initiative, also called the Multipurpose Marine Cadastre, is a multiyear endeavor that requires joint planning, interaction and commitment by Federal, state, local, territorial, and tribal entities working through public and private partnerships. BOEMRE has been working cooperatively with other Federal agencies to develop this information system, which is a repository of data such as the legal extents of authorities, and physical and cultural information in a common reference framework. This work is being facilitated through the efforts of the Federal Geographic Data Committee (FGDC)-Marine Boundary Working Group. This tool is providing the geospatial framework needed for the broader coastal and marine spatial planning initiative called for in President Obama's ocean agenda.

BOEMRE, through the Energy Policy Act of 2005, also assumed responsibility for two existing offshore wind energy projects: the Cape Wind Energy project in the Nantucket Sound offshore Massachusetts, and the Long Island Offshore Wind Park offshore New York. The latter project was withdrawn by the applicant in 2007. There is currently renewed interest in proposing development offshore New York by the New York Power Authority. However, at the time of publication (February 18, 2011) BOEMRE had not yet received a proposal.

BOEMRE published a Notice of Intent to prepare an EIS for the Cape Wind Energy project in May 2006. The Draft EIS was published in the *Federal Register* on January 17, 2008, and public hearings were held in March 2008. The final EIS was published on January 16, 2009, and the Record of Decision, issued on April 28, 2010, documents the bureau's decision to select the Preferred Alternative at Horseshoe Shoal in Nantucket Sound described in the final EIS. In October 2010, the Secretary signed the Cape Wind lease, making it the Nation's first OCS

renewable energy commercial lease.

Within its Activity-Based Costing (ABC) system, BOEMRE is able to allocate expenses to the Renewable Energy activities and operations they support. Through FY 2010, the majority of spending for Renewable Energy has been focused on program development and environmental analysis. As the program matures, more funding will be directed to providing access to the OCS for renewable energy activities as well as regulatory and compliance efforts. The following chart shows the estimated spending profile for FY 2010.

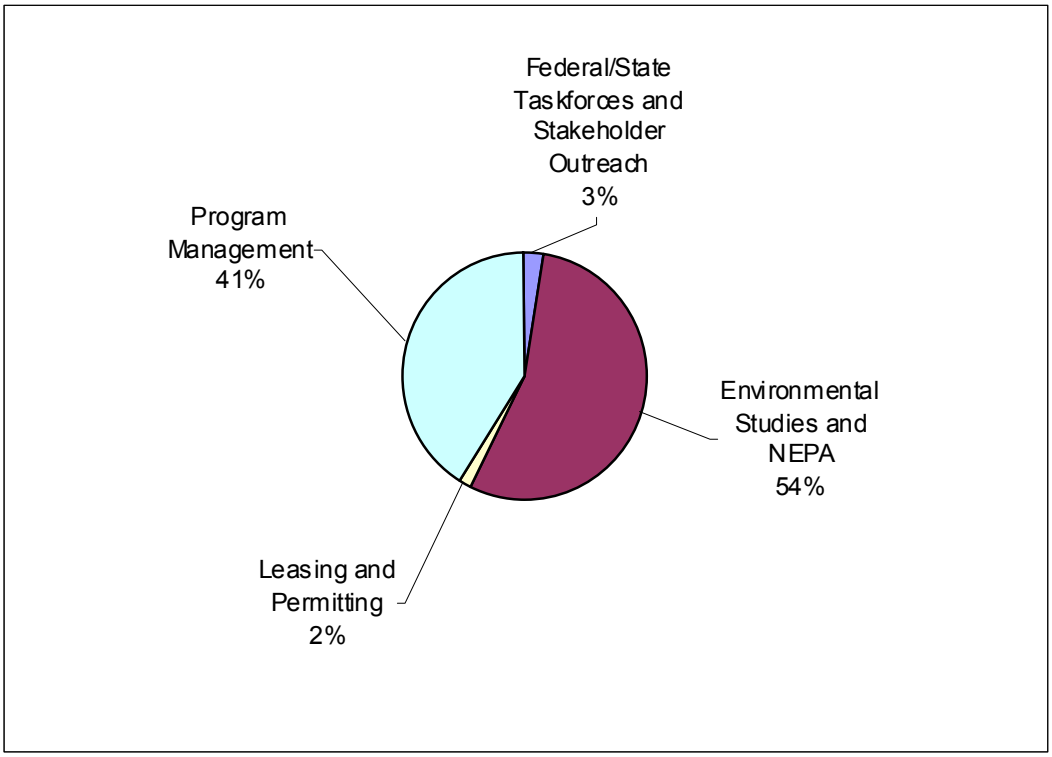

Figure 2. Estimated FY 2010 Renewable Energy Spending Profile[1]

FY 2012 PROGRAM PERFORMANCE – RENEWABLE ENERGY

Activities in FY 2012 will continue the momentum and projects begun in FY 2011 and prior years. A substantial increase in work is expected to support leasing of OCS sites for the commercial generation of renewable energy, which can be categorized as follows.

- **Issuing Commercial Leases.** The "Smart from the Start" initiative will enable the bureau to issue leases more efficiently than was possible previously. As a result, previous assumptions regarding the pace of lease issuance are no longer valid. The amount of renewable energy development will depend necessarily on the amount of commercial interest from developers; however, early indications are that commercial interest in offshore wind development, particularly off the Atlantic coast, is robust. BOEMRE expects to issue leases in 2011 and 2012 through both competitive and non-

[1] The funding for these activities was included in the Leasing and Environmental, Regulatory, and Resource Evaluation subactivities.

competitive processes offshore Atlantic states from Maine to North Carolina. As the Secretary's "Smart from the Start" initiative has focused attention on Atlantic wind resources and streamlined the leasing process, at this time, it is difficult to determine the number of competitive lease sales and noncompetitive lease issuances. However, the bureau anticipates conducting leasing processes offshore most of the Atlantic coastal states.

- **Review of Renewable Energy Lease Proposals and Applications.** While BOEMRE cannot predict the exact number and locations of lease and Right-of-Way applications, it is likely that early interest in accessing OCS renewable energy resources will focus on the Atlantic and Pacific OCS areas and will result in the BOEMRE initiating competitive and noncompetitive leasing processes. Several companies have approached BOEMRE with wind, ocean wave and current energy and subsea power cable project proposals, and several states on both coasts have initiated efforts to accommodate offshore renewable energy development (e.g., Maine, Massachusetts, Rhode Island, New York, New Jersey, Delaware, Maryland, Virginia, North Carolina, and Oregon). The Commonwealths of Massachusetts and Virginia and the State of Hawaii have requested renewable energy research leases. Substantial regulatory, technical, and environmental review associated with these lease applications and individual noncompetitive proposals will be necessary. This will also require extensive consultation with affected coastal states, and local and tribal governments and regulatory agencies.

- **Preparation for Renewable Energy lease sales in FY 2011 - 2014.** BOEMRE will continue to identify areas of competitive interest, contract environmental studies, interpret study results, prepare environmental compliance documents, reach out to stakeholders and interested parties, provide support for BOEMRE intergovernmental task forces, and begin the formal lease issuance process.

- **Post Lease Monitoring**. BOEMRE will need to plan and conduct post lease monitoring, inspection, and enforcement activities for the Interim Policy limited leases issued in FY 2011. For example, with respect to the Cape Wind project, assuming a Construction and Operations Plan is approved, BOEMRE would need to review the Facility Design Report and Fabrication and Installation Report prior to construction of the commercial wind facility.

In implementing an Alternative Energy/Alternate Use Program, BOEMRE is committed to:

- *Protecting the environment and providing for safety of personnel and operations;*
- *Cooperating, coordinating, and collaborating with others to manage the OCS resources;*
- *Providing regulatory certainty and consistency;*
- *Establishing a comprehensive framework for planning, permitting, and inspecting;*
- *Providing for a fair return to the Nation for use of its resources;*
- *Basing management decisions on detailed science and engineering reviews; and*
- *Improving our understanding of ocean ecosystems to make sound OCS resource management decisions.*

In FY 2012, BOEMRE will continue its efforts to establish a strong BOEMRE presence in the Atlantic to be responsive to expected rapid development in the Mid and North Atlantic; to increase capacity and capabilities of BOEMRE offices in the Pacific to respond to renewable energy development; and to continue its work on the MMC.

BOEMRE has made significant progress towards achieving the goals it established in the FY 2010 President's Budget Request. As of January 2011, the following major activities have taken place:

- *Program Development and Implementation*
  - Nine intergovernmental task forces have been established on the Atlantic coast (Maine, Massachusetts, Rhode Island, New York, New Jersey, Delaware, Maryland, Virginia, and North Carolina) and one, Oregon, on the Pacific coast.
  - Requests have been received from two other states (Florida and South Carolina) to establish task forces and initiate discussions related to offshore renewable energy.
  - Requests for renewable energy research leases have been received from three states (Virginia, Massachusetts, and Hawaii).
- *Environmental Studies* – Of the 40 studies supporting renewable energy information needs slated for procurement in FY 2010, 36 were awarded. The remaining four studies were deferred in FY 2011 to ensure optimum project development. Of the four deferred studies, two have been deferred indefinitely and the other two have already been awarded this year. FY 2011 projects address socioeconomic effects, lighting schemes, air quality, and a need for information about bats. New studies for FY 2012 will focus on identifying areas with the potential for space-use conflicts, especially in areas with ports and airports. Additional work will provide estimates of pollutant emissions.
- *Technology Assessment and Research Studies* – Recently awarded projects continue to build on the lessons learned in Europe while focusing on the unique operating environment of the U.S. OCS. The international structural design standards have been reviewed and research gaps have been identified that include the anticipated effects of hurricanes and open-ocean breaking waves, as well as the structural integrity of floating wind turbines under reasonably-foreseeable ocean conditions. Much is known about the meteorological and oceanographic conditions in the Gulf of Mexico, but this data needs to be obtained for the Atlantic and Pacific regions to ensure that these new structures are designed to the appropriate parameters. FY 2012 studies will delve deeper into these issues, as well as explore the recent electrical cable and structural grouting failures in Europe.
- *Multipurpose Marine Cadastre* – New web presence – www.marinecadastre.gov. The MMC has a new server structure and new data. BOEMRE is continuing work on special tools and data sets as prescribed in its 2010 work plan. A User Needs Workshop occurred on February 1, 2011, after which the 2011/2012 work plan will be developed. The FY 2011 funds will be allocated to NOAA based on costs of updates, new tools, data, and partnership developments.
- *Fair Return Estimation Support* – In FY 2011, BOEMRE is acquiring modeling capabilities and external expert advice on four areas in support of its mission to obtain a fair return on areas leased in support of renewable energy projects: 1) financial modeling

to enable estimation of appropriate project-specific operating fees; 2) an auction format study to obtain expert advice on structuring initial auctions to advance program objectives; 3) a wind resource assessment study to quantify the characteristics of the wind resource for purposes of setting an initial capacity factor for projects in the Delaware wind energy area; and 4) probabilistic renewable energy project simulation modeling capability to translate wind and hydrokinetic energy resource estimates into estimated capacity factors.

- *Development of Environmental Protocols and Monitoring* – BOEMRE, under the auspices of the National Ocean Partnership Program and in collaboration with the Department of Energy and the National Oceanographic and Atmospheric Administration, solicited proposals through the Broad Agency Announcement: Developing Environmental Protocols and Monitoring to Support Ocean Renewable Energy and Stewardship. In FY 2010, the partners awarded $4.7 million to eight proposals addressing noise characterization; monitoring technologies; protocols for baseline environmental studies; coastal and marine spatial planning; sub-seabed carbon sequestration; and visual evaluations.

Other milestone events include the execution of four Interim Policy leases in November 2009, three offshore New Jersey and one offshore Delaware, and the receipt of seven unsolicited applications for renewable energy commercial leases (Rhode Island – 2, New Jersey – 2, Virginia – 2, and North Carolina -1). In addition, three states are currently applying for renewable energy research leases (Hawaii, Massachusetts, and Virginia).

The Renewable Energy Subactivity Performance Overview Table is shown on the following pages.

Table 7: OEMM Performance Overview – Renewable Energy

Performance Overview - Renewable Energy										
Note: Performance and Cost data may be attributable to multiple activities and subactivities. Therefore, measure costs may not equal totals shown in subactivity tables.										
Mission Area 2: Sustainably Manage Energy, Water, and Natural Resources										
Goal 1: Secure America's Energy Resources										
Supporting Performance Measures	**2007 Actual**	**2008 Actual**	**2009 Actual**	**2010 Plan**	**2010 Actual**	**2011 Plan**	**2012 President's Budget**	**Change from 2011 Plan to 2012**	**Long-term Target 2016**
Strategy 2: Develop renewable energy potential including wind, solar, geothermal, and hydropower									
Number of megawatts of approved capacity authorized on public land and the Outer Continental Shelf (OCS) for renewable energy development while ensuring full environmental review (Cumulative) (SP)	N/A	N/A	N/A	N/A	N/A	N/A Baseline Year	0	N/A	2750
Total Actual/Projected Cost ($M)	0	0	0	0	0	25.1	Baseline Year*	0	0
Comments	*The number of megawatts approved capacity for renewable energy development is one the Department's High Priority Goals. This metric tracks the cummulative number of approved megawatts based on the total capacity of the equipment to be installed, as specified in an approved Construction and Operations Plan (COP). On November 1, 2010, BOEMRE issued its first commercial lease for the existing Cape Wind project off the coast of Massachusetts and is currently reviewing the Construction and Operations Plan for the project. BOEMRE has initiated three other commercial leasing processes in Deleware, Maryland and Massachusetts. Once the required public consultation and environmental analyses are completed, Site Assessment Plans (SAPs) along with Construction and Operation Plans (COPs) can be submitted for review and approval.* **FY2012 will be a baseline year for performance costs due to the planned reorganization of BOEMRE into two separate bureaus and the major changes anticipated for program operations.*								
Number of renewable energy leasing processes initiated (e.g., Requests for Interest) (BUR)	N/A	N/A	1	3	1	6	6	0	TBD
Total Actual/Projected Cost ($M)	--	--	9.0	25.1	25	25.1	Baseline Year	0	--
Comments	*To enable renewable energy development on the OCS, BOEMRE must conduct a multi-step process entailing information gathering, consultation with interested and affected parties, NEPA review and compliance, and analysis in light of other applicable federal requirements for each affected state. The first step in each decision process will identify a proposed lease area and determine whether there is competition for that area. If BOEMRE determines there is competitive interest, it will undertake a public consultation and decision process. This metric counts the number of formal actions BOEMRE publishes in the Federal Register to initiate the leasing process for renewable energy. In April 2010, BOEMRE issued the first Request For Interest (RFI) for offshore renewable energy development off the coast of Delaware and during the first quarter of FY 2011, two more RFIs were published for potential development off the coasts of Maryland and Massachusetts. BOEMRE anticipates initiating a total of 5 leasing processes in FY 2011, and another 5 in FY 2012.* *NOTE: The Renewable Energy metrics presented are subject to revision as the Program matures. Projected costs for this performance measure include all funding associated with renewable energy performance. FY2012 will be a baseline year for performance costs due to the planned reorganization of BOEMRE into two separate bureaus and the major changes anticipated for program operations.*								

Performance Overview - Renewable Energy (continued)									
Supporting Performance Measures	**2007 Actual**	**2008 Actual**	**2009 Actual**	**2010 Plan**	**2010 Actual**	**2011 Plan**	**2012 President's Budget**	**Change from 2011 Plan to 2012**	**Long-term Target 2016**
Number of BOEMRE-supported stakeholder collaboratives for renewable energy (BUR)	3	5	2	8	11	15	15	0	TBD
Comments	*BOEMRE recognizes the importance of coordinating and consulting with local and federal stakeholders to develop a comprehensive renewable energy program for the OCS. This metric quantifies the number of cooperative planning and leasing efforts undertaken with relevant federal agencies and affected state, local, and tribal governments. BOEMRE has actively sought and will continue to solicit stakeholder input through collaborative partnerships with federal agencies, state governments and other affected stakeholders.* *During FY 2010, BOEMRE noted seven cooperative planning and leasing efforts undertaken with relevant Federal agencies and affected state, local, and tribal governments. During FY 2010 BOEMRE established and held initial Federal/State Task Force meetings with seven states (i.e., Delaware, Rhode Island, Massachusetts, New Jersey, Virginia, Maryland, and Maine). In 2011 BOEMRE held initial stakeholder meetings with New York and North Carolina. BOEMRE is responding to requests from multiple other states (including Oregon, Florida, and South Carolina) to establish task forces. In FY 2011 and FY 2012, BOEMRE will continue to support these existing state taskforces as well as establish new ones and participate in other stakeholder collaboratives such as the West Coast Governors' Agreement on Ocean Health (WCGA), the California Working Group on Renewable Energy, and the Hawaii Clean Energy Initiative. A total of 15 collaboratives are planned for FY 2011 and 12 for FY 2012.* *NOTE: The Renewable Energy metrics presented are subject to revision as the Program matures.*								
Total number of renewable energy leases or grants issued (competitive or noncompetitive; limited or commercial) (BUR)	N/A	N/A	0	5	4	2	12	10	TBD
Number of limited leases for renewable energy testing and data collection (BUR)	N/A	N/A	0	4	4	0	2	2	TBD
Number of commercial leases for the development of renewable energy (BUR)	N/A	N/A	0	1	0	2	8	6	TBD
Number of right-of-way/ right-of-use and easement grants issued (BUR)	N/A	N/A	N/A	0	0	0	2	2	TBD
Comments	*In the first quarter of FY 2011, BOEMRE issued its first commercial renewable energy lease for the existing Cape Wind project off the coast of Massachusetts. BOEMRE has also issued four limited leases (3 in New Jersey, 1 in Delaware) for testing and data collection and initiated three other commercial leasing processes in Delaware, Maryland, and Massachussets. To facilitate the siting, leasing and construction of new renewable energy projects Secretary Salazar recently announced an initiative called "Smart from the Start." This initiative is expected to significantly reduce the time required for developers to obtain a commercial lease, without sacrificing the departments legal and environmental responsibilities. In FY 2012, BOEMRE anticipates there will be the potential to issue two additional limited leases for research, eight or more commercial leases for energy development, and two Right-of-Way grants for a renewable energy transmission projects.* *NOTE: The Renewable Energy metrics presented are subject to revision as the Program matures.*								
Number of Ongoing EA/EISs for Renewable Energy Development (BUR)	N/A	N/A	0	1	0	2	4	0	TBD
Number of Completed EA/EISs for Renewable Energy Development (BUR)	N/A	N/A	3	0	1	2	4	0	TBD
Comments	*Comprehensive environmental analyses are an essential but lengthy part of the overall OCS lease planning process. The number of ongoing Environmental Impact Statements (EISs) or Environmental Assessments (EAs) will be highly dependent on the level of interest in potential leasing areas and whether the lease issuance process will be competitive or non-competitive. For a non-competitive process, the financial burden of conducting the environmental assessment is borne by the applicant. In a competitive process, BOEMRE will fund the EA or EIS. In April 2010, the BOEMRE completed a supplemental Environmental Assessment on the Cape Wind Energy Project after receiving additional information following the publication of its Final EIS in 2009.* *NOTE: The Renewable Energy metrics presented are subject to revision as the Program matures.*								

FY 2012 PERFORMANCE BUDGET REQUEST

Offshore Energy and Minerals Management

Leasing and Environmental Subactivity

Table 8: OEMM Leasing and Environmental Subactivity Budget Summary

		2010 Enacted	Reorganization Transfers (+/-)	Fixed Costs (+/-)	Administrative Cost Savings (-)	Program Changes (+/-)	Offsetting Collections Changes (+/-)	Budget Request	Change from 2010 (+/-)
Leasing and Environmental Assessment Program	($000)	29,958	0	+50	-300	+10,267	-568	39,407	+9,449
	FTE	227	0	0	0	+65	0	292	+65
Environmental Studies Program	($000)	29,503	0	0	0	+6,500	0	36,003	+6,500
	FTE	0	0	0	0	0	0	0	0
Leasing and Environmental Subactivity	($000)	59,461	0	+50	-300	+16,767	-568	75,410	+15,949
	FTE	227	0	0	0	+65	0	292	+65

SUMMARY OF FY 2012 PROGRAM CHANGES

Request Component	Amount	FTE
NEPA and Environmental Studies Staff	+8,063	+52
Environmental Studies	+6,500	0
General Support	+1,531	0
Environmental & Operational Oversight Compliance	+1,395	+9
Marine Spatial Planning	+1,000	+4
Fair Market Value and Safe Operations	+850	0
Fixed Costs	+50	0
Administrative Savings	-300	0
Offsetting Collections	-568	0
Reorganization Efficiences and Changes	-572	0
Marine Minerals	-2,000	0
Total:	**+15,949**	**+65**

JUSTIFICATION OF FY 2012 PROGRAM CHANGES

The FY 2012 budget request for the Leasing and Environmental Subactivity is $75.4 million and 292 FTE, a net increase of $15.9 million and 65 FTE over the FY 2010 enacted budget and $16.5 million over the FY 2011 CR level.

Consolidated information regarding fixed costs can be found in the General Administration subactivity. Information regarding BOEMRE's efforts to reduce administrative costs and achieve reorganization efficiencies can be found in the General Statement.

NEPA and Environmental Studies Staff (+$8,063,000; +52 FTE)

Additional environmental science expertise is needed to address the ramifications of the recent Gulf of Mexico Deepwater Horizon oil spill and the impact to potential activities in frontier areas in the Atlantic and Pacific. The additional personnel will support the timely and thorough review of exploration and development plans as well as a variety of permit requests. BOEMRE will

need additional staff to serve as environmental analysts and coordinators during environmental reviews and to serve as subject matter experts and Contracting Officer's Representatives (COR) supporting and strengthening the existing capability of the Environmental Studies Program. The scientific staff will consist of marine archaeologists; social scientists and economists; benthic/fisheries biologists; avian and marine mammal biologists; protected species biologists, air-quality experts and/or meteorologists; physical, biological and chemical oceanographers; water-quality/pollution specialists, and other disciplines.

NEPA environmental staff will help prepare environmental documents, coordinate inter-agency consultations to evaluate the potential effects of proposed OCS activities, and facilitate inter-bureau and Departmental reviews. Scientific staff will conduct environmental and socioeconomic resource impact analyses required for the preparation of environmental impact statements and for an increased number of site-specific environmental assessments evaluating industry-proposed plans. At the pre-lease review stage, environmental specialists will develop and implement procedures to coordinate with their counterparts undertaking environmental compliance activities.

This request will specifically support additional post-lease coordination and protected-resource staff required to address the forthcoming policy changes in the Gulf of Mexico OCS Region's postlease NEPA program. Improved consultation with local communities, public input into the NEPA process, and Government-to-Government meetings are critical to successful implementation of the OCS Program. These efforts will help meet the Secretary's mandates, as well as advance efforts to increase opportunities for communication and coordination among the public, industry, government, academia, and the scientific community.

The ESP environmental staff will help develop statements of work and coordinate and monitor the progress of the studies. An increase in the number of longer-term baseline and monitoring studies is anticipated. Scientific staff with COR duties are urgently needed to manage increasingly complex studies involving partnerships with other Federal partners, academia and others. The ESP seeks these partnerships wherever possible to obtain the science needed to support the bureau's decisions while maximizing the utility of the results and extending limited budgets even further. Studies frequently span several years and often involve ship-based fieldwork with extensive analysis and reporting. The coordination of study design with multiple partners and monitoring of study progress requires extensive and frequent involvement all the way from the development of concepts and statements of work, through the procurement, award, and conduct phases of the work, to the delivery and dissemination of the results.

Impacts of Not Funding: Without the requested staff, pre- and post-lease assessments will be delayed and environmental compliance and safety could suffer. There would be delays in obtaining necessary environmental information through the ESP, which would jeopardize timelines and completeness of the processes, documents, and actions relying on the results. Risks to completing consultations successfully under other environmental laws also would increase. The frequency and scope of litigation based on insufficient environmental information may increase, which could result in delays to the entire leasing process.

Environmental Studies (+$6,500,000; 0 FTE)

The Budget requests an increase of $6.5 million to begin studies needed to support high priority information needs related to the Deepwater Horizon Oil Spill and renewable energy. Studies addressing social and economic impacts would fill a gap in information that BOEMRE needs to fill in order to inform leasing decisions and complete the necessary NEPA documentation. Other issues to study include air quality effects, the impacts to avian communities and interactions between sediments and oil. Many of these studies will be ongoing for several years. This information will be critical in order for BOEMRE to comply with NEPA regulations and an extensive suite of environmental laws, including Marine Mammal Protection Act (MMPA), Endangered Species Act (ESA), National Historic Preservation Act (NHPA), Coastal Zone Management Act (CZMA), Magnuson-Stevens Fishery Conservation and Management Act (MSFCMA), and Migratory Bird Treaty Act (MBTA).

In light of the spill and the continuing expansion of renewable energy information needs, reassessments of baseline information in areas of ongoing activity and establishment of initial baselines in areas of anticipated activity are needed. As recovery and activities progress, monitoring of conditions is necessary. Current information across all disciplines will be required. BOEMRE will, as it has in the past, leverage its funds with other interested Federal and private stakeholders, while ensuring that it fulfills its mission to acquire applied research specific to the oil and gas-leasing program.

The socioeconomic discipline provides a good example of the depth of the proposed work. In the Gulf, these studies include examinations of the effects of the spill on families and communities, recreation, tourism and commercial and recreational fisheries. Additional work may include archaeological impact analyses, air quality, and the interactions between oil and sediments. While work in these areas is valuable and of interest to other parties, is not being conducted under current programs. Methods to generate the information in these efforts include literature reviews, data collection from public sources, collection of information through contact with members of the affected communities and modeling.

This request also includes a $1.0 million increase for environmental research in support of offshore renewable energy activities. Through its day-to-day-activities, the Office of Alternative Energy Programs continually identifies informational needs for the assessment, prediction, and management of environmental impacts on the OCS. These information needs have become even more apparent with the recent launching of the Secretary's "Smart from the Start" wind energy initiative for the Atlantic OCS aimed at facilitating the prioritization, rapid siting, and leasing of new projects.

As these and other events unfold, it will be necessary to gather additional scientific information to examine the potential biological, environmental, socioeconomic, and cultural effects of renewable energy projects. Several research studies for FY 2011 have been identified to satisfy BOEMRE's information needs. These proposed studies are designed to fill critical information gaps to meet the immediate information needs associated with the Smart from the Start Initiative and for future environmental assessments. To support renewable information needs, work is proposed to investigate space-use conflicts, particularly around airports and commercial

shipping. The impacts of wind development on fishing also will be investigated. Methods to generate the information in these efforts include literature reviews and data collection from public sources.

Funding is needed to initiate the proposed studies to prepare for lease issuances and for post lease environmental monitoring in the Atlantic and Pacific and will address physical, biological and social resource issues in the Wind Energy Areas defined under the Smart from the Start Initiative. The timely acquisition of environmental information is crucial to issuing leases. Without sound science for decision-making, opportunities for renewable energy development could be hindered or delayed. Full funding for the proposed environmental studies is critical for the success of the Renewable Energy Program.

General Support (+1,531,000; 0 FTE)

BOEMRE will need to provide space and other essential needs for dozens of new employees. Funds will be needed for planning, renovating, infrastructure such as cabling and electrical, moving, and furniture.

Environmental & Operational Oversight Compliance (+$1,395,000; +9 FTE)[*]

Enhanced environmental oversight over all OCS activities is a logical and necessary outcome of the experience with the Deepwater Horizon oil spill (National Commission on the BP Deepwater Horizon Oil Spill and Offshore Drilling, January 2011; CEQ, August 2010). Robust environmental reviews and procedures will set the stage for following through and tracking lease sale planning and site-specific permit decisions. This level of effort will be matched by more systematic and inclusive monitoring of project implementation/operational phases, including final decommissioning. These collective efforts will facilitate a culture focused on safety and the environment consistent with the Secretary's mandates, as well as advance efforts to improve awareness of the importance of environmental compliance on the OCS.

BOEM will be responsible for environmental compliance and analyses for all activities associated with leasing, authorization of on- and off-lease geological and geophysical surveys and approvals of exploration and development plans. BOEM will also develop and adaptively manage environmental protection measures specific to these activities. BSEE will be responsible for environmental compliance related to issuing permits associated with plans (i.e., Applications for Permits to Drill), inspections of environmental measures and enforcement of incidences of non-compliance. BSEE will also review industry reporting and work with BOEM to adaptively manage environmental mitigation measures to ensure their effectiveness and enforceability.

In FY 2011-2012, BOEMRE and its successor bureaus (BOEM and BSEE) plan to strengthen existing and develop additional environmental compliance capabilities by:

[*] Additional resources for the Environmental & Operational Oversight Compliance initiative are requested in the Regulatory subactivity ($3.7 million; 24 FTE).

- conducting NEPA and other environmental reviews on a broader range of project specific exploration and development activities;
- establishing lease stipulations and permit/plan mitigations based on environmental study outcomes, environmental reviews and regulatory requirements;
- developing a rigorous methodology for evaluating the effectiveness of required mitigation and monitoring measures and coordinating with BSEE environmental compliance staff to adaptively manage these measures;
- establishing policies and procedures to foster communication and collaboration between bureaus;
- conducting oversight reviews to ensure appropriate and consistent application of OCS environmental requirements;
- performing accountability assessments for OCS environmental issues;
- coordinating, at a national level, with task forces, workgroups, other agencies, states, lessees, and other interested parties on environmental issues; and
- collaborating with safety personnel, legal advisors, resource managers, and others involved with environmental implementation; and collaborating with offices and groups performing a variety of functions to gather data for environmental performance accountability measures.

BOEMRE will need to hire additional environmental protection specialists, inspectors, engineers, and scientists to assist BOEM and BSEE in the joint implementation and coordination of environmental compliance efforts. This request will support the additional personnel that are needed to facilitate and manage the expanded environmental oversight role brought about through bureau reorganization and enhancement.

Impacts of Not Funding: Diminished ability to properly oversee environmental compliance related to leasing, authorization of on- and off-lease geological and geophysical surveys and approvals of exploration and development plans. A lack of funding would also lead to diminished coordination (i.e., lack of personnel, insufficient training) of environmental compliance across the two bureaus—a key component to ensuring efficient, timely and effective environmental compliance of offshore activities.

Marine Spatial Planning (+$1,000,000; +4 FTE)

Executive Order 13547 calls for all executive agencies, to the fullest extent consistent with applicable law, to participate in the process for Coastal and Marine Spatial Planning (CMSP). The *Final Recommendations of the Interagency Ocean Policy Task Force* (Task Force), as adopted by this Executive Order, require the establishment of nine regional planning bodies (RPB) for the development of regional coastal and marine spatial plans. CMSP is, as defined by the Task Force, "a comprehensive, adaptive, integrated, ecosystem-based, and transparent spatial planning process, based on sound science, for analyzing current and anticipated uses of ocean, coastal, and Great Lakes areas." As the only agency authorized to grant renewable energy, marine mineral, and oil and gas leases on the OCS, BOEMRE plays an integral role in the CMSP process and has been assigned the lead for DOI for coordinating CMSP efforts within and outside the bureau. Coordination of CMSP with other OCS users and regulators is important as new uses and potential conflicts grow. With oil and natural gas, renewable energy, marine

minerals, shipping/navigation, military uses, fishing, and others competing for space on the OCS, it is becoming more important to coordinate the growing demand for multiple uses of the OCS. This function is critical to the integrity of the 5-Year Oil and Gas Leasing Program that inherently balances these various competing interests and determines the size, timing, and location of oil and gas leasing activity on the OCS. CMSP affects the programs mandated by OCSLA and NEPA that are key components of the BOEMRE mission. BOEMRE is committed to communicating, consulting, and cooperating with many diverse stakeholders in order to build consensus while balancing national, regional, and local interests.

The National Ocean Council (NOC) has identified the nine RPBs that will be responsible for the development of the actual plans and directed that the membership of each will "consist of Federal, State, and tribal authorities relevant to Coastal and Marine Spatial Planning for that region (e.g., resource management, including coastal zone management and fisheries management; science; homeland and national security; transportation; and public health.)"[1] The DOI can provide a single official RPB representative to speak on its behalf, or ask individuals from BOEMRE, FWS or USGS to attend and contribute to the meetings. BOEMRE will participate as a member of six of the RPBs--North Atlantic, Mid-Atlantic, South Atlantic, Gulf of Mexico, West Coast, and Alaska--and may perform the Federal Co-Lead role, which is particularly significant and resource intensive, for two of the six RPBs.

CMSP Coordinators: **(2 FTE):** As lead for CMSP for DOI, staff will also coordinate CMSP activity related to oil and gas activity marine minerals, and renewable energy. Specific examples of duties include:

- Serve as representative for inter-agency collaboration with other Federal agencies to try and accommodate other federal concerns and national policy, while actively protecting the mission of BOEMRE and other DOI bureaus as appropriate.
- Facilitate issues affecting CMSP regional planning entities and state concerns, while maintaining national goals.
- Work closely with OEMM counterparts in other divisions and regional offices to establish communication, engage in data sharing and products, determine data information and needs, and explore regulatory efficiencies.

CMSP Environmental Scientist (1 FTE): Staff will incorporate CMSP principles and regulatory requirements in environmental assessments and impact analyses. Specific duties include:

- Identify data and information needs required for CMSP;
- Coordinate and implement CMSP-related environmental requirements into BOEMRE rules, regulations and environmental review procedures; and
- Coordinate and develop regional guidance for implementing CMSP requirements and processes in environmental analyses and review, including the Five-Year EIS.

CMSP Geospatial Scientist (1 FTE): Staff will address basic information and data requirements necessary to effectively implement CMSP. Specific examples include:

- Organize, maintain, and develop geospatial data relevant to marine spatial planning;

[1] Final Recommendations of the Ocean Policy Task Force

- Coordinate with subject matter experts such as biologists, oceanographers, and social scientists within BOEMRE to determine the data needs, suitability, and relevance;
- Conduct data quality control and assurance for BOEMRE environmental data as well as the suitability of third party data for CMSP; and
- Identify data and information requirements for CMSP and develop scientific studies to address these needs.

Cost Share and Data Information Needs ($400,000): BOEMRE will participate on six of the nine RPBs and may be functioning as Federal Co-Lead on two of the six. The Federal Co-Lead function involves coordinating overall RPB responsibility for timely progress on regional CMSP, calling meetings, establishing working groups as needed to facilitate regional CMSP, serving as designated Federal official in managing Federal Advisory Committee Act (FACA) bodies as needed, executing the regional CMSP Development Agreement for regional CMS plans, and providing administrative/financial support for RPB activities. The development of plans under the NOC framework and participating substantively on the RPBs ensures a cooperative approach for organizing and supporting state, regional and Federal management efforts including funding and identifying studies and resource evaluation projects of mutual benefit. As part of the planning process and beyond, data information plans, improved data accessibility, research of new technologies, governance process and outreach efforts will be identified and require funds and personnel. Additionally, it is anticipated that data will need to be acquired, organized, quality checked, archived, and distributed. Support costs, such as workshops, travel, training, and education, will also be incurred.

The CMSP process will improve coordination and collaboration among stakeholders in the ocean, facilitate the dissemination of scientific information for decision-making, and allow a more comprehensive approach to management. Substantial ecological, economic, and social benefits will result from these efforts including:

- Ecosystem Based Management - The CMSP process is regional in scope and allows greater incorporation of ecosystem based management into the decision making process.
- Climate Change - Flexible CMSP planning allows consideration and adaptation of management to climate change by considering large-scale cumulative effects such as the changing distribution of species and habitats.
- Efficient use of Ocean Space – The ability to optimally site ocean use for economic benefit.
- Cost Savings - Increased coordination will increase sharing information and reduce redundancy in efforts such as environmental assessments.
- Greater Transparency – Greater inclusion of stakeholders in the decision process will encourage investment in new ocean uses such as renewable energy.

Impacts of Not Funding: The energy and mineral resources on the OCS are significant for the Nation. Determining the optimal relationship of these resources relative to other ocean uses is critical to resource decisions. The dedication of BOEMRE funds and staff to participate substantively in the development of the CMSP by RPBs will help to encourage appropriate energy (including renewable energy) development, reduce conflict among ocean uses, effectively use ocean space, and meet the environmental and economic challenges posed by climate change. Failing to fund this initiative could result in escalated conflict and litigation as the nation pursues

energy and mineral resource needs.

Ensure Fair Market Value and Safe Operations (+$850,000; +0 FTE)

Assuring receipt of fair market value (FMV) on OCS lands is mandated by the OCS Lands Act and its amendments and remains a critical responsibility of the Leasing and Environmental Program. A key aspect of ensuring fair market value involves the process BOEMRE applies to analyze a bid from industry for an OCS lease to determine, based on the estimated recoverable oil and gas resources, if the value of the bid provides a reasonable return for publicly owned energy resources.

- *Block and Boundary Support: $850,000; 0 FTE*. This increase will fund technological upgrades to existing lease management systems that will improve the accuracy and efficiency of lease boundary calculations. Accurate offshore lease boundary lines are a foundational requirement for all BOEMRE offshore leasing activities. Our current software for computing these boundaries and recording the results in the Technical Information Management System (TIMS) was originally written over 20 years ago for a punch card system – long before the availability of modern Geographic Information System (GIS) software. Some new computational requirements were never fully supported by our old system. Even those that are supported require months of work using our current system. Some of those computations could be done in just days or hours when BOEMRE converts to modern GIS software. The major costs for the conversion are to add some unique BOEMRE functional requirements that are not available in the commercial off-the-shelf GIS program, and to integrate the GIS software with our TIMS database, so that existing TIMS' programs used by other BOEMRE units will continue to be supported.

Impacts of Not Funding: The difficulties with the current software will affect BOEMRE's efforts to determine FMV on lease bids and may also impact revenue sharing calculations for leases under Section 8(g) of the OCS Lands Act and the Gulf of Mexico Energy Security Act (GOMESA). Use of an antiquated system will continue to thwart the efforts of BOEMRE cartographers to produce products in an efficient and timely fashion. With the impending retirement of Mapping and Boundary Branch employees with expert knowledge of the old software, a complete halt to production of Official Protraction Diagrams (OPD) and Supplemental Official Block Diagrams (SOBD) is possible. OPD and Leasing Map (LM) boundaries cover areas of the OCS within Federal jurisdiction. LMs are irregularly shaped areas, developed early in BOEMRE offshore minerals management program, for near-shore areas in the Gulf of Mexico. OPDs cover the remainder of the area included in the BOEMRE offshore minerals management program.

A SOBD is prepared for each block intersected by an offshore boundary (Submerged Lands Act Boundary, Limit of "8(g) Zone", National Marine Sanctuaries, etc.); a diagram of a specific OCS Block showing official boundaries and areas, also known as a "split block."

A failure to have the capacity to update the offshore boundaries on these diagrams would have a direct impact on BOEMRE's ability to legally describe the areas potentially available for lease,

determine the fair market value for these leases, and determine the level and distribution of subsequent Federal revenues owed from such leases.

Marine Minerals (-$2,000,000; 0 FTE)

This reduction is being offered to offset priority budget increases and will eliminate funding for BOEMRE's marine minerals program. Under this program, BOEMRE works with Federal, State and local entities to issue leases for sand and gravel on the OCS. BOEMRE receives eight to 10 requests per year. The elimination of funding for the marine minerals program is proposed in order to enhance other critical mission activities. BOEMRE retains the authority to process individual lease requests for sand and gravel on a case-by-case basis; funds permitting.

PROGRAM OVERVIEW

BOEMRE plays a key role in securing ocean energy for the Nation. BOEMRE is a leader in facilitating energy development to meet the Nation's domestic energy needs. It manages access to the energy and mineral resources of the OCS to help meet the energy demands and other needs of the Nation while balancing such access with the protection of the human, marine, and coastal environments. As of January 3, 2011, BOEMRE administers about 7,109 active mineral leases on approximately 38 million OCS acres. Production from these leases will generate billions of dollars in revenue for the Federal Treasury and state governments while supporting thousands of jobs. BOEMRE oversees production from the OCS that represents a significant portion of total domestic oil and natural gas production. In calendar year 2009, OCS leases offshore California, Alaska, and in the Gulf of Mexico provided 593.8 million barrels of oil and 2,506 billion cubic feet of natural gas, accounting for about 30 percent of the Nation's oil production and 11 percent of domestic natural gas production.

PERFORMANCE OVERVIEW

The Leasing and Environmental (LE) subactivity funds the Leasing and Environmental Assessment Program and the Environmental Studies Program. A key indicator of performance is the ability to hold offshore lease sales as scheduled in the Secretary's 5-Year Oil and Gas Leasing Program. The 5-Year Program for 2007-2012 was developed through an extensive consultation process prescribed by the OCS Lands Act, and is effective from July 1, 2007, through June 30, 2012. The Program as approved on June 29, 2007, included 21 sales in eight of the 26 OCS planning areas – three areas in the Gulf of Mexico, one area in the Mid-Atlantic, and four areas offshore Alaska. BOEMRE estimated that 10 billion barrels of oil and 45 trillion cubic feet of natural gas could be produced over 40 years as a result of sales under consideration in the Program. The 2007-2012 lease sale schedule can be found at: http://www.boemre.gov/5-year/2007-2012LeaseSaleSchedule.htm

Following the July 1, 2007, effective date, the Government was sued by environmental organizations and a native village in Alaska, alleging violations of the OCSLA and NEPA. In 2009, the U. S. Court of Appeals for the District of Columbia (Court) remanded the program, finding that the DOI had failed to sufficiently analyze the environmental sensitivity of OCS areas as required under OCSLA section 18. The Court later limited its mandate to three areas offshore

Alaska—Beaufort, Chukchi, and Bering Seas. The bureau conducted an expanded environmental sensitivity analysis that the Secretary used, along with the other section 18 and NEPA analyses that had either been upheld or not challenged, in making his Preliminary Revised Program (PRP) decision that was submitted to the President and Congress and subject to a 30-day comment period that ended May 3, 2010. The PRP retained 16 of the 21 lease sales in the 2007 Program, removing five sales from the three areas in Alaska subject to the Court mandate. Only one sale, Chukchi Sea Sale 193, held in 2008, remained in those areas.

On December 1, 2010, the Secretary announced his final decisions for 2007-2012 and the Revised Program (RP) was filed with the Court on December 23, 2010. The RP retains the 16 sales as in the PRP. However, in light of the April 2010 Deepwater Horizon event, Western Gulf Sale 215, scheduled for 2011, was cancelled to allow time to assess the environmental analysis used for the sale. The Secretary also cancelled Mid-Atlantic Sale 220, offshore Virginia, to allow more time to gather information and to coordinate with the Department of Defense. The bureau is currently preparing a Supplemental Environmental Impact Statement for Sale 193 in the Chukchi Sea and Sale 218 in the Western Planning Area of the Gulf of Mexico. The bureau is conducting the environmental analysis to support potential seismic activity in the Mid- and South Atlantic. Special interest sales in Cook Inlet, Alaska, will not be held due to lack of industry interest.

Offshore oil and gas leases are awarded following the completion of an extensive, two-phase bid evaluation process to ensure that the Federal government receives a fair monetary return for the public mineral resources it makes available. Results of scheduled 2007-2012 offshore lease sales currently include a return of over $10.8 billion dollars:

- Sale 204, Western Gulf of Mexico, was held on August 22, 2007, and BOEMRE accepted high bids valued at $287,081,023 and awarded 274 leases to the successful high bidders.

- Sale 205, Central Gulf of Mexico, was held on October 3, 2007, and BOEMRE accepted high bids valued at $2,812,953,879 and awarded 682 leases to the successful high bidders.

- Sale 193, Alaska Chukchi Sea, was held on February 7, 2008, and BOEMRE accepted high bids valued at $2,662,059,563 and awarded 487 leases to the successful high bidders.

- Sale 206, Central Gulf of Mexico, was held on March 19, 2008, and BOEMRE accepted high bids valued at $3,671,052,702 and awarded 603 leases to the successful high bidders.

- Sale 224, Eastern Gulf of Mexico, was held on March 19, 2008, and BOEMRE accepted high bids valued at $64,713,213 and awarded 36 leases to the successful high bidders.

- Sale 207, Western Gulf of Mexico, was held on August 20, 2008, and BOEMRE accepted high bids valued at $483,959,404 and awarded 313 leases to the successful high

bidders.

- Sale 208, Central Gulf of Mexico, was held on March 18, 2009, and BOEMRE accepted high bids valued at $690,163,194 and awarded 328 leases to the successful high bidders.

- Sale 210, Western Gulf of Mexico, was held on August 19, 2009 and BOEMRE accepted high bids valued at $111,385,124 and awarded 155 leases to successful high bidders.

- Sale 213, Central Gulf of Mexico, was held on March 17, 2010. Forty million acres were offered for bid, receiving nearly $950M in high bids on 2.4 million acres.

Leasing activities include planning for the 5-Year Oil and Gas Leasing Program, mapping and surveying OCS boundaries, implementing the lease sale process, and administering leases. These activities enable the bureau to meet its performance goals for the number of lease sales held, the timeliness of these sales, and the acreage offered through these sales.

Effective management of the energy resources on the OCS for efficient access and development is supported by Environmental Assessment and Environmental Studies activities. The work provides information necessary to ensure operations are conducted in an environmentally sound manner and decisions are supported by good science. In addition, the Marine Minerals Program is responsible for all other minerals on the OCS, including sand and gravel. The bureau is currently processing over 20 requests in Virginia, North Carolina, South Carolina, Florida, and Louisiana.

- Environmental Assessment (EA) activities ensure that appropriate environmental information is available for planning and decision-making at all phases of OCS activities, from 5-Year Program planning through platform removal. This is accomplished by consultation with interested and affected parties, and preparation of environmental impact statements, environmental assessments, and related program-level reports. BOEMRE currently prepares hundreds of EAs each year; the number of EAs is expected to increase in the aftermath of the Deepwater Horizon oil spill and bureau policy changes regarding the use of categorical exclusions.

- The Environmental Studies Program (ESP) funds and manages scientific research to better understand the OCS environment and the effects of energy and mineral resource exploration and development activities, and the socioeconomic impacts on the human environment. Environmental Studies scientific information is used in the environmental assessment activity and in the development of measures to mitigate predicted impacts.

Within its Activity-Based Costing (ABC) system, BOEMRE is able to allocate both EA and ESP expenses to the activities and operations they support. Further, BOEMRE tracks the number of leases issued and the number of lease administrative changes as end outputs, providing the ability to assign the full cost of leasing and lease adjudication activities, as well as proportional shares of program support and general administrative costs. Similarly, direct and indirect costs to non-energy minerals are allocated to the number of sand and gravel leases conveyed.

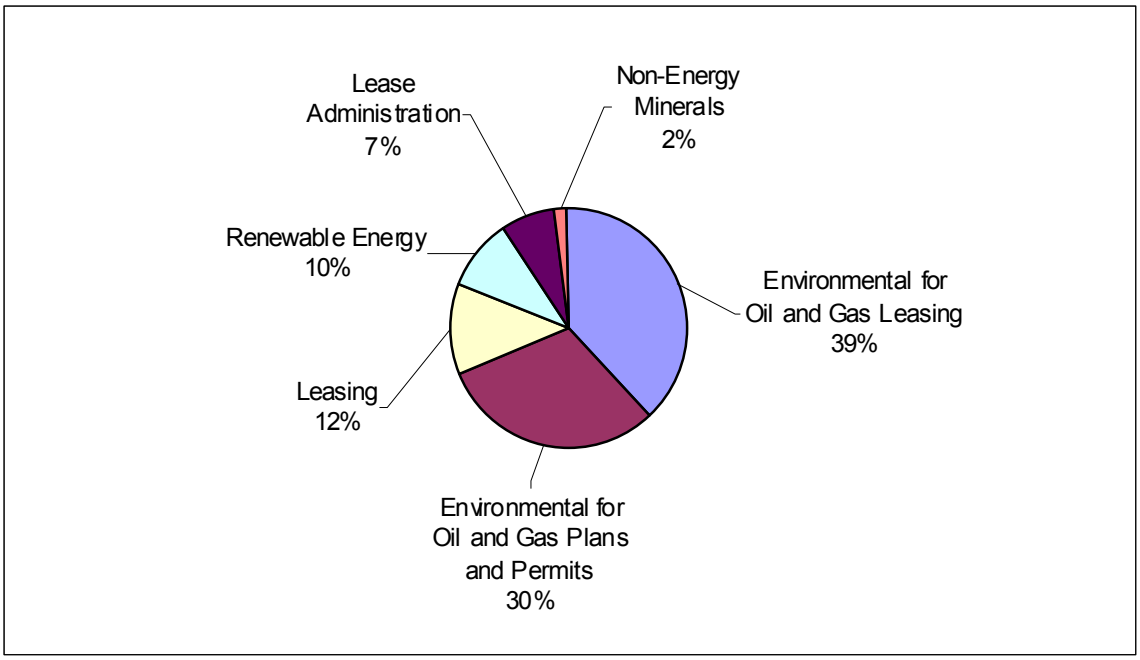

Figure 3. Estimated FY 2010 Leasing and Environmental Spending Profile

2012 PROGRAM PERFORMANCE – LEASING & ENVIRONMENTAL ASSESSMENT

Leasing Program: On December 1, 2010, the Secretary announced his revised OCS strategy, including the areas to be scoped for the 2012-2017 program. Scoping meetings have begun in covering the Gulf of Mexico and three areas offshore Alaska, the Beaufort and Chukchi Seas and Cook Inlet. No areas in the Atlantic or Pacific are being considered for scoping, nor is any area currently under moratorium in the Gulf of Mexico. The scoping meetings will be followed by preparation and publication of a Proposed Program and Draft EIS, and public comment period. This will be followed by preparation and publication of a Proposed Final Program and Final EIS, submitted to the President and Congress for a minimum 60 days before the Secretary may approve a new program.

The 5-Year Program is a pivotal element of managing the Nation's offshore mineral assets. The OCS Lands Act (OCSLA) requires the Department to prepare a long-range program that specifies the size, timing, and location of areas to be considered for Federal offshore natural gas and oil leasing. A lease sale cannot be scheduled unless it has been analyzed under the OCSLA-prescribed process or has been mandated by Congress. BOEMRE works in consultation with stakeholders (including Federal and state agencies, local communities, federally recognized tribes, private industry, and the public) to develop a program that not only offers access to those areas of the OCS with the most promising potential for development of oil and natural gas resources, but also does so in an environmentally responsible manner. Under the 2007-2012 Program, OCS oil and gas lease sales are scheduled on an area-wide basis with annual sales in the Central and Western Gulf of Mexico, and less frequent sales are scheduled in the Eastern Gulf of Mexico and offshore Alaska.

Environmental Assessment Program: As manager of energy and non-energy mineral resources, renewable energy resources, and alternate and related uses of existing facilities on the OCS, BOEMRE has the responsibility to ensure that exploration, development, and production activities on the OCS are safe and environmentally sound. OCS operations are managed for continued compliance with key Federal statutes including, but not limited to:

- National Environmental Policy Act (NEPA)
- Coastal Zone Management Act (CZMA)
- Endangered Species Act (ESA)
- Magnuson-Stevenson Fishery Conservation and Management Act (MSA)
- Marine Mammal Protection Act (MMPA)
- Sustainable Fisheries Act (SFA)
- Clean Air Act (CAA)
- Clean Water Act (CWA)
- National Historic Preservation Act (NHPA)

In keeping with the principles espoused by these guiding statutes, BOEMRE provides opportunity for public comment and consults with the National Oceanic and Atmospheric Administration (NOAA), the Fish and Wildlife Service (FWS), the Environmental Protection Agency (EPA), and others to develop a balanced leasing program and to promulgate regulations and permit requirements that protect natural and historical resources.

OEMM assesses potential environmental impacts of proposed actions in accordance with NEPA and related regulations. The NEPA process is intended to help public officials make decisions based on an understanding of environmental consequences and take actions that protect, restore, and enhance the environment. Public involvement is an integral part of preparing environmental impact statements (EIS) and environmental assessments (EA). The OEMM solicits external input to help identify relevant issues, alternatives, mitigation measures, and analytical tools.

NEPA and related regulations are followed at each stage in the leasing process, starting with the preparation of the final programmatic EIS for consideration prior to approval of the 5-Year Program. The final programmatic EIS addresses public comments in a responsive and responsible fashion. OEMM then prepares an EIS or a more focused EA prior to each lease sale and for other OCS oil and gas activities on a selective basis, including operators' plans for exploration and development, pipeline permit applications, seismic survey permit applications, decommissioning permit applications, and other related industry activities. Each environmental review documents the potential environmental impacts and identifies mitigation measures that may be necessary to avoid or minimize adverse effects of a proposal. Many plans and permit applications will undergo more intensive environmental reviews in the aftermath of the Deepwater Horizon incident. The bureau's use of categorical exclusions is in the process of being evaluated; new policies and procedures may be implemented as a result of this review process.

Environmental review and compliance activities are expected to have renewed focus and importance following the proposed reorganization, although specific functions and capabilities may be replicated or focused in different bureaus. New policies and procedures will need to be developed to successfully implement the proposed reorganization and ensure open and effective

communication and coordination between bureaus and bureau staff.

In FY 2012, major EIS documents that will be prepared include the 5-year Programmatic EIS, Gulf of Mexico Multisale EIS, and Atlantic G&G EIS. In addition, BOEMRE expects to prepare several hundred EAs in support of geophysical and geological permit decisions and plan approvals in the Gulf of Mexico and Alaska Regions. The number of EAs is expected to increase over historical levels given current restrictions on the use of categorical exclusions. The number and scope of environmental documents being prepared in support of Renewable Energy activities is detailed in the Renewable Energy subactivity. A substantial effort is anticipated in order to comply with the requirements of other environmental statues, such as ESA Section 7 and MSA Section 305 consultations. The level of effort required for consultation and coordination regarding other statues is uncertain and depends in part on the outcomes of ongoing litigation and consultations.

***Marine Minerals Program**:* BOEMRE's Marine Minerals Program is responsible for managing all minerals on the OCS, not just oil and gas. Key workload data monitored in the ABC and GPRA systems include the number of sand and gravel agreements and cubic yards conveyed. Performance measures include the timeliness with which BOEMRE processes these agreements. Since 1995, the program has fulfilled every request for resources, conveying rights to nearly 55 million cubic yards of OCS sand for shore protection and coastal restoration projects.

2012 PROGRAM PERFORMANCE – ENVIRONMENTAL STUDIES PROGRAM

The Environmental Studies Program (ESP) provides much of the scientific information needed for critical program decisions that must, as required by the OCS Lands Act, accommodate the delicate balance between the protection of the human, marine, and coastal environments and the Nation's exploration, development, and production of petroleum and renewable energy resources and other marine minerals and energy-related alternate uses of OCS structures. The ESP provides the information needed for developing scientifically sound mitigating measures.

Environmental studies are designed to address specific information needs concerning the environmental and socioeconomic state of a region, both before and after OCS activity. Our comprehensive approach to studies planning and development integrates science needs from multiple energy resources and mineral uses of the OCS to create cost-effective and efficient research efforts to meet the needs of resource managers across all program areas. A major program component of the ESP is focused on improving scientific understanding of the fate, transport and effects of discharges, and spilled materials such as oil, in the marine environment. The ESP research strategy supports gathering of baseline or reconnaissance information in areas before activities occur, along with ecosystem research and monitoring studies to meet the needs for an ecosystem-based approach to management decisions.
Moving into 2012, the ESP will continue its focus on identifying and filling data gaps to provide the best possible scientific information for the program. Several areas of study proposed for 2012 and beyond cut across geographic regions and disciplines.

- Renewable energy and alternate use issues remain a high priority for study. Of immediate concern are issues related to wind development in the Atlantic and

hydrokinetic facilities in the Pacific.

- Decommissioning of aging infrastructures is an ongoing topic in the Pacific and Gulf of Mexico regions, but is also a future concern for the Atlantic renewable industry. Considering the potential impacts to the environment when structures are removed an important studies component that feeds NEPA documents and consultations.

- In all areas, collection and updating of ecological and oceanographic baselines and efforts to monitor changes and effects will be expanded. Both natural variation and human-induced events contribute to shifts in the balance of ecosystems. Understanding the causes and magnitude of these changes requires extensive effort in field work.

- As always, the ESP constantly seeks to improve its modeling capabilities, especially for OSRA and air quality. Physical oceanography and meteorological studies provide data and explore methodologies to enhance the accuracy of model outputs.

External Contributions*:* The planning process emphasizes communication within BOEMRE as well as with Federal, state, and local governments, academia, industry, and non-government organizations. Additionally, program oversight is provided by the OCS Scientific Committee, chartered under the auspices of the Federal Advisory Committee Act, which advises BOEMRE on the feasibility, appropriateness, and scientific value of the ESP. Study recommendations are evaluated for program relevance, programmatic timeliness, and scientific merit. ESP research plans are developed in coordination with the Technology Assessment and Research program and the Oil Spill Research program to provide a multi-faceted, interdisciplinary bureau response to meet the environmental and safety needs of the offshore program. This process of coordination ensures the acceptability of program products in the broader community and the applicability of the results to BOEMRE information needs as well as those of our contributors and partners.

Partnerships: The Environmental Studies Program effectively develops mission oriented scientific research while simultaneously successfully leveraging funds through partnerships such as the National Oceanographic Partnership Program (NOPP) , a collaborative community of Federal agencies working to improve knowledge of the ocean environment. Examples of recent studies developed and cosponsored through NOPP address topics of shared federal interest including an investigation of deepwater hard bottom canyon habitats in the Atlantic and a study to improve marine mammal data loggers. A larger multi-topic effort addresses renewable energy information needs, such as noise and visual impacts. Participation in NOPP and with other partners will continue in FY 2012.

Program-wide, the ESP will continue to seek opportunities to learn from global offshore energy activities and seek international research partnerships that enhance ecosystem knowledge and protection.

Table 9: OEMM Performance Overview – Leasing and Environmental

Performance Overview - Leasing and Environmental									
Note: Performance and Cost data may be attributable to multiple activities and subactivities. Therefore, measure costs may not equal totals shown in subactivity tables.									
Mission Area 2: Sustainably Manage Energy, Water, and Natural Resources									
Goal 1: Secure America's Energy Resources									
Supporting Performance Measures	**2007 Actual**	**2008 Actual**	**2009 Actual**	**2010 Plan**	**2010 Actual**	**2011 Plan**	**2012 President's Budget**	**Change from 2011 Plan to 2012**	**Long-term Target 2016**
Strategy 3: Manage conventional energy development including coal, oil, and natural gas									
Number of offshore lease sales held consistent with the Secretary's Five-Year Oil and Gas Program (SP)	2	5	2	4	1	0	2*	2	TBD
Total Actual/Projected Cost ($M)	33.2	39.4	40.9	44.6	42.7	43	Baseline Year**	0	--
Comments	*This measure counts lease sales conducted under the OCS Oil and Gas Leasing Program as defined in the Secretary's Five-Year Program. In April 2009, the DC Circuit Court remanded the 2007-2012 OCS oil and gas leasing program and required the Interior Department to "conduct a more complete comparative analysis of the environmental sensitivity of different areas." Based on a revised environmental sensitivity analysis, the Secretary announced a Preliminary Revised Program (PRP) in March of 2010 that did not allow for additional lease sales to be held in the Beaufort Sea and Chukchi Sea planning areas under the 2007-2012 OCS Program and the President removed Bristol Bay from leasing consideration through 2017.* *Additionally in May 2010, the Secretary cancelled the Western Gulf of Mexico Sale 215 to determine whether the baseline environmental information utilized in the multi-sale Environmental Impact Statement (EIS) conducted for this lease sale needed to change as a result of the Deepwater Horizon oil spill. Collectively, these decisions resulted in the removal of five Alaska lease sales from the 5-Year Program (two in 2010 and three in 2011) and the cancellation of one Gulf of Mexico sale in 2010. For these reasons, only one of the four planned sales was held in FY 2010.* *In December of 2010, the Secretary announced his final Revised Program (RP) for the Outer Continental Shelf Oil and Gas Leasing Program 2007-2012. Once the RP has been approved by the Court and the supplemental environmental analyses in the Gulf of Mexico are complete, BOEMRE will take the necessary steps to ensure its successful implementation within statutory requirements.* **It is anticipated that lease sales will resume early in FY2012 and based on the proposed December 2010 proposed Revised Program, two lease sales will be held (one in the Central Gulf of Mexico and one in the Western Gulf of Mexico).* ****FY2012 will be a baseline year for performance costs due to the planned reorganization of BOEMRE into two separate bureaus and the major changes anticipated for program operations.*								

Performance Overview - Leasing and Environmental (continued)									
Supporting Performance Measures	**2007 Actual**	**2008 Actual**	**2009 Actual**	**2010 Plan**	**2010 Actual**	**2011 Plan**	**2012 President's Budget**	**Change from 2011 Plan to 2012**	**Long-term Target 2016**
Percent of available OCS acres offered in each year's lease sales (BUR)	35% (44.6/ 127.3)	88% (175.2/ 198.5)	99.9% (91.35/91.42)	72%	69% (62.57/90.91)	0%	99%	99%	TBD
Percent of available OCS oil and gas resources offered in each year's lease-sales (BUR)	35.6%* (19.5/ 54.7)	98.9% (161.2/ 162.9)	100% (77.99/77.99)	98%	71% (55.55/78.04)	0%	99%	99%	TBD
Total Actual/Projected Cost ($M)	33.2	39.4	40.9	44.6	42.7	43	Baseline Year**	0	--
Comments	*These measures count the acreage and resources offered (in BBOE - billion barrels of oil equivalent) through lease sales scheduled under the Secretary's 5-Year OCS Oil and Gas Leasing Program. Targets for the 2007-2012 OCS Oil and Gas Leasing Program assume that the most prospective acreage will be offered and are based on Secretary's Revised Program that was released on December 1, 2010. Since it is anticipated that no lease sales will be held in FY 2011, the percentage of available acres and resources offered are 0. In FY2012, two leases sales are anticipated to be held —the 218 Sale in the Western Gulf of Mexico and a combined sale in the Central Gulf of Mexico for scheduled Sales 216 and 222.* **As a result of a settlement of litigation brought by the State of Louisiana, BOEMRE postponed Central Gulf of Mexico Sale 201 scheduled for March 2007, which decreased the quantity of resources offered in that year.* ***FY2012 will be a baseline year for performance costs due to the planned reorganization of BOEMRE into two separate bureaus and the major changes anticipated for program operations.*								
Percent of Environmental Studies Program projects rated "Moderately Effective" or better by BOEMRE internal customers (BUR)	100% (12/12)	85% (29/34)	91% (20/22)	85%	91% (10/11)	85%	85%	0%	TBD
Percent of ESP Projects delivered on time (BUR)	54% (7/13)	74% (25/34)	91% (20/22)	60%	56% (6/11)	60%	60%	0%	TBD
Comments	*These measures evaluate the effectiveness and timeliness of the ESP's projects. Starting in FY 2011 and continuing into FY 2012, BOEMRE anticipates conducting a number of high priority oceanographic, environmental, and social science studies to assess the impacts of the Deepwater Horizon spill that are not addressed through other efforts. Because oil released into the environment immediately undergoes a process of weathering and dispersal as it comes into contact with water or air, assessment must begin as quickly as possible to provide long-term tracking in terms of location, condition of the oil (chemical composition), and impact to natural resources and habitats. Multiple studies are also planned to inform the offshore Renewable Energy program.* *Performance results for these metrics are sensitive to the number and types of projects evaluated. The proposed targets for FY 2011 and 2012 consider the impact of recent events on the studies program as well as the nature of planned studies. The field work required to complete these studies is in general subject to unpredictable changes that affect planned timing, e.g., weather conditions or equipment availability. Furthermore, BOEMRE anticipates a significant expansion of the ESP program under the reorganization and division of the bureau into two separate organizations.*								

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FY 2012 PERFORMANCE BUDGET REQUEST

Offshore Energy and Minerals Management

Resource Evaluation Subactivity

Table 10: OEMM Resource Evaluation Subactivity Budget Summary

		2010 Enacted	Reorganization Transfers (+/-)	Fixed Costs (+/-)	Administrative Cost Savings (-)	Program Changes (+/-)	Offsetting Collections Changes (+/-)	Budget Request	Change from 2010 (+/-)
Resource Evaluation Subactivity	($000)	35,285	0	+48	-211	-60	-329	34,733	-552
	FTE	218	0	0	0	+3	0	221	+3

SUMMARY OF FY 2012 PROGRAM CHANGES

Request Component	Amount	FTE
Fair Market Value	+1,080	+1
Bid Evaluation	+310	+2
Fixed Costs	+48	0
Administrative Savings	-211	0
Offsetting Collections	-329	0
Reorganization Efficiences and Changes	-550	0
Center for Marine Resources and Environmental Technology	-900	0
Total:	**-552**	**+3**

JUSTIFICATION OF 2012 PROGRAM CHANGES

The FY 2012 budget request for the Resource Evaluation Subactivity is $34.7 million and 221 FTE, a net program decrease of $0.5 million and a net increase of 3 FTE from the FY 2010 enacted budget and a decrease of $0.2 million from the FY 2011 CR level.

Consolidated information regarding fixed costs can be found in the General Administration subactivity. Information regarding BOEMRE's efforts to reduce administrative costs and achieve reorganization efficiencies can be found in the General Statement.

Ensure Fair Market Value and Safe Operations (+$1,080,000; +1 FTE)

Assuring receipt of fair market value on OCS lands is mandated by the OCS Lands Act and its amendments and remains a critical responsibility of the Resource Evaluation (RE) program. Regional offices, in conjunction with headquarters oversight, perform the functions necessary to thoroughly assess the oil and gas potential and fair market value of OCS tracts offered for lease.

In FY 2011, BOEMRE originally requested $2.3 million in the Fair Market Value and Safe Operations initiative for both data studies and database development for the RE program in the Gulf of Mexico Region (GOMR) and critical workforce needs for the Alaska Region. Due to

changing priorities in FY 2012, some of these resources are being redirected to provide additional funding for permitting activities in the Regulatory subactivity. Also, the GOMR will prioritize and implement its database development efforts over a longer period than originally planned. These changes enable BOEMRE to reduce this request in FY 2012 to $1.1 million.

Fair Market Value Development (+$1,080,000; +1 FTE)

The program requires database enhancements and leading edge data studies necessary to maintain pace with industry advances and continue to provide the existing high standards and quality of fair market value (FMV) determinations. BOEMRE is requesting $650,000 and 1 FTE for database development, which includes design and maintenance of both the petrophysical database and FMV database.

The petrophysical database was designed as a basis of workflow improvements identified in the Technical Information Management System (TIMS) Web Portal process and is meant to store petrophysical analyses (sand counts, pay, porosity, etc.) for all wells. The analyses are to be done as the well data is received by the Region and are designed to support all regional organizations that use petrophysical analyses ranging from lease sale evaluations to reserves estimates. Currently, BOEMRE does not have a petrophysical database, and data from multiple hundreds of well evaluations are stored in individual MS Excel spreadsheets in a file folder type system. This data cannot be queried which limits the effectiveness of this information and reduces efficiency. The longer it takes to complete this database, the more data there will be to migrate into a new database, placing more strain on limited information technology resources. Although the petrophysical database does not exist, detailed system requirements were completed as part of the original OCS Connect Project.

The FMV database was designed to capture the results of prospect analyses done for lease sales. This data is valuable for a wide variety of uses ranging from wide-area resource assessments to field reserves studies. The current FMV database was developed in MS Access. This data is at risk and is not accessible to anyone outside of the Geological and Geophysical Section of the RE program and is not easily searchable. Detailed requirements for the development of an FMV database were completed during the TIMS Web Portal process. This effort will be contracted out.

Once the database development is complete, leading-edge, complex data studies and resulting data sets will be needed in order to analyze deep shelf plays and ultra-deepwater plays, like the Lower Tertiary, and associated reservoirs. BOEMRE will need to contract with industry experts to perform studies that will ultimately provide such analysis as rock properties of reservoirs and seismic data inversion, and then train BOEMRE employees to integrate this new data into the current workflow process and newly developed databases. Industry is currently using these analyses in determining their bids, and in decisions related to drilling, developing, and producing certain fields.

In addition, BOEMRE is requesting $430,000 for Geological Interpretive Tools (GIT) computer capability to ensure that the public continues to receive fair market value for OCS oil and gas resources. Additional staff will require technical tools and GIT software licenses, as well as

traditional workstation tools such as personal computers and related software licensing. Additional data storage capacity is also required.

Impacts of Not Funding:

- Reliance on antiquated systems and databases for information and data analysis jeopardizes and compromises our ability to perform the functions necessary to thoroughly assess the oil and gas potential and fair market value of OCS tracts offered for lease.

- Inability to maintain technological and subject matter expertise parity with a rapidly advancing industry and provide adequate training to critical positions.

Bid Evaluation (+$310,000; +2 FTE)

Additional staff are needed to interpret new data and information in order to complete bid adequacy determinations, estimate discovered volumes for potential energy legislation and policy analysis, develop lease sale analogs for new discoveries, and revise assessments of undiscovered resource potential. These activities contribute to ensuring fair market value is received for public resources.

The requested funding will allow BOEMRE to prepare for and more effectively conduct a determination of whether the public has received a fair value for the public resource (e.g. a formal evaluation involving a review of geologic, economic and technical parameters).

Assuring receipt of fair market value on OCS lands is mandated by the OCS Land Act and its amendments and remains a critical responsibility of the RE program. Regional offices, in conjunction with headquarters oversight, perform the functions necessary to thoroughly assess the oil and gas potential and fair market value of OCS tracts offered for lease.

Impacts of Not Funding: The receipt of lease sale bonuses would be delayed in a large sale due to the evaluation period being extended to ensure receipt of fair market value for the tracts bid upon. The potential is not completing timely, having to extend the sales, pulling resources from other areas, and not getting reserve estimates or assessment work done timely as a result of inadequate staff. Fair market value might not be as detailed a scientific analysis as expected, lacking critical analog information (from reserves or assessment) needed for decision makers. Bids not evaluated during the required time are returned if extending the sale is not approved, and rejection or delayed acceptance of tracts potentially results in loss of bonus and other future revenues.

Center for Marine Resources and Environmental Technology (-$900,000; 0 FTE)

The Center for Marine Resources and Environmental Technology (CMRET) was reauthorized under the Marine Minerals Resources Research Act of 1996 and placed under oversight of the Department of the Interior. BOEMRE manages the program. The mission of the CMRET at the University of Mississippi is to conduct research on the exploration and extraction of minerals

from the seabeds of the Gulf of Mexico. The CMRET in Mississippi was funded in the amount of $900,000 in FY 2010.

BOEMRE recognizes the importance of the investigations and technological development that this center pursues, particularly the longer-term research. However, BOEMRE must focus on core objectives. Therefore, BOEMRE is proposing to eliminate the Congressionally earmarked CMRET funding in FY 2012.

PROGRAM OVERVIEW

Resource Evaluation activities support all Offshore Energy and Minerals Management (OEMM) program areas, both energy and non-energy, by conducting critical technical and economic analyses needed to support program decision making. The program identify areas of the OCS that are most promising for oil and gas development (including methane hydrates) through the acquisition and analysis of geological and geophysical data; estimate the quantities of undiscovered technically and economically recoverable resources that may exist and the volume of reserves discovered and likely to be produced; forecast future industry activity levels; and determine the adequacy of high bids received for individual tracts offered for lease. Economic and statistical analyses are performed that incorporate RE program data and information into overall BOEMRE and DOI leasing policies and program decisions, such as the design of financial terms for lease sales. International activities provide BOEMRE the opportunity to become involved in initiatives that promote better integration of safety and environmental concerns into offshore development decision-making.

PERFORMANCE OVERVIEW

Principal indicators of performance for RE include the fair market value (FMV) ratio, which serves as a measure of the effectiveness of OEMM tract valuation and bid adequacy procedures. BOEMRE evaluates the high bid received on each tract in relation to estimated hydrocarbon potential and related economic, cost, and engineering factors to determine if the bid is adequate.

The evaluation of a high bid is based on a two-phase process. Phase 1 is conducted on a tract-by-tract basis and is normally completed within a short time following the opening of bids. This analysis is designed to accept those high bids where competitive market forces can be relied upon to assure receipt of FMV.

High bids not accepted in Phase 1 receive further evaluation in Phase 2. BOEMRE geoscientists, engineers, and economists conduct detailed analyses and develop possible scenarios for oil and gas exploration and production from these tracts. RE program staff integrate geological & geophysical, engineering, and economic data in a complex computer model called MONTCAR to derive estimates of tract values. The MONTCAR model provides a means of handling a series of results for such variables as the timing of development and production activities, lease terms and conditions, project costs, reservoir performance, price forecasts and other subjective factors such as geologic risk. The model performs a discounted cash flow analysis, resulting in a resource economic value that is the mean of the range of values from more than 10,000 trials. Industry bids are primarily compared to BOEMRE estimates of net present value in conjunction with market criteria to determine if they are acceptable. If the bid does not meet BOEMRE FMV

requirements, the bid is rejected and the tract is returned to the inventory for possible leasing in the area's subsequent lease sale. Performance data indicate that, over the 4-year period from 2005 to 2008, more than half of the tracts with bids rejected through these procedures did receive acceptable high bids when re-offered in a subsequent sale. The number of tracts evaluated is recorded on a quarterly basis in the bureau's ABC system. Data indicate that over the period from 1997 through 2009, tracts with high bids initially rejected, when re-offered in a subsequent sale, received high bids representing a net gain of $506 million, an increase of 414 percent over the original bids. The success of these efforts is also a testament to the program's continued success at achieving its annual GPRA FMV ratio target. For each program year, BOEMRE expects competitive factors to sustain a premium ratio of about 1.8 to 1 (+/- 0.4) when comparing industry high bids to the BOEMRE estimate. The last sale BOEMRE evaluated was held on March 17, 2010. There have been no sales since then, so BOEMRE is unable to report a ratio for 2011. However, BOEMRE has maintained a premium ratio of 1.8 (+/- 0.4) to 1 when comparing industry high bids to BOEMRE values.

Bid Procedures Lead to Higher Returns

BOEMRE bid adequacy procedures have consistently resulted in higher returns in subsequent sales for tracts that have had bids rejected on fair market value grounds in previous sales. Since 1984, BOEMRE has rejected total high bids of $597.1 million in the Gulf of Mexico. Subsequently, the same blocks were re-offered and drew high bids of $1.565 billion, for a total net gain of $967.9 million.

Within its Activity-Based Costing (ABC) system, OEMM tracks the number of tracts assessed or evaluated as an end output, providing the ability to assign the full cost of resource evaluation activities, as well as proportional shares of program support and general administrative costs.

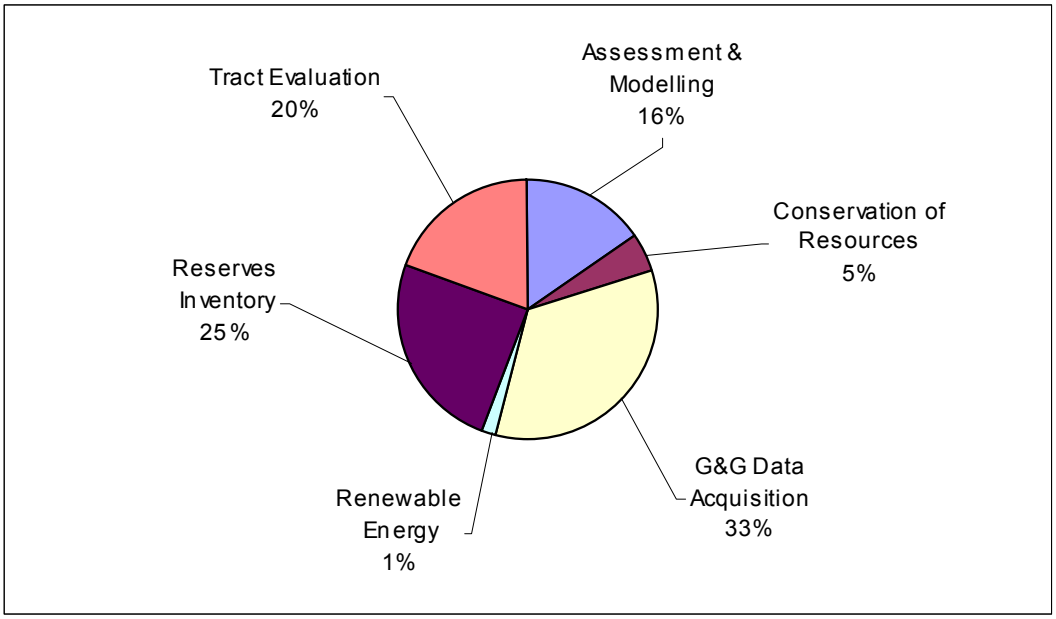

Figure 4. Estimated FY 2010 Resource Evaluation Spending Profile

Geological & Geophysical Data Acquisition: BOEMRE develops regulations governing the collection of geological & geophysical data related to mineral exploration on the OCS. Permits are issued to industry for the acquisition of data that include stipulations that ensure exploration and research activities are conducted in an environmentally safe manner and will not interfere with other activities occurring in the area. BOEMRE inspects the data collected by industry and others and selectively acquires portions, as needed, to support the Bureau's resource modeling and evaluation efforts. Interpretations of geological & geophysical data are used to prepare updated resource assessments, to determine the adequacy of bids submitted for leases, and to support decisions related to operator plans and activities, as well as a variety of studies related to the OCS.

The use of three-dimensional (3-D) seismic data has become standard in the Gulf of Mexico and elsewhere for exploration as well as development activities. The use of 3-D reflection techniques not only portrays subsurface structure and stratigraphy but also reveals information about fluids within the subsurface. A sophisticated computer processing technique, called pre-stack depth migration, has revolutionized hydrocarbon exploration in the Gulf of Mexico. This reprocessing technique allows geoscientists to properly image salt bodies and the sediment strata beneath the salt, opening these areas to lower risk exploration. BOEMRE has in its inventory over 2.5 million line-miles of 2-D seismic information covering all portions of the OCS. Since 1993, BOEMRE has acquired, primarily in the Gulf of Mexico, about 1.2 million square-miles of 3-D seismic data.

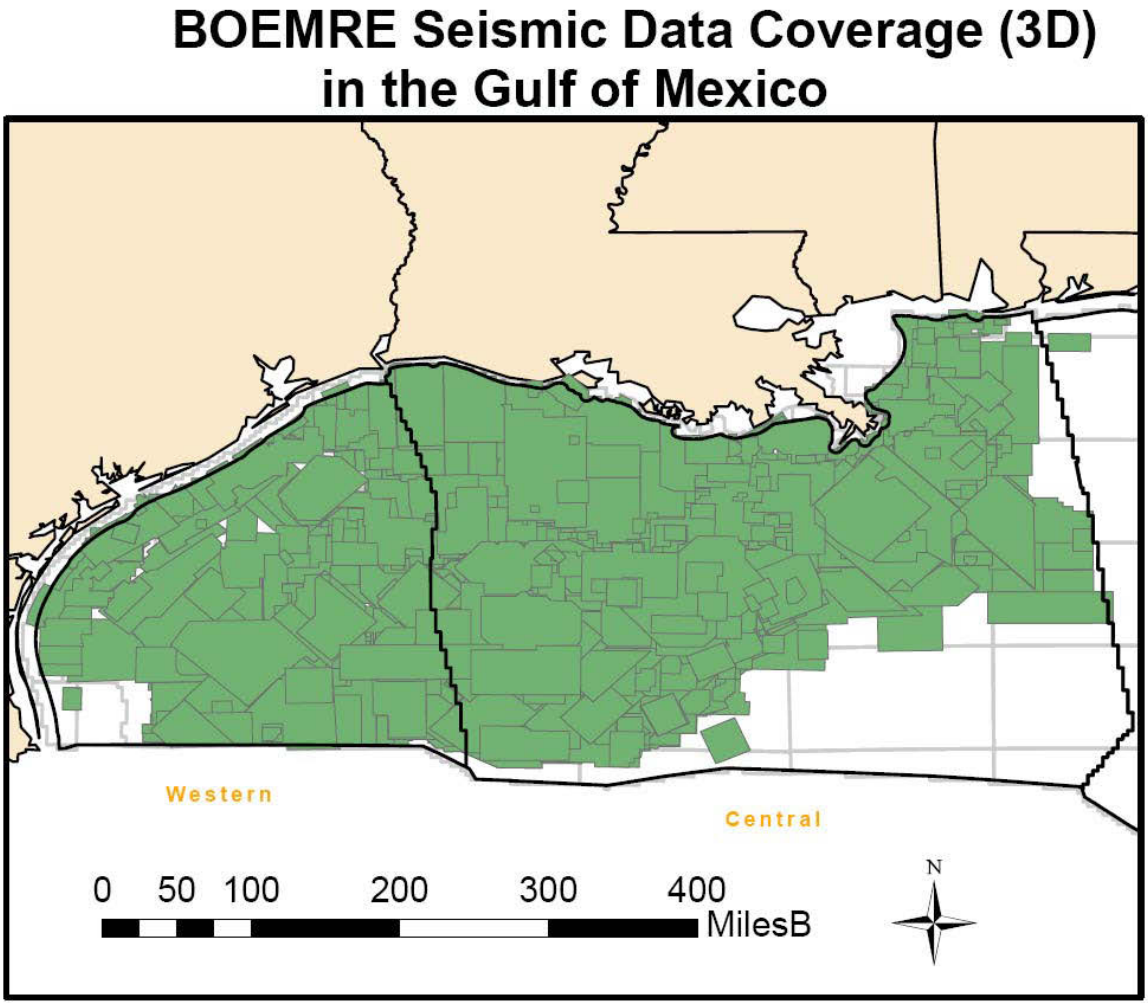

Figure 5: Existing BOEMRE 3-D Seismic Data Inventory, Gulf of Mexico (2010**)**

Resource Modeling and Assessment: Another component of the RE subactivity is Resource Modeling and Assessment, which addresses resource assessment, tract evaluation, field reserves inventories, and various economic and policy analysis needs. Since the mid-1980s, BOEMRE has conducted assessments of the hydrocarbon resources throughout the OCS for the purpose of developing knowledge concerning the potential occurrence of mineral resources and their characteristics, i.e., location, type, accumulation sizes, and potential for commercial recovery. BOEMRE assesses the hydrocarbon potential and estimates the value of OCS lands through the use of complex computer models and methodologies that incorporate specific geological & geophysical information, stochastic mathematical and statistical concepts, risk analysis, geoscientific models, and a variety of assumptions pertaining to economic, exploration, and development scenarios and costs. These resource assessments provide valuable information for policy decision makers throughout the leasing process. Information acquired through BOEMRE resource assessment activities has been instrumental in the development of the 5-Year Program (the determination of what planning areas to offer, and creation of exploration and development scenarios); oil spill analyses; the formulation and analysis of numerous legislative proposals and policy alternatives; NEPA analyses; and conservation-related decisions. Further, the oil and gas

industry and the investment community often use BOEMRE reports and data in their own assessments.

The number of OCS blocks assessed is tracked on a quarterly basis in the bureau's ABC system. Comparing the data for acreage and resources offered illustrates that the RE program identifies, and the leasing program offers access to, geologic areas on the OCS that offer the highest potential for development of oil and natural gas. Non-energy mineral resources, such as sand and gravel, are also evaluated through regional geologic studies. BOEMRE also estimates the amounts of oil and natural gas likely to be discovered and produced as a result of leasing, and generates potential scenarios of the future industrial activities associated with exploration, development, and production. Resource estimates, and exploration and development scenarios, provide an important basis for the Bureau's environmental impact statements and other technical studies and policy analyses.

Field Reserves Inventories: BOEMRE develops independent estimates of economically recoverable amounts of oil and natural gas contained within discovered fields by conducting field reserve studies. The reserve estimates are revised periodically to reflect new information obtained from development and production activities. Reserve studies are critical inputs to resource assessments, the review and approval of royalty relief applications, as analogs for bid adequacy determinations, and in the review of industry plans and requests. The geologic and engineering information also support other program activities within the Department of the Interior and cooperative efforts with the Department of Energy and the Energy Information Administration.

Economic Analysis: The economic analysis expertise within the program is often called upon to analyze and implement regulatory and legislative actions affecting OCS leasing, exploration, development, and production activities. Further, ad hoc studies are undertaken to address specific policies and compilations of data needed to analyze overall OCS program responsibilities. Specific examples include:

- Conducting economic analysis to evaluate proposed legislation, to support development of regulations, and to evaluate and recommend policies for lease terms, conditions, and bidding systems for individual lease sales and the 5-Year Program and for similar activities for the renewable energy program;
- Developing, updating, and reviewing procedures to ensure receipt of fair market value for oil and gas sales and to design auction formats and fiscal terms for leases issued under the renewable energy program;

- Reviewing and designing policies and methods affecting programmatic responsibilities in the areas of forecasting receipts from the offshore energy programs, assessing the government's share of receipts from its offshore oil and gas energy program in comparison to shares obtained by other countries, designing and implementing revenue sharing programs with coastal states and their political subdivisions under the Energy Policy Act and the Gulf of Mexico Energy Security Act, proposing operator drilling and development diligence requirements, developing policies to ensure the timely and economically efficient decommissioning of wells and structures, assessing options for reducing greenhouse gas emissions on offshore facilities, evaluating appropriate size of civil penalties, and reviewing requests by bidders for reconsideration of their rejected high bids and by operators for revisions in the fiscal terms of their leases;
- Developing and maintaining economic models/databases in support of sale design, resource evaluation, and post-sale operational activities;
- Designing policies and conducting economic analysis in support of myriad rulemaking initiatives following the Deepwater Horizon event; and
- Providing economic analyses and fiscal forecasts on minerals leasing policies, legal and legislative alternatives, and national energy strategies in response to requests from the BOEMRE Director, the Secretary of the Interior, the Office of Management and Budget, the Department of Justice, the Council of Economic Advisors, the Government Accountability Office, and the Congress.

The Performance Overview Tables for the Resource Evaluation Subactivity are shown on the following pages.

Table 11: OEMM Resource Evaluation Program Performance Change

	2008 Actual	2009 Actual	2010 Actual	2011 Plan	2012 Plan	Program Change Accruing in 2012	Program Change Accruing in Out-years
				A	B=A+C	C	
Percent of high bids accepted or rejected within 60 days (PART)	41%	65%[1]	56%	N/A[2]	55%	N/A	TBD
Maintain the ratio of 1.8 to 1 (+/-0.4) of accepted high bids to BOEMRE' estimated value (BUR)	2.49 to 1	1.7 to 1	1.81 to 1	N/A[2]	1.8 to 1 (+/- 0.4)	N/A	TBD
Total Actual/Projected Cost of All Metrics ($000)	$14,100	$12,500	13,500	N/A[2]	Baseline Year[3]	N/A	TBD
Comments	To ensure that the American public receives fair market value for the OCS resources, BOEMRE must utilize similar methods and stay technologically close to industry capability. The data sets, tools, and technologies currently being used to identify and evaluate mineral resources have advanced in recent years and continue to evolve. This initiative will allow BOEMRE to upgrade its resource evaluation tools to stay technologically relevant with industry and maintain its resource assessment and bid evaluation capacity. *Notes:* *[1] FY 2009 results include bid evaluations that BOEMRE conducted for BLM's lease sale in the National Petroleum Reserve-Alaska.* *[2] The FY 2011 target and cost for these metrics are N/A because no lease sales will be held during the fiscal year.* *[3] FY2012 will be a baseline year for performance costs due to the planned reorganization of BOEMRE into two separate bureaus.*						

2012 PROGRAM PERFORMANCE – RESOURCE EVALUATION

Program Performance – Resource Evaluation Program

Resource Assessment: The program, through its assessment procedures, identifies geologic plays on the OCS that offer the highest potential for the occurrence of oil and natural gas development and production. Following the identification of hydrocarbon plays, BOEMRE carries out thorough analysis of the play's hydrocarbon potential and its economic viability with the help of complex computer models and methodologies. The assessment process incorporates specific geologic information, mathematical and statistical analyses, risk and probability theories, economic scenarios, petroleum engineering data, and a variety of additional technical assumptions. Besides the estimation of the undiscovered hydrocarbon resources, these studies help identify environmental and operational constraints as well as assist in making leasing decisions. Resource estimates must also be developed to support critical analyses of potential impacts of policy options, legislative proposals, EISs, and industry activities affecting OCS natural gas and oil activities — both current and future.

The geosciences aspect of the resource assessment work involves the study of the geology of an area; its geologic history, regional stratigraphy and geologic trends; major structural features;

exploration history; study of source rocks, reservoir rocks, seals and trapping mechanisms; and, the identification of the most prospective portions of a planning area in terms of hydrocarbon potential. Long lead times are often required to determine whether a basin may be oil- or gas-prone, to identify the presence of reservoir rocks, source rocks, and traps necessary for natural gas and oil accumulation. The results of this work are updated as new data and information are generated and acquired. The program is beginning work on a new National OCS assessment to support the next 5-Year Oil and Gas Leasing Program and expects to complete the assessment in mid-2011.

The scale of the assessment activities range from large (i.e. regional or OCS-wide) to sale-specific, (i.e., individual prospects). In the early stages, the focus is on regional areas, but as more data and information are acquired, the focus shifts to lease sales and prospect-specific areas to be offered for lease, or which are related to a specific issue (i.e., moratoria, marine sanctuaries, quantitative analysis of legislative proposals, etc.). Once a sale area has been identified, the program produces more detailed mapping and analyses needed to estimate the resource potential of individual prospects within that area. These prospect-specific data, maps, and analyses are also used to determine parameters for post-sale bid analyses.

Reserves Inventory: The DOI is required under the OCS Lands Act to "...conduct a continuing investigation… for the purpose of determining the availability of all oil and natural gas produced or located on the Outer Continental Shelf." BOEMRE's Reserves Inventory Program represents a significant part of the RE scope and further contributes to:

Energy supply forecasting;
Public policy decisions;
Independent assessment/verification; and,
Assuring fair value in public/private transactions.

The reserves inventory component of the RE program assigns new producible leases to fields and establishes field limits**.** The RE program also develops independent estimates of original amounts of natural gas and oil in discovered fields by conducting field reserve studies and reviews of fields, sands and reservoirs on the OCS. The RE program periodically revises the estimates of remaining natural gas and oil to reflect new discoveries, development information and annual production.

A *field* is an area consisting of a single reservoir or multiple reservoirs all grouped on, or related to, the same general geological structural feature and/or stratigraphic trapping condition. There may be two or more reservoirs in a field that are separated vertically by impervious strata, laterally by geologic barriers, or by both. Hydrocarbons (gas and oil) estimated on the basis of geologic knowledge to exist outside of known accumulations are *undiscovered resources*. Hydrocarbons whose location and quantity are known or estimated from specific geologic evidence are *discovered resources*.

Fair Market Value Determination: Assuring receipt of Fair Market Value on OCS lands was mandated by the OCS Lands Act and its amendments and remains a critical responsibility of the RE Program. Regional RE offices, in conjunction with headquarters oversight, perform the

functions necessary to thoroughly assess the oil and gas potential and fair market value of OCS tracts offered for lease. These tracts are offered through sales that are conducted in accordance with the OCS 5-Year Oil and Gas Leasing Program. As a result of this program, BOEMRE has become one of the largest providers of non-tax revenue for the U.S. Federal Government.

Once a lease sale is completed and the high bidders for each tract are publicly announced, BOEMRE follows specific bid adequacy procedures to ensure that the government receives fair market value for the tracts receiving bids. This process is carried out in several phases and incorporates geological and geophysical data along with reserve, resource, engineering and economic information into a sophisticated discounted cash flow computer model. The goal of that model is to achieve estimates of fair market value on tracts receiving bids. In general, the tract evaluation process consists of Phase 1 and Phase 2 described below.

Phase 1 of the process is conducted on a tract-by-tract basis and is normally completed fairly early following the bid opening. It is designed to accept those high bids where the competitive market can be relied upon to assure receipt of FMV or where Government data indicate the tract does not contain a viable prospect.

Those high bids not accepted in *Phase 1* receive further evaluation in *Phase 2***.** For those high bids, BOEMRE geologists, geophysicists, petroleum engineers, economists, and computer scientists prepare detailed estimates of the economic value of oil and gas resources on each tract in *Phase 2*. The high bids are then compared to program estimates of economic value of the corresponding tract. That value is determined by calculating the amount of economically recoverable resources, estimating recovery factors, production profiles, exploration and development costs, operating costs, revenue streams, and performing a discounted cash-flow analysis. The computer simulation model performing that task also incorporates geologic and economic risking. The prospect-specific analyses are incorporated into the regional maps. Most analyses are undertaken based upon data available at the time of the sale; however, additional geophysical and geological data may be obtained after the sale at the discretion of the Regional Director. Generally, the Regional Director must accept or reject all bids within 90 days after the date on which they are opened. Any bid not accepted within 90 days is rejected. The time period for acceptance or rejection of a bid may be extended if conditions warrant (30 CFR 256.47 (2)). Companies have 15 days to appeal any rejection.

Regulation of Prelease Geological and Geophysical (G&G) Exploration: The general purpose of the regulations is to ensure that prelease exploration, prospecting, and scientific research operations in Federal waters do not interfere with each other, with lease operations, or with other uses of the area. The regulations also encourage G&G data acquisition while adequately protecting the investment of data gathered and still assuring equal access and competitive balance. Industry adherence to these regulations is intended to ensure that G&G exploration and research activities are conducted in an environmentally safe manner.

The permits, issued by program Regional Supervisors, set forth the specific details for each data-gathering activity, which include the area where the data are collected, the timing of the data-gathering activity, approved equipment and methods, and other similar detailed information relevant to each specific permit.

After data have been collected by permittees, BOEMRE selectively acquires data that are needed to update the existing database. Industry uses these G&G data to determine the areas having potential for oil and gas production. Oil companies also use these data for preparing bids for lease sales. BOEMRE also acquires data that have been collected for scientific research activities, for which an approved permit or filing of notice is required.

For each approved application, the operator receives a signed copy of the permit that outlines policies regarding reporting, submission, inspection, and selection of data, reimbursement, disclosure of information, possible sharing of data with affected states, and policies regarding permit modifications.

Each Region has unique environmental concerns and these are addressed through mitigating measures at the regional level. Such stipulations are available on each BOEMRE regional office's webpage.

BOEMRE tracks G&G permits by calendar year. Total permits demonstrate that most OCS oil and gas activity has been in the Gulf of Mexico. The Gulf of Mexico has issued 83 percent of all permits and is followed by the Alaska Region with nine percent. The Pacific Region has issued six percent of the permits, followed by the former Atlantic Region with about two percent. However, since 1994 the limited activities that have taken place in the Atlantic have been managed from and assigned to the Gulf of Mexico Region. With the addition of these responsibilities, the percentage of total permits for the Gulf of Mexico Region increases to 85 percent. These statistics correlate extremely well with the dominant position of the Central and Western Gulf of Mexico planning areas in OCS oil and gas activities.

It should be noted that since 1969, approximately 95 percent of the permits issued were for geophysical exploration and that geological exploration permits accounted for only five percent. While the total number of 3-D permits compared to all permits issued is rather small (eight percent) when compared with the total geophysical permits issued, over the past 10 years, 3-D permits have averaged over one-third of all geophysical permits. Permits for deep stratigraphic test wells or Continental Offshore Stratigraphic Test (COST) wells account for about two percent of the geological permits.

The overall trends in permitting for all the Regions (i.e. Gulf of Mexico, Alaska and the Pacific) are similar and reflect fluctuations in the price and supply of petroleum. Some regional differences can be detected that are related to leasing moratoria, operating conditions, and hydrocarbon discoveries.

G&G Data Acquisition and Analysis: The main objective of the acquisition and analysis of G&G data is the development of maps identifying areas favorable for the accumulation of hydrocarbons. This is done by incorporating the data acquired through G&G surveys plus analyzing technical information to develop a basic knowledge of the geologic history of an area and its effects on hydrocarbon or strategic/critical minerals generation, distribution, and accumulation within the planning area.

The primary source of the G&G data and information used by the RE program is the oil and gas industry, which conducts exploration, development, and production activities on OCS lands. The BOEMRE issues permits to industry for collecting pre-lease as well as post-lease G&G data. The RE program approves the permits of pre-lease data acquisition, while other BOEMRE programs (e.g. Offshore Regulatory Program) issue permits for post-lease data collection. Permittees, as well as lessees and operators, are required by regulations to provide certain G&G data and information to BOEMRE. BOEMRE selectively obtains copies of data acquired in these pre-lease activities. Permittees and lessees are normally reimbursed by BOEMRE for only the cost of data reproduction. However, if industry has collected data in areas not under BOEMRE jurisdiction, e.g., state waters or adjacent foreign waters, and BOEMRE selects such data, BOEMRE pays the significantly higher "market price" for obtaining copies of such data. The extensive amount of data and information acquired by BOEMRE is used by resource evaluation geologists, geophysicists, petroleum engineers, modelers and IT specialists to perform a variety of analyses leading to resource evaluation, reserve inventory as well as determining fair market value of the auctioned tracts.

Table 12: OEMM Performance Overview – Resource Evaluation

Performance Overview - Resource Evaluation

Note: Performance and Cost data may be attributable to multiple activities and subactivities. Therefore, measure costs may not equal totals shown in subactivity tables.

Mission Area 2: Sustainably Manage Energy, Water, and Natural Resources

Goal 1: Secure America's Energy Resources

Supporting Performance Measures	2007 Actual	2008 Actual	2009 Actual	2010 Plan	2010 Actual	2011 Plan	2012 President's Budget	Change from 2011 Plan to 2012	Long-term Target 2016
Strategy 3: Manage conventional energy development including coal, oil, and natural gas									
Percent of leases drilled annually for the first time - 5 Year Leases (BUR)(CY measure)	4.8% (86/1,778)	4.7% (71/1,526)	2.5% (38/ 1,547)	2.5%	1.3% (15/1155)	2.0%	2.5%	0.5%	TBD
Comments	*The number of drilling rigs currently in use on shallow water leases (typically 5-year leases) in the Gulf of Mexico has decreased in recent years and significantly dropped from FY 2008 when oil prices were at record high levels (e.g., from 50 to 9 in FY 2009). This decrease helps explain why the percent of 5-year leases drilled for the first time in FY 2009 was greatly reduced from the results achieved over the prior few years. In FY 2010 and 2011, BOEMRE anticpates a further reduced percentage because the approval times for shallow water exploration plans increased significantly after additional environmental and safety reviews and requirements that were added following the Deepwater Horizon explosion The increased approval times can impact drilling schedules because rig contracts are often put in place years in advance. Scheduled rigs may be diverted to other projects outside the Gulf if plans have not been approved.* *In addition, some projects that were deemed economically feasible, based on the original schedule and prior to the additional requirements, may become uneconomical and therefore not be initiated. As operators adjust to the new requirements, drilling rates should recover to recent levels in FY 2012; however, it is unlikely that rates will return to pre-2009 levels unless the economics of oil and gas exploration in the Gulf of Mexico change significantly.*								
Percent of leases drilled annually for the first time - 8/10 Year Leases (BUR)(CY measure)	1.2% (42/3,536)	1.2% (38/3,277)	0.8% (36/4,652)	1.2%	0.3% (14/4501)	0.9%	1.1%	0.2%	TBD
Comments	*Following the Deepwater Horizon explosion and spill, Secretary Salazar directed BOEMRE to suspend of the drilling of wells using subsea blowout preventers (BOPs) or surface BOPs on a floating facility. He also suspended approval of pending and future applications for permits to drill wells using subsea BOPs or surface BOPs on a floating facility. These suspensions, were in place until October 12, 2010 and were primarily applicable to deepwater operations with 7/8/10 year lease terms. As a result, BOEMRE expects that the percentage of 7/8/10 year leases drilled for the first time to be significantly reduced in FY 2010 and still lower than originally planned in FY 2011. Assuming that the majority of operators are able to comply with new safety requirements as they are developed, BOEMRE anticipates returning to recent levels in FY 2012.* *NOTE: Beginning with Sale 213 held in 2010, the primary term for leases in water depths of 400 meters to 1,600 meters changed. The primary term for leases in 400 meters to less than 800 meters changed from an initial 8-year term that would be revised to 5 years unless exploratory drilling was commenced, to an initial 5-year term which would be extended to 8 years only if exploratory drilling was commenced. The primary term for leases in 800 meters to less than 1,600 meters changed from a 10-year (unconditional) primary lease term to a 7-year primary lease term that would be extended to 10 years, again only if exploratory drilling commenced.*								

Performance Overview - Resource Evaluation (continued)

Supporting Performance Measures	2007 Actual	2008 Actual	2009 Actual	2010 Plan	2010 Actual	2011 Plan	2012 President's Budget	Change from 2011 Plan to 2012	Long-term Target 2016
Percent of high bids on leases accepted or rejected within 60 days (BUR)	69% (259/374)	41.2% (898/2181)	65.3% (431/660)	50%	56% (264/472)	N/A*	55%	N/A	TBD
Total Actual/Projected Cost ($M)	13.3	14.0	12.5	13.7	13.6	N/A	Baseline Year**	0	--
Comments	*The 60-day target was originally set for lease sales with fewer than 600 tracts receiving bids in the Gulf of Mexico Region or 90 tracts in the Alaska Region. The original 2007-2012 5-year Program included a 500 percent expansion of acreage for Alaska and a 10 percent increase in the Gulf of Mexico, which increased the number of tracts receiving bids. Additionally, in the Gulf of Mexico deep water, many of currently leased tracts with 10-year lease terms are being relinquished, then made available. This additional acreage can result in some sales being above the baselines of 600 and 90 tracts receiving bids. In FY 2008, GOMR Sales 205 and 206 had 723 and 615 tracts receiving bids respectively, and Alaska Sale 193 resulted in 488 tracts receiving bids. The higher number of tracts being bid upon, coupled with the increased amount of geological and geophysical data that must be incorporated into current FMV evaluations, lowered the percentage of bids BOEMRE was able to evaluate within 60 days in FY 2008. FY 2009 results include evaluations that BOEMRE performed for BLM's National Petroleum Reserve lease sale in Alaska.* **The FY 2011 target for this metric is N/A because no lease sales will be held during the fiscal year.* ***FY2012 will be a baseline year for performance costs due to the planned reorganization of BOEMRE into two separate bureaus and the major changes anticipated for program operations.*								
Percent of tracts with high bids rejected in the previous lease sale receiving acceptable high bids the next time the tracts are made available (BUR) (FY)	33% (1/3)	51.9% (14/27)	17.1% (6/35)	35%	42% (8/19)	N/A*	35%	N/A	TBD
Comments	*This metric compares the success of rejected tracts from a previous sale the first time these tracts are made available again. High bids for tracts are rejected as inadequate if they do not meet BOEMRE's threshold of an acceptable bid based on our economic evaluation. Between FY 2007 and 2010, approximately 35 percent of the rejected tracts received acceptable bids in subsequent sales. The reduced percentage in FY 2009 most likely reflects the economic downturn and the decrease in oil and gas prices. The number of variables that affect this measure (i.e., predicted oil and gas and associated price paths, predicted costs associated with exploring and developing the leases, changes in royalty rates, royalty relief or other incentives, etc.) makes the percentage that will be rejected difficult to predict.* **NOTE: The FY 2011 target for this metric is N/A because no lease sales will be held during the fiscal year.*								

Performance Overview - Resource Evaluation (continued)

Supporting Performance Measures	2007 Actual	2008 Actual	2009 Actual	2010 Plan	2010 Actual	2011 Plan	2012 President's Budget	Change from 2011 Plan to 2012	Long-term Target 2016
Blocks/Tracts Evaluated (BUR)	18,645**	8,341	11,287	9,300	8,233	9,300	9,300	0	TBD
Total Actual/Projected Cost ($M)	45	43	44	48	49	48	Baseline Year*	0	--
Comments	*To determine the potential resources on the OCS and the fair market value of those resources, BOEMRE must conduct detailed evaluations of the blocks and tracts offered for lease each year as well as conduct regular resource assessment activities. On average BOEMRE currently evaluates approximately 9,300 individual blocks/tracts annually; however, special evaluations (e.g., regional evaluations for hydrates) may increase that number significantly in some years. In FY 2009, a special 3-D seismic interpretation was conducted over six large protraction areas in the deep water Gulf of Mexico and additional blocks were made available in the Central Gulf of Mexico sale. These additional assessments covered over 3,000 blocks and contributed to the increased number of blocks/tracts evaluated during the fiscal year.* **FY2012 will be a baseline year for performance costs due to the planned reorganization of BOEMRE into two separate bureaus and the major changes anticipated for program operations.* ***Results for FY 2007 are increased due to a special evaluation in the Atlantic Region for hydrates.*								
Maintain the ratio of 1.8 to 1 (+/-0.4) of accepted high bids to BOEMRE's estimated value (BUR)	2.1 to 1	2.49 to 1	1.7 to 1	1.8 to 1 (+/- 0.4)	1.8 to 1	N/A	1.8 to 1 (+/- 0.4)	N/A	TBD
Comments	*BOEMRE's current tract evaluation procedure is designed to assure that the government receives fair value for leased tracts. This measure compares the accepted high bid on each tract to the government's estimated value for that tract. Industry corporate strategy with respect to acquiring specific acreage could lead to a company raising its bid above this analytical value to improve their chances of winning the lease. BOEMRE estimates are based on a discounted cash flow analysis of a tract and are not designed to predict the high bid. Therefore, the value of this indicator should always be greater than one to achieve fair value for OCS leases. The annual target ratio of 1.8 to 1 means that on average, the industry bids received are expected to be $1.80 (+/- 0.4) for every dollar of the estimated value for each tract. This target was set using several years of historical bid data and is reviewed annually to confirm its validity.* **The FY 2011 target for this metric is N/A because no lease sales will be held during the fiscal year.*								

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FY 2012 PERFORMANCE BUDGET REQUEST

Offshore Energy and Minerals Management

Regulatory Subactivity

Table 13: OEMM Regulatory Subactivity Budget Summary

		2010 Enacted	Reorganization Transfers (+/-)	Fixed Costs (+/-)	Administrative Cost Savings (-)	Program Changes (+/-)	Offsetting Collections Changes (+/-)	Budget Request	Change from 2010 (+/-)
Regulation of Operations	($000)	58,761	0	+71	-354	+72,557	-576	130,459	+71,698
	FTE	324	0	0	0	+201	0	525	+201
Technical Assessment and Research	($000)	1,500	0	0	0	+11,360	0	12,860	+11,360
	FTE	0	0	0	0	12	0	12	+12
Regulatory Subactivity	($000)	60,261	0	+71	-354	+83,917	-576	143,319	+83,058
	FTE	324	0	0	0	+213	0	537	+213

SUMMARY OF FY 2012 PROGRAM CHANGES

Request Component	Amount	FTE
Inspection/Monitoring Capability	+56,402	+116
Engineering Studies - TA&R	+11,360	+12
Permitting - Development	+6,945	+41
Environmental & Operational Oversight Compliance	+3,720	+24
Management Support	+2,860	+12
General Support	+2,242	0
Oil Spill Response Plan Review	+1,240	+8
Fixed Costs	+71	0
Administrative Savings	-354	0
Offsetting Collections	-576	0
Reorganization Efficiences and Changes	-852	0
Total:	**+83,058**	**+213**

JUSTIFICATION OF FY 2012 PROGRAM CHANGES

The FY 2012 budget request for the Regulatory Subactivity is $143.3 million and 537 FTE, a net increase of $83.1 million and 213 FTE over the FY 2010 enacted budget and $71.7 million over the FY 2011 CR level.

Consolidated information regarding fixed costs can be found in the General Administration subactivity. Information regarding BOEMRE's efforts to reduce administrative costs and achieve reorganization efficiencies can be found in the General Statement.

Inspection/Monitoring Capability (+$56,402,000; +116 FTE)[1]

In FY 2011, BOEMRE began concerted efforts to recruit additional inspection team members, such as inspectors and engineers, as funding has permitted. There are many challenges associated with hiring these types of positions, including the ability of applicants to meet conflict of interest requirements and obtain security and medical clearances. Incremental funding increases provided to date are also being used to procure additional helicopters to support enhanced inspection activities. In 2012, these funds will be used to continue the recruitment effort, provide training and equipment, and explore alternative monitoring techniques.

Staffing will consist of personnel with diverse backgrounds to conduct varied types of inspections and oversee high-risk activities. This includes critical drilling activities such as blowout preventer (BOP) testing and cement/casing activities as they approach production zones. BSEE will also increase/establish oversight of other activities, including but not limited to, the witnessing of pipeline testing, emergency shut down tests on production platforms, construction operations, real-time monitoring of certain operations from a remote location onshore, and meter inspections. As this function is redesigned, BOEMRE is crafting plans to address specific criticisms regarding the training of inspectors, inspecting in teams rather than solo, and implementing a stronger risk-based inspection strategy that will require additional oversight on higher risk activities and poor performers.

Additionally, new policies have already been put in place that reduce the likelihood of an inspector being subject to improper influence by industry. BSEE will continue its efforts to redesign current training protocols and investigate new technology and its possible application for inspection oversight. We will also need to resolve the problem of "permit shopping" by providing better training, guidance, and operating procedures so that our engineers are working permits and handling issues on a consistent basis.

Operators will also be audited by multi-disciplinary teams to audit compliance with the new SEMS rule, including a new focus on environmental requirements and safeguard measures, in addition to more traditional safety and operational requirements. A team of engineers and inspectors will audit operators' SEMS plans to ensure they are following their plans. The audit could be a random audit or it could be initiated as a result of poor performance or an incident. The audit would take place at the operator's main office or field office and offshore. While the SEMS rule is not a technical rule with respect to facility design, maintenance, or innovative approaches, it will require the operator to adopt a comprehensive safety management program.

The new safety management requirements cover the identification of hazards, management of change, mechanical integrity, operating procedures, and various administrative requirements surrounding the implementation, communication, recordkeeping, and auditing of safety management principles and policies. This is intended to ensure that the safety management program is a dynamic program. Continuously improving oversight both internal to the company

[1] The $10.2 million provided for Regulatory activities in the FY 2011 continuing resolution (P.L. 111-322) has enabled BOEMRE to initiate, on a limited basis, some of the efforts planned in FY 2011. This includes hiring of inspection team members, and the acquisition of additional helicopter support, vehicles, and space needs required to support the additional inspection team staff.

and by the regulating agency will improve everyone's understanding of their unique roles and responsibilities and help to ensure the success of the program.

Impacts of Not Funding: Would delay the ability to effectively enforce and inspect for compliance with the regulatory requirements, resulting in the potential for reduced safety and a greater number of accidents offshore.

Engineering Studies – TA&R (+$11,360,000; +12 FTE)

The Technology Assessment and Research (TA&R) Program was established in the 1970s to advance the use of Best Available and Safest Technologies (BAST) during OCS energy development and resource management operations. The Operational Safety and Engineering Research (OSER) component of the TA&R Program supports research towards personnel and environmental safety, improved operations and equipment development, system-integrity control programs, and pollution prevention. The April 20, 2010, Macondo well blowout and the resulting disaster brought to the forefront the need to raise the level of resources dedicated to the evaluation of current and proposed energy exploration and development technologies.

In its January 2011 report to the President, the National Commission on the BP Deepwater Horizon Oil Spill and Offshore Drilling identified the need for increased safety and containment research both within industry and the federal government in order to maintain the capability to address emergencies as drilling technology moved operations into deeper waters and further from shore. The Commission's findings were substantiated by testimony by industry and academia experts who identified the lack of research for the offshore oil and gas sector. The Commission determined that that neither government nor industry had invested sufficiently in research, development, and demonstration to improve containment or response technologies. The Commission found funding to be inadequate and stated that "Congress needs to make funding the agencies responsible for regulating the oil and gas development a priority in order to ensure a safer and more environmentally responsible industry in the future" and that the "desire to tap resources in deeper waters should be accompanied by equivalent investments in subsea equipment, operator training, research and development for containment and response technologies."

Although industry has a significant role and responsibility to conduct this research to ensure its operations are safe, as the safety regulator, BOEMRE (and the future BSEE) needs to have sufficient technical capabilities to conduct its own research and verify that the information and research provided by industry is accurate.

Staff will focus on developing and managing additional technical and more complex engineering studies focused on regulatory and safety requirements including field studies. Examples of near-term deepwater safety and containment research by the TA&R program include assessment of subsurface blow-out preventer design, performance, maintenance, and inspection; cementing, barrier, and containment practices and procedures; remotely operated vehicle intervention and capabilities; and wild well control technology. The TA&R Program will continue to transfer research results to rule writers, investigators, plan reviewers, and others that need this information to improve safe offshore operations.

Impacts of Not Funding:

- Delays identifying, assessing, developing, and incorporating new technologies and safety enhancements into our agency regulations and operations oversight;
- Lowers the bureau's ability to coordinate with other national and international researchers, regulators, standards-writing organizations, and other decision-making bodies towards development, distribution, incorporation, and use of new technology findings and recommendations;
- Potentially increases the level and frequency of incidents/accidents; possibly resulting in injury/loss of life and environmental damage due to loss of containment and hydrocarbon release;
- Delays or prevents resource development due to technological limitations that prohibit the identification and safe development of resources under more challenging conditions (e.g., deepwater, high-temperature high-pressure (HTHP), hydrates);
- Increases dependency on industry to provide the research, expertise, and solutions to the spill prevention and containment challenges. BOEMRE's understanding of new technology will fall behind that of the industry and the products developed will not sufficiently address identified challenges;

Permitting – Development (+6,945,000; +41 FTE)

In FY 2012, a total of $6.9 million and 41 FTE are requested to implement BOEMRE reforms and reorganization plans. Resources will address the development of comprehensive, standardized policies, practices and protocols which includes the plan and permit application review processes. By direction of the Secretary, BOEMRE has already begun recruitment and additional funds are needed in FY 2012 to continue recruitment efforts.

The staff is needed to review and process lease management, qualification, bonding and unitization requests and issues, as well as requests for development activities, such as plan and permit processing and approval. With the new regulations that have been implemented (Interim Final Rule, NTLs 2010-N06 and N10) additional personnel will be needed for reviewing permits.

A recently published report by the Department of the Interior OCS Safety Oversight Board to the Secretary states that the "Gulf of Mexico (GOM) district offices are challenged by the volume and complexity of permit applications and the lack of a standardized engineering review protocol. In addition, the Pacific Region's permitting staff is facing significant succession issues." It goes on to state that the workforce associated with regulating day-to-day activities has not increased proportionately to work demands, creating challenges in the need to balance an adequate analysis of permit requests with the need to be responsive to industry. For instance, Applications for Permits to Modify (APM's) have increased by 71 percent from 1,246 in 2005 to 2,136 in 2009 in the New Orleans District with no additional FTEs dedicated to this activity. In the Pacific, 80 percent of current permitting employees will be retirement eligible in the next 2.5 years. In BOEMRE's September 4, 2010, Implementation Plan in response to the OCS Safety Oversight Board's Report to the Secretary, BOEMRE outlined actions needed to address the issues discussed in that report. The requested funds will enable BOEMRE to:

- Ensure that staffing levels are commensurate with increasing workloads.
- Review and revise the permit review protocols to ensure that: (a) permit requests from operators and district responses are documented promptly and properly; (b) BOEMRE engineers have appropriate access to permit databases after hours; and (c) procedures are established that prevent "engineer shopping by operators".
- Reexamine after-hours permit review services; the means by which any such services should be provided (*e.g.*, on-call or in-office staffing); and the feasibility of limiting its use by requiring operators to submit non-emergency requests and requests that could be reasonably anticipated during normal business hours.

The issues relating to the permitting process implicated by these recommendations are being actively studied and evaluated during the reorganization effort with the goal of implementation in FY 2012.

Impacts of Not Funding: The reform of the bureau, which includes the enhancement to the permitting function, will require the infusion of substantial resources in the form of funding, personnel, equipment, and information systems. Without these additional resources these reform efforts including the implementation of the permitting recommendations as outlined above will not be possible. The permit review process will likely take longer, and the quality of safety reviews may suffer.

Environmental & Operational Oversight Compliance (+$3,720,000; +24 FTE)*[*]

Funds for this activity were originally requested as part of an FY 2011 Budget amendment. Due to the uncertainty of funding increases requested in FY 2011, the Secretary directed BOEMRE to begin recruitment of 11 of these positions using funds from the FY 2010 oil spill supplemental funding. These funds are not part of BOEMRE's base funding and without additional funds in FY 2012 BOEMRE will not be able to sustain these positions or continue recruitment of needed positions previously identified in the FY 2011 request. No additional funding is being requested in FY 2012.

Enhanced environmental oversight over all OCS activities is a logical and necessary outcome of the experience with the Deepwater Horizon oil spill (National Commission on the BP Deepwater Horizon Oil Spill and Offshore Drilling, January 2011; CEQ, August 2010). Robust environmental reviews and procedures will set the stage for following through and tracking lease sale planning and site-specific permit decisions. This level of effort will be matched by more systematic and inclusive monitoring of project implementation/operational phases, including final decommissioning. These collective efforts will facilitate a culture focused on safety and the environment consistent with the Secretary's mandates, as well as advance efforts to improve the awareness of environmental compliance on the OCS.

[*] Additional resources for the Environmental & Operational Oversight Compliance are requested in the Leasing and Environmental subactivity ($1.4 million; 9 FTE).

BOEM will be responsible for environmental compliance and analyses for all activities associated with leasing, authorization of on- and off-lease geological and geophysical surveys and approvals of exploration and development plans. BOEM will also develop and adaptively manage environmental protection measures specific to these activities. BSEE will be responsible for environmental compliance related to issuing permits associated with plans (i.e., Applications for Permits to Drill), inspections of environmental measures and enforcement of incidences of non-compliance. BSEE will also review industry reporting and work with BOEM to adaptively manage environmental mitigation measures to ensure their effectiveness and enforceability.

With these funds, BSEE will begin to build its environmental compliance capabilities (i.e. inspections and enforcement), both environmental and operational by:

- Developing and implementing enhanced environmental inspection and enforcement procedures relating to environmental compliance, including developing plans for staffing, analyzing aviation and technological support requirements, and systems for obtaining information necessary to support environmental enforcement;
- Conducting field visits and reviews of industry self-reporting;
- Tracking, verifying and enforcing mitigation compliance;
- Implementing methods and approaches to enforce compliance regulations;
- Working with BOEM to adaptively manage BOEM-required mitigation in leases, permits and plan approvals based on results of enforcement effectiveness and industry compliance;
- Conducting auditing requirements and site reviews to ensure compliance with the new Safety and Environmental Management Systems (SEMS)rule;
- Conducting oversight reviews to ensure appropriate and consistent applications and industry compliance on OCS environmental requirements in relation to various environmental laws, regulations, executive orders, etc. to include but not limited to OCS Lands Act, Code of Federal Regulations (e.g. 30 CFR § 250, 30 CFR 251, 30 CFR § 280), lease stipulations, Notices to Lessees, National Environmental Policy Act, Endangered Species Act, Marine Mammal Protection Act, Coastal Zone Management Act, Clean Air Act, Clean Water Act, and the National Historic Preservation Act;
- Coordinating, at a national level, with task forces, workgroups, other agencies, states, lessees, and other interested parties on environmental issues; and,
- Collaborating with safety personnel, legal advisors, resource managers, and others involved with environmental implementation, especially BOEM environmental scientists; and collaborating with offices and groups performing a variety of functions to gather data for environmental performance accountability measures.

This request will support the additional personnel that are needed to manage the expanded post-authorization environmental oversight role brought about by the efforts to reform offshore operations and regulations, beginning with planning and implementing an environmental inspection and enforcement program that will ensure compliance through active monitoring of project implementation/operational phases until final decommissioning or project completion. These efforts will contribute to achieving the goals of the reform and reorganization efforts, as well as significantly advance progress towards ensuring appropriate implementation of

environmental requirements while improving the awareness of the importance of environmental compliance on the OCS.

Impacts of Not Funding: BOEMRE will have reduced ability to develop and implement a proper environmental inspection and enforcement program. Environmental requirements would still be required for activities associated with leasing, on- and off- geological and geophysical surveys, or plan approval phases (within BOEM) and the permit phase for all approvals needed post-plan approval (within BSEE), but there would be a lack of personnel, funding and training for BSEE to ensure environmental requirements are appropriately implemented and meet their intended purposes. This could result in delayed reviews of industry permits applications and plans which will delay production of oil and gas as well as the associated royalty payments.

Management Support (+$2,860,000; +12 FTE)

Providing the Bureau of Safety and Environmental Enforcement (BSEE) an effective and fully supported cadre of leaders is essential to ensure the accomplishment of this organization's critical mission. The reorganization study is well underway, and BOEMRE anticipates it will be able to begin staffing the headquarters bureau directorate office as soon as funds are made available. Funding will also be needed to address anticipated and yet-unknown implementation issues and needs, including the impacts on budget, business processes and functions, systems and information technology, physical location and administrative functions.

Impacts of Not Funding: Underfunding needs of the new bureau leadership team will hinder the ability to provide adequate oversight of BSEE operations.

General Support (+2,242,000; 0 FTE)

BOEMRE will need to providing space and other essential needs for dozens of new employees. All District Offices will require additional space. The Houma District Office has already reached maximum capacity. Funds will be needed for planning, renovating, and infrastructure such as cabling and electrical, moving, and furniture.

Oil Spill Response Compliance (+$1,240; +8 FTE)

Funding is requested to meet requirements of the BOEMRE oil spill planning and preparedness compliance program for operators on the OCS. In prior years, for all three BOEMRE Regions, the program had only four full-time staff allocated to review and approve oil spill response plans (OSRP) and industry compliance inspections. Previously there were 192 plan holders subject to BOEMRE oversight. In the absence of FY 2011 funding for this need, the Secretary directed BOEMRE to begin recruitment of four of these positions using FY 2010 supplemental oil spill funds. The total requested increase of eight FTE and $1.2 million is needed to sustain these positions as well as the four additional positions needed to manage compliance oversight activities and requirements in FY 2012, and to allow for preparation and publication of reports on benchmarking of best practices and lessons learned.

OSRP reviews are conducted for new plans, biennial updates, amendments and plan revisions, and confirm that an operator has proper equipment, people, and structures in place at all times to respond to an oil spill. Requirements for BOEMRE review of OSRPs have been significantly increased to address lessons learned from the Deepwater Horizon event. Compliance inspections, such as unannounced oil spill exercises and unannounced response equipment inspections test and evaluate an operator's preparedness level. Annually, BOEMRE conducts approximately 20 unannounced exercises that may require deployment of major response equipment and involve the U.S. Coast Guard and State emergency response offices. Staff conduct inspections of response equipment staged at bases throughout the Gulf of Mexico, along the California coast, and in Alaska. Staff also review and verify response personnel training (classroom and hands-on), and participate in table top exercises - classroom activities in which response team members simulate response actions using their OSRP.

An additional four FTE are requested in FY 2012 to complete the increased staffing necessary to ensure an adequate level of oversight. This will bring the total number of full time, dedicated staff available to ensure oil spill response compliance to 12, and allow for preparation and publication of reports on benchmarking of best practices and lessons learned.

Impact of Not Funding:

- Staff will be unable to thoroughly review and verify data contained in OSRPs and will need to establish procedures for only spot-checking certain sections of plans.

- Improvements necessary to provide enhanced oversight of offshore oil spill planning and preparedness will not be made leaving environmental and economic resources at risk to impacts from oil spills.

- BOEMRE will not be able to correct deficiencies cited in the Outer Continental Shelf Safety Oversight Board report related to OSRP content and review, and which were approved by the Secretary for action.

PROGRAM OVERVIEW

On behalf of the Nation, BOEMRE regulates about 3,800 offshore production platforms and manages over 8,000 active oil and gas leases on approximately 43 million acres of the OCS. Recent noteworthy events concerning oil and gas production in the Gulf of Mexico include:

- 2010 Production:
    - Shell's Perdido Regional Host facility (AC 857) commenced production in March, 2010. As of February, 2011, production was 34,000 BOPD and 40 MMSCFD gas.
    - Phoenix FPU (GC 237) commenced production October 19, 2010. As of February, 2011, production was 15,500 BOPD and 24 MMSCFD.
    - ATP's Mirage MinDoc (MC 941) commenced production in March 2010. As of February, 2011, production was 11,600 BOPD and 11.4 MMSCFD from two wells (one platform well and one subsea well).

- Future Production 2011:
    - Cascade/Chinook FPSO (WR 249) is expected to commence production in March, 2011. Expected production rates from two wells will be approximately 40,000 BOPD with little or no gas.
    - In August/September, 2011, LLOG's MC 547 a semi-submersible facility (Who Dat Prospect) is expected to begin production of both oil and natural gas. Anticipated production from this facility will be 30,000 BOPD and 30 MMSCFD.
    - Jack St. Milo, Chevron, WR 718, deep draft submersible, expect first oil in 2014
    - Bigfoot, Chevron, WR 29, TLP, expected first oil in 2014.

BOEMRE works to assure that energy and mineral development activities are conducted in a safe and environmentally sound manner, with safety being a prerequisite of all activity on the OCS. BOEMRE continually seeks operational improvements that will reduce the risks to offshore personnel and to the environment, and continually evaluates procedures and regulations to stay abreast of technological advances that will ensure safe and clean operations and conserve the Nation's natural resources.

The Regulatory subactivity funds two program elements that work to assure safe and clean operations on the OCS: 1) Regulation of Operations and 2) Technology Assessment and Research (TA&R). The Regulation of Operations program oversees all aspects of offshore activities, from exploration and development to production and decommissioning. Key activities include the review of industry plans and permit requests; completion of compliance inspections and incident investigations; monitoring of operator safety and environmental performance; management of reservoirs to maximize ultimate recovery of mineral resources; and verification of oil and gas production levels to help ensure the public receives a fair return. The TA&R program supports research associated with operational safety and pollution prevention, working with academia, private firms, and government agencies to assess safety-related technologies and to perform applied research specific to operations in the OCS environment**.**

In preparation for the reorganization of BOEMRE and the larger demands anticipated for and currently impacting the TA&R Program, TA&R is retooling itself to more effectively identify, manage and disseminate research. Examples include:

- The introduction of a post-findings tracking form to better highlight and assign responsibility to BOEMRE personnel to assess the recommendations resulting from TA&R research and follow the progress of those recommendations towards incorporation in our agency program and operations.

- Funding of more detailed studies, consistent with TA&R's sister research branch (the Environmental Studies Program) and other Federal government agencies responsible for energy management. Due to TA&R's historically small budget, we have been limited to small, low- cost, low-impact studies. Additional funding will allow us the means to fund multi-year studies that can provide the higher-impact safety, pollution prevention, and renewable energy research long needed by our agency.

- Increased coordination with other research and research related organizations. The need for increased coordination with internal and external entities directly or indirectly involved with offshore energy research both nationally and internationally will come with additional resources and responsibilities for TA&R research. This will be further impacted due to the many topical research areas that span both BOEM and BSEE areas of responsibility. While the program's research focus is not expected to dramatically change after the reorganization, the means of communication between the two agencies will, thus extra effort will need to be made to ensure that coordination of research topics and dissemination of results continues.

In addition to safety and pollution prevention, the OCS Lands Act (OCSLA) charges the Secretary of the Interior with the authority to require that OCS operators prevent waste and conserve the natural resources of the OCS, as well as protect the correlative rights therein.

For fiscal years 2008-2010, BOEMRE conservation management efforts are estimated to have increased ultimate recovery by 200.0 million barrels of oil (or equivalent volumes of natural gas).

To promote these conservation objectives, BOEMRE uses its regulatory authorities to require certain actions by operators to accelerate or increase production while protecting the ultimate recovery of minerals from a lease, and has developed a performance measure to reflect the rate of return for key conservation management activities.

PERFORMANCE OVERVIEW

The Regulatory subactivity primarily supports the approval of OCS plans and permits, regulatory compliance and conservation of resources. The following graph displays the approximate spending distribution as derived from the Bureau's Activity Based Costing (ABC) system.

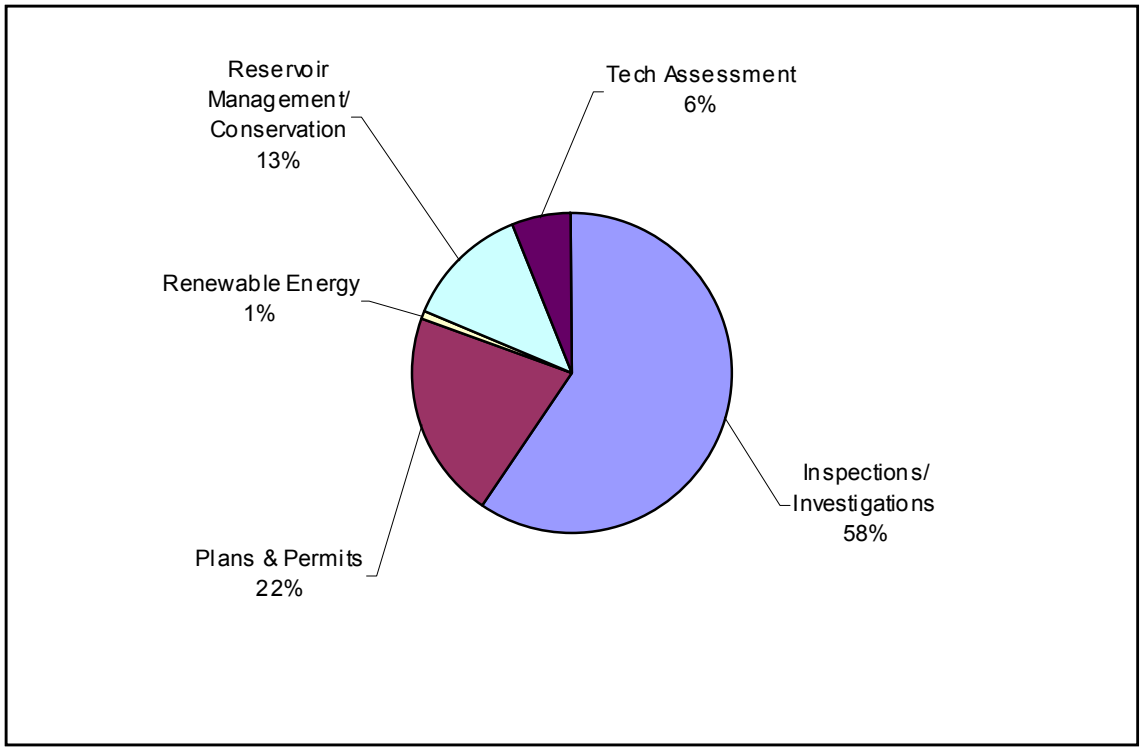

Figure 6. Estimated FY 2010 Regulatory Spending Profile

Among the many Bureau changes emanating from the Deepwater Horizon event, BOEMRE has established 11 teams to conduct in-depth examinations of existing processes and recommend changes or additions to processes to strengthen the overall regulatory process for the bureau and the oversight of the regulated community. Many of these teams are directly related to the Regulatory subactivity group.

- One of the first acts by the BOEMRE Director was to establish an Investigations and Review Unit that is charged with examining problems within the regulatory agency and targeting companies that seek to game the system. This unit is comprised of professionals who have a law enforcement background or technical expertise whose mission is to promptly and credibly respond to allegations or evidence of misconduct and unethical behavior.

- Many of the teams were directly related to the many facets of the Inspection Program.
  - The inspection functions team mapped the existing functions from the districts to headquarters and identified new functions as new regulatory requirements were established following the Deepwater Horizon event.
  - The inspection strategies team is responsible for defining near- and long-term strategies for inspection industry compliance with safety and environmental regulatory requirements. This includes new responsibilities for witnessing offshore testing of BOPs and work associated with well-workover activities.
  - The inspection training team is charged with developing an overall training program and curricula for inspectors and engineers. This effort has resulted in the establishment of a National Offshore Training Center staffed with dedicated

technical education professionals to ensure that BOEMRE compliance personnel are fully trained to conduct their responsibilities.
    - The inspection tools team is examining the available inspection tools; considering new strategies for inspections; and looking for technological solutions to meeting these needs. They are evaluating appropriate technology for offshore laptop computers to facilitate our oversight role. Additionally, BOEMRE is looking at ways to have real time monitoring of certain offshore activities from on shore locations. Specifically, BOEMRE may be able to use this technology to witness BOP tests and monitor drilling operations.
    - The enforcement team is taking a comprehensive look at all compliance, monitoring, and bureau enforcement actions to ensure they are complete, fair, and appropriate and have an overall comprehensive strategy.
    - The incident investigations team is evaluating and developing investigative procedures relating to specific categories of accidents and incidents and identifying types of expertise necessary to support BOEMRE's investigations program.
    - The oil spill response team is conducting a comprehensive review of spill response and the adequacy of oil spill response plans. They are working closely with the U.S. Coast Guard on developing guidance regarding the enhancements of oil spill response plans based upon lessons learned from the Deepwater Horizon oil spill response.
    - The safety and environmental systems management team is working to develop compliance guidance and a process for implementing the SEMS rule that was published in October 2010.

- Additionally, the BOEMRE is very active in recruitment efforts to augment the bureau's inspection and engineering staff. The bureau has been understaffed for several years and new and aggressive comprehensive regulations require even more expertise to successfully implement a stronger program.

Recent regulatory-related initiatives include:

- *Establish Ocean Energy Safety Advisory Committee*. In order to facilitate collaboration among government, industry, and academia on issues related to offshore energy safety, blowout containment and spill response, the Department of Interior has established an Ocean Energy Safety Advisory Committee. The Committee will be comprised of representatives from federal agencies – including BOEMRE, the Department of Energy, the National Oceanic and Atmospheric Administration, the Coast Guard, the Environmental Protection Agency, and the United States Geological Survey – as well as the offshore oil and gas industry, academic institutions, and other non-governmental organizations. The primary function of the Committee will be to advise the Secretary of the Interior and the Director of BOEMRE on matters and actions relating to offshore energy safety, including, but not limited to drilling and workplace safety, well intervention and containment, and oil spill response.

- *Review BOEMRE Programs to Assure Safe and Environmentally Sound Operations in the OCS Ultra-Deepwater.* Industry's push into ultra-deepwater (greater than 5,000 feet deep) in search of oil and gas means new, constantly evolving technologies. BOEMRE will evaluate the adequacy of funding, standards, and the environmental and technological information base for reviews of industry plans in ultra-deepwater, and propose solutions to fill any information or other gaps.

- *Identify and Implement Lessons Learned from Post-Hurricane Studies and Assessments.* BOEMRE is studying the impact of hurricanes on the oil and gas infrastructure. Studies will analyze and assess consequential damage to structures and pipelines; determine the effectiveness of current design standards, metocean criteria, pollution prevention systems, and Mobile Offshore Drilling Unit mooring standards; and develop recommendations for changes to industry standards and BOEMRE regulations, if needed.

- *Develop and Implement an Aging Infrastructure Plan.* To ensure offshore infrastructure components (wells, platforms, and pipelines) remain in safe and useful condition, BOEMRE will establish mechanisms for assessing and maintaining DOI-regulated infrastructure on the OCS.

- *Establish a Comprehensive and Efficient Pipeline Safety Program*. BOEMRE manages over 33,000 miles of undersea pipelines that provide the means to service and transport approximately 25 percent of the Nation's domestically produced oil and 12 percent of our natural gas from offshore wells to onshore refineries. The oil and gas pipelines on the OCS have not experienced catastrophic accidents or failures; however, BOEMRE has concerns about the integrity of some older offshore pipeline systems and about ocean pollution from third party-related pipeline accidents. Additionally, as industry moves into deeper water and, potentially, into Arctic areas, there is a continued need to focus on the technology and management practices needed to design, build, and maintain safe and reliable pipelines suitable to these extreme environments and conditions. BOEMRE will review and update pipeline safety requirements under Subpart J of the regulations, continue to promote safety research, encourage cooperation between government agencies that share jurisdiction, and investigate possible new program initiatives toward the establishment of a comprehensive Pipeline Safety Program. The long-term goal is to develop and implement a proactive and comprehensive regulatory program that promotes the continued integrity of offshore pipelines; further reduces the potential for pipeline leaks and failures; and further protects sensitive environmental resources.

2012 PROGRAM PERFORMANCE – REGULATION OF OPERATIONS

The goal of BOEMRE's comprehensive management program of energy and mineral operations on the OCS is too ensure that these operations are conducted in a safe and environmentally sound manner. The foundation of this program is a set of regulations that govern all aspects of offshore energy and mineral activities, from engineering specifications for offshore facilities to training requirements for OCS workers. BOEMRE will continually review these regulations to update

and revise them as necessary so that they include the most effective requirements for safety and environmental protection on the OCS. BOEMRE is presently reviewing comments received on the interim final drilling safety rule that was put in place following the Deepwater Horizon disaster.

Review of OCS Plans and Permits: Reviews of plans and permits help to ensure that all OCS operators comply with regulatory standards and specific lease stipulations. BOEMRE performs detailed technical and environmental reviews of plans and permits for exploration, development, and production on OCS lands, as well as permits for other activities such as the installation of pipelines. The ongoing effort by BOEMRE to develop performance-based operating regulations is expected to generate an increasing number of operator requests for approval of alternative compliance programs. Prior to making approval decisions on alternative compliance, BOEMRE must assess the alternatives to ensure they provide equal or greater protection than the regulatory requirements they would replace. BOEMRE will be required to commit a substantial and increasing amount of resources to these assessments in order to evaluate an operator's proposed alternative, verify adherence to approved plans, and determine effectiveness of technologies and procedures employed.

Inspections and Investigations: The OCSLA amendments mandate that annual inspections be performed on each permanent structure and drilling rig that conducts drilling, completion, or workover operations. Safety is a priority for both BOEMRE staff and for the operations that occur under BOEMRE jurisdiction, and onsite facility inspections and enforcement actions are important components of BOEMRE's safety program. The Bureau has established ambitious performance targets for the conduct of thousands of inspections of OCS facilities and operations, including coverage of tens of thousands of safety and pollution prevention components each year to prevent offshore accidents and spills, and to ensure a safe working environment. Inspections of all oil and gas operations on the OCS are performed annually to examine safety equipment designed to prevent blowouts, fires, spills, and other major accidents. Although BOEMRE was fully engaged in the response to the Deepwater Horizon event for much of 2010, we still managed to conduct over 23,000 compliance inspections throughout the year. Additionally, BOEMRE plans to conduct more onsite witnessing of critical device testing, such as BOP tests. The proposed increase in the inspection/oversight workforce will allow BOEMRE to focus more resources on higher risk activities, increase the rigor of inspections, and expand oversight of the entire industry to ensure safe and environmentally responsible operations.

BOEMRE inspects drilling and production facilities on the OCS using both scheduled and unannounced inspections. Currently, annual inspections are conducted on all platforms, with monthly inspections for active drilling rigs. More frequent inspections may be conducted to focus on operators with a poor performance record, follow up on previous inspection findings, in environmentally sensitive areas, and to foster a climate of safe and pollution free operations.

When incidents do occur, BOEMRE conducts investigations and analyzes incident-related data to understand the causes of incidents. Prior to the Deepwater Horizon event, examination of long-term trends indicated that the safety and environmental record of the offshore industry had dramatically improved over the last 50 years. In 2006, BOEMRE, formerly MMS, revised the regulatory requirements for incident reporting to clarify the reporting requirements and provide

more precise definitions and reporting timeframes. These changes have resulted in a more consistent incident reporting program and the collection of more reliable incident information. The revisions also included requirements for reporting additional categories of incidents such as gas releases, incidents associated with lifting equipment, and incidents that result in less severe injuries than were previously reported. This additional information is helping BOEMRE better identify safety concerns and trends. BOEMRE and other agencies, such as the U.S. Coast Guard, investigate accidents that result in loss of life, serious injuries, major fires, damage to facilities, and major spillages in order to identify causes and prevent future similar incidents. A BOEMRE - USCG interagency Memorandum of Agreement (MOA) for incident investigation was signed March 27, 2009. This MOA is intended to provide for the effective use and coordination of our respective resources. In FY 2009, BOEMRE investigated 78 incidents to determine causes and analyze regulatory performance. Though ABC data indicate that these investigations account for less than three percent of Regulatory spending, they provide important information for BOEMRE and industry. Incident investigation reports are published on BOEMRE in the reports through the publication of Safety Alerts. Incident data are an important part of evaluating the performance of individual companies and the industry as a whole and contribute to the development of new regulatory requirements. Where appropriate, Federal agencies, including BOEMRE, pursue civil and criminal penalty actions against those in violation of Federal regulations, especially when such violations result in or have the potential to result in injuries, loss of life, or damage to environmental resources.

Safety and Environmental Management: Most offshore oil and gas incidents can be traced to human error or poorly organized operations. BOEMRE now requires OCS operators to use a companywide SEMS to organize their activities to minimize risks to workers and the environment.

The SEMS is a performance-oriented approach for integrating and managing OCS operations to effectively address such important safety factors as:

- conducting safety and environmental reviews;
- assuring the quality and integrity of critical equipment;
- establishing safe work practices;
- training workers; and
- responding to emergencies.

Performance data indicate that more than half of OCS facilities are covered under voluntary SEMS programs, with some indications that the safety and environmental performance outcomes of SEMS participants are better than industry performance as a whole. Additionally, in response to the 2005 PART assessment, BOEMRE issued proposed regulations for SEMS on June 17, 2009, in the Federal Register. The comment period closed September 15, 2009, yielding 62 separate comments. These comments were weighed and analyzed, and BOEMRE published a final rule on October 15, 2010; this rule will go into effect in October 2011. The new SEMS rule requires offshore oil and gas operators develop and maintain a comprehensive, 13-element SEMS program for identifying, addressing, and managing operational safety hazards and impacts.

***Operator Performance Reviews*:** BOEMRE conducts Annual Performance Reviews (APR) of each operator. The APR process captures compliance and accident information gathered through the OCS Inspection Program and weighs that information to arrive at a final Operator Performance Index, as well as composite indices that are used as performance indicators for the OCS Regulatory and Compliance program. The bureau meets with those operators performing at the highest levels to solicit ideas for best operating practices. With the operator's concurrence, BOEMRE shares these success stories with others through workshops, conferences, and other safety-related meetings. Additionally, BOEMRE focuses compliance efforts on those operators whose performance does not meet certain targets.

Civil and Criminal Penalties and Operator Disqualification: BOEMRE, where appropriate, will pursue civil and criminal penalty actions against those in violation of Federal regulations, especially when such violations result in, or have the potential to result in, injuries, loss of life, or damage to environmental resources. If an operator exhibits excessively poor, dangerous, or threatening performance, BOEMRE can assess a civil penalty. In FY 2010, 26 civil penalty assessment were paid for a total of $2.1 million. BOEMRE OCS Civil Penalties Program encourages compliance with OCS statutes and regulations through the pursuit, assessment, and collection of civil penalties (and referrals for the consideration of criminal penalties where warranted). BOEMRE is committed to strengthening its enforcement programs; this may mean higher civil penalty assessments for poor operators in the future.

The cost of administering the Civil Penalties Program is monitored in the bureau's ABC system. Though less than one percent of Regulatory spending, the Civil Penalties Program is an important tool for enforcing compliance on the OCS. However, should the operator continue to perform poorly, BOEMRE may place an operator on probation or disqualify a company from operating a specific facility, or all facilities, on the OCS. The disqualification process provides a structured means to remove operators that pose a threat to the safety of life and the OCS environment.

Conservation Management: As steward of the Nation's OCS mineral resources, BOEMRE must provide for conservation of natural resources by preventing waste and ensuring ultimate recovery of the resources, as well as protecting the correlative rights of OCS lessees and the government. Conservation of oil and gas resources is an integral part of the Nation's energy policy and a primary objective for the BOEMRE Regulatory program. To promote conservation, BOEMRE monitors development and production activities on the OCS and uses its regulatory authority to require certain actions by operators to maximize the ultimate recovery of OCS minerals once access has been granted. Information gained from these activities also supports other BOEMRE requirements, such as reserves estimations and assessments of undiscovered resources.

2012 PROGRAM PERFORMANCE – TECHNOLOGY ASSESSMENT & RESEARCH

The Technology and Assessment Research (TA&R) program addresses technological issues associated with energy and mineral operations, ranging from the drilling of oil and gas exploration wells in search of new reserves to the removal of platforms and related infrastructure once production operations have ceased. Although BOEMRE research efforts may involve any

aspect of energy and mineral operations, particular attention is given to oil and gas drilling, workover, production, completions, structures, pipelines, decommissioning, human factors/risk assessment, and measurement operations. Under the TA&R Program, BOEMRE performs applied research in regulatory technologies to ensure safe, pollution-free operations and conducts applied research in the prevention of oil pollution and the improvement of oil spill response and clean-up (see Oil Spill Research budget). Examples of how TA&R studies impact our regulatory program include:

In early 2010, during the investigation of a leaking well, it became apparent the existing regulation 30 CFR 250.1715(b) required re-evaluation to better serve our mission. This regulation allows operators the option to either pressure test or weight test cement plugs in permanently or temporarily abandoned wells. The question became, which option is better, or whether BOEMRE should require both to be performed. To conduct this evaluation, a TA&R study titled "Cement Plug Testing: Weight vs. Pressure to Assess the Viability of a Wellbore Seal Between Zones" was initiated. During the BP/Deepwater Horizon investigation, the minimum requirements of the procedures described in 30 CFR 250.1715(b) were again questioned and the TA&R study was expanded slightly to not only compare the options, but examine the procedures to identify possible shortcomings and possibly develop new procedures. This TA&R study will include field data collection during abandonment operations on the OCS which will be compared with results found during laboratory tests.

Also prior to the Deepwater Horizon event in 2010, TA&R identified a need to improve our understanding and oversight of the types of deepwater drilling rig BOPs operating in the GOM. BOEMRE funded a study titled "Deepwater Blowout Preventer (BOP) Reliability & Well Kicks" to assess the performance of deepwater BOPs in use between 2006 and 2010 in order to determine their reliability during testing and actual well kicks. The study is expected to provide BOEMRE with information to aid our current and future inspection workforce and regional engineers with the tools to improve the way we assess and approve the use of BOPs; devices considered to be the last line of defense for well containment.

We expect the aforementioned studies, and other 2011 and 2012 studies, to provide lasting impacts on BOEMRE regulations, Notices to Lessees (NTLs), and industry standards. The following illustrates that point.

***Analysis of Catastrophic Events*:** During the past decade, the GOM endured an unusual volume of Category 4+ hurricanes, including hurricanes Lili (2002), Ivan (2004), Katrina & Rita (2005) and Gustav & Ike (2008) that caused extensive disruptions and damage to offshore energy operations. Beginning with research on Hurricane Andrew (1992), the TA&R has launched over fifty studies on major hurricane events to better understand and prepare the offshore energy infrastructure for future occurrences. The findings and recommendations from these studies branched into BOEMRE regulations and industry standards. For example changes to drilling standards (API RP 2SK, 2SM, and 2I) for floating and jack-up rigs resulted from TA&R studies. Additionally, TA&R hurricane studies led to the development of ten API Standards on such topics as "Guidance for Foundation Assessments" and "Guidance on Securing Rigs and Other Equipment."

Revisions to BOEMRE Regulations and Industry Standards: The results of TA&R Studies have also contributed to the development of a number of BOEMRE regulations, BOEMRE Notice to Lessees (NTLs), Industry Standards (American Petroleum Institute (API), American Society for Testing and Materials (ASTM), and International Standards. The below offers one example of each:

- BOEMRE Regulations: Results from an initial shear ram capability study/information led to the requirement for shear ram capabilities found in 30 CFR 250.416(e)
- BOEMRE issued NTL No. 2009-G03: Synthetic Mooring System Materials for Floating Facilities intended to demonstrate that synthetic moorings meet or exceed the safety level necessary for chain/wire-rope mooring systems.
- Industry Standards:
    - API - Development of the draft API RP 2RD, Dynamic Risers for Floating Production Installations. In addition to providing the study's work to the API, these same results have been presented to the International Organizations for Standardizations (ISO) for possible incorporation in the equivalent international standard, ISO 13628-12.
    - ASTM Standards in Association with BOEMRE Ohmsett Test Facility: F1607-95 (2008) Standard for Oil Spill Response Pumps
- International Standards: A TA&R study laid the groundwork for reviewing the International Electrotechnical Commission Standards for Offshore Wind Farms design standards for applicability on the U.S. OCS. Since then, an American Wind Energy Association (AWEA) effort has been established to 'roadmap' the use of this international standard by supplementing it with the appropriate U.S. standards where there is a variance, and identifying gaps that could potentially be augmented with other standards, and/or gaps that require that additional standards be drafted. Two subsequent TA&R studies will be valuable contributions to this effort.

Participation in joint projects is one of the most effective and efficient means to leverage available funds and disseminate research findings. Therefore, participation in jointly funded projects with industry, other Federal and state agencies, academia, and international regulatory organizations has become an important mechanism for TA&R. In 2010, the TA&R program co-funded five projects with other organizations**.** In 2011, the TA&R program expects to co-fund 6 projects with other organizations. Due to the many benefits that BOEMRE has experienced through co-funded research, the TA&R program will continue to seek opportunities to leverage research dollars through joint projects for new engineering studies and conservation research.

The expansion of industry operations into the deepwater areas of the GOM presents significant technological challenges to industry and BOEMRE. Industry is focused upon the development of new concepts, operational procedures, production facilities, and transportation facilities to meet the physical and economic challenges created by the operating environments of water depths between 3,000 to 10,000 feet. In many cases, custom designs are being developed that employ new materials and unique operating characteristics, all of which need to be independently verified by BOEMRE to ensure safety of operations and protection of the environment. The first commercial development of oil discoveries on the Federal portions of the Beaufort Sea offshore Alaska also presents special challenges to the TA&R program –

particularly the forces that sea ice applies to surface structures (i.e., drilling or production facilities) and pipelines.

Meanwhile, existing platforms and pipelines continue to age, and BOEMRE is increasingly concerned with ensuring the integrity of these older facilities. If not properly maintained, offshore facilities and components will age at an accelerated rate both externally, due to the corrosive salt-water environment, and internally, due to the acidic/caustic nature of some produced well fluids. In order to manage offshore infrastructure in a safe and fully functional condition, it is important to properly protect and maintain wells, platforms, and pipelines through sound engineering standards and rigorous inspection. BOEMRE sponsors research to identify and correct specific problems associated with aging infrastructure and is working closely with industry to ensure the continued safety of OCS facilities, workers, and the environment.

As platforms and associated production facilities reach the end of their useful lives – as is currently happening in the GOM and offshore Southern California – decommissioning and removal are required. BOEMRE is planning to fund several projects to ensure that decommissioned wells will not leak production fluids.

Table 14: OEMM Performance Overview – Regulatory Program

Performance Overview - Regulatory									
Note: Performance and Cost data may be attributable to multiple activities and subactivities. Therefore, measure costs may not equal totals shown in subactivity tables.									
Mission Area 2: Sustainably Manage Energy, Water, and Natural Resources									
Goal 1: Secure America's Energy Resources									
Supporting Performance Measures	**2007 Actual**	**2008 Actual**	**2009 Actual**	**2010 Plan**	**2010 Actual**	**2011 Plan**	**2012 President's Budget**	**Change from 2011 Plan to 2012**	**Long-term Target 2016**
Strategy 1: Ensure environmental compliance and safety of energy development to protect people, wildlife, and the environment.									
Amount (in barrels) of operational offshore oil spilled per million barrels produced (*excluding Hurricane-related spills)* (SP)	2.7 (1,359/ 503.3 million)	0.52 (243.8/469 million)	3.9 (est.) (2060/531 million)	<4.5	7,600 (est.) (4,590369/ 604 million)	<4.5	<4.5	0	<4.5
Total amount (in barrels) of offshore oil spilled per million barrels produced *(including Hurricane-related spills)* (BUR)	2.7 (1,359/ 503.3 million)	12.8 (6007/ 469.1 million)	3.9 (est.) (2060/531 million)	--	7,600 (est.) (4,590369/ 604 million)	--	--	--	--
Actual/Projected Cost per Unit ($)	64	69.8	70.4	76.6	78.3	78.9	Baseline Year*	0	--
Comments	*In FY 2010, the largest recorded oil spill on the OCS occurred following the explosion and sinking of the Deepwater Horizon drilling rig off the coast of Louisiana. Government scientists estimate that 4.9 million barrels of oil were spilled. The National Incident Command Report states that — "it is estimated that burning, skimming and direct recovery from the wellhead removed one quarter (25%) of the oil released from the wellhead. One quarter (25%) of the total oil naturally evaporated or dissolved, and just less than one quarter (24%) was dispersed (either naturally or as a result of operations) as microscopic droplets into Gulf waters." Efforts are still underway to clean up the environmental impacts and recover as much oil as possible. FY 2010 estimated results for the oil spill ratio greatly exceed the planned target; however, FY 2011 and FY 2012 targets will remain at the annual target of less than 4.5 barrels spilled per million barrels produced.* *NOTE: Oil spill data are constantly updated as additional information becomes available through the completion of investigations and/or recovery operations; occasionally, a spill may be deleted or added a year or more later and result in historical data revisions. A final spill volume for the Deepwater Horizon accident has not been determined. Therefore the numerator for the FY2010 Operational Oil Spill ratio and the rate itself are both estimates.* **FY2012 will be a baseline year for performance costs due to the planned reorganization of BOEMRE into two separate bureaus and the major changes anticipated for program operations.*								
Number of Recordable Injuries per 200,000 Offshore Man Hours Worked (SP)	N/A	N/A	N/A	N/A	N/A	Baseline Year	TBD	--	TBD
Total Actual/Projected Cost ($M)	0	0	0	0	0	TBD	TBD	--	--
Comments	*This new strategic plan measure is an incident rate of all Recordable Injuries that occur in the fiscal year for every 200,000 man hours worked (which is the approximate equivalent of 100 man years or full-time equivalents). Recordable injuries are injuries that require medical treatment beyond first aid and fatalities.*								

Performance Overview - Regulatory (continued)									
Supporting Performance Measures	**2007 Actual**	**2008 Actual**	**2009 Actual**	**2010 Plan**	**2010 Actual**	**2011 Plan**	**2012 President's Budget**	**Change from 2011 Plan to 2012**	**Long-term Target 2016**
Total Number of Compliance Inspections Completed (BUR)	20,567	25,650	26,978	22,000	23,619	22,000	TBD	--	TBD
Total Actual/Projected Cost ($M)	40	44	45	49	50	TBD	Baseline Year*	0	--
Comments	*On April 30, 2010, the President directed the Secretary to conduct a 30-day review of the Deepwater Horizon event and to report what additional precautions and technologies should be required to improve the safety of oil and gas exploration and production operations on the outer continental shelf. One of the key recommendations included in that report, as well as other subsequent reports, is that the BOEMRE needs to evaluate and revise the manner in which it conducts its drilling inspections. The current inspection program has only 62 inspectors which is not sufficient to provide the level of oversight that is needed on federal offshore oil and gas activities. Over the next few years, the inspection program and workforce is expected to change dramatically. Although final decisions have not been made, the new inspection strategy is expected to involve more on-site witnessing of high risk activities (e.g., BOP testing and cement/casing activities) that will take more time to complete, but will not necessarily increase the number of inspections. For this reason, it is difficult to determine how many inspections will be completed in FY2012 and beyond.* **FY2012 will be a baseline year for performance costs due to the planned reorganization of BOEMRE into two separate bureaus and the major changes anticipated for program operations.*								
Composite accident severity ratio (BUR)	0.050 (5,208/ 104,071) (revd)	0.122 (12,440/ 101,806) (revd)	0.097 (9,532/ 98,719) (revd)	<.093	0.184 (est.) (17,872/ 97,184)	<.093	<0.93	0	TBD
Comments	*For the composite accident severity ratio, BOEMRE assigns a point value to each operator safety incident reported based on its severity, then divides total annual points by the number of components in service for all operators. This metric provides a reflection of the incident severity. In FY 2007, the point matrix used to assign accident severity values was updated to provide a better indication of the relative severity of the incidents (i.e., there is now a larger differential between the points assigned for major versus minor incidents).* *Due to severity and magnitude of the Deepwater Horizon explosion, the ratio results for FY 2010 far exceeded the target. In addition to the fatalities, oil spilled, and facility damage, BOEMRE received a report of 46 injuries related to the Deepwater Horizon accident that resulted in > 3 days lost time, restricted work, or job transfer. Severity points were assessed for these injuries and included in the severity point total (numerator) for 2010; however, the operator has not provided the details necessary to determine which injuries were serious enough to be assessed additional severity points. For this reason, the numerator for the Composite Accident Severity Ratio and the resultant ratio are estimates only.*								
Maintain an annual composite operator performance index of X or less (BUR)	0.13 (revd)	0.19 (revd)	0.17 (revd)	<.20	0.24	<0.20	<.20	0	TBD
Total Actual/Projected Cost ($M)	42.4	45.9	46.2	50.3	51.7	TBD	Baseline Year*	0	--
Comments	*This metric is a consolidated measure of overall operator performance that combines incident severity with operator compliance to existing regulations. The operator performance index sums two ratios that are normalized for OCS operator activity. The first ratio measures operator compliance using a weighted INC (incident of non-compliance) value. The second ratio measures operator safety by assigning values for accidents (i.e., the composite accident severity ratio). As with the composite accident severity ratio, FY 2010 results are higher than other years because of the Deepwater Horizon event. The FY 2011 and FY 2012 targets are based on maintaining the FY 2010 goal.* **FY2012 will be a baseline year for performance costs due to the planned reorganization of BOEMRE into two separate bureaus and the major changes anticipated for program operations.*								

Performance Overview - Regulatory (continued)									
Supporting Performance Measures	**2007 Actual**	**2008 Actual**	**2009 Actual**	**2010 Plan**	**2010 Actual**	**2011 Plan**	**2012 President's Budget**	**Change from 2011 Plan to 2012**	**Long-term Target 2016**
Number of fatalities among workers in DOI permitted activities (BUR)	3	2	2	4	11	4	4	0	TBD
Number of serious injuries among workers in DOI permitted activities (BUR)	32	31	25	29	29	29	29	0	TBD
Comments	*In FY 2010, the explosion and sinking of the Deepwater Horizon drilling rig off the coast of Louisiana resulted in eleven deaths. Forty-six lost-time injuries were also reported and BOEMRE is still trying to obtain the detailed information necessary to determine the seriousness of these injuries. Targets for the fatalities and serious injury metrics are typically developed based on reducing a rolling multi-year average calculated after actual data for the current year becomes available. Given the unprecedented magnitude of the Deepwater Horizon incident, and the negative skewing impact that including 2010 results would have on the rolling average, FY 2011 and FY 2012 targets are being maintained at the plan for FY 2010.*								
Strategy 3: Manage conventional energy development including coal, oil, and natural gas									
Reserves recovered per dollar of funding for the conservation management component of the program (BUR)	62.7 BOE	28.9 BOE (85,811,266/ 2,972,207)	27.08 (60,923,024/ 2,249,708)	5.2 BOE	24.3 (55,943,067/ 2,299,660)	5.2 BOE	5.2 BOE	0	TBD
Comments	*A Conservation Information Document (CID) details the operator's initial development plan and proposed depletion scenario for a deepwater project. Operators have the tendency to propose a field depletion scenario where marginally economic reservoirs will be bypassed in favor of more prolific reservoirs. BOEMRE conducts an independent evaluation to determine if any additional economically producible reservoirs not proposed for development by the operator should be developed. A final CID may require operators to produce reservoirs that they might otherwise bypass, which results in reserves recovered. This metric estimates the return on investment for BOEMRE conservation activities. The fixed annual target reflects the fact that as the price of oil and gas fluctuates, it is difficult to predict the number of reservoirs operators will propose to bypass in their CIDs or how much those reservoirs will produce. If operators committed to producing every zone in every CID during the year, the result would be 0, however; if they proposed to bypass many reservoirs with reserves that BOEMRE determines are economically producible, the results would be much higher.*								

FY 2012 PERFORMANCE BUDGET REQUEST

Offshore Energy and Minerals Management

Information Management Program Subactivity

Table 15: OEMM Information Management Program Subactivity Budget Summary

		2010 Enacted	Reorganization Transfers (+/-)	Fixed Costs (+/-)	Administrative Cost Savings (-)	Program Changes (+/-)	Offsetting Collections Changes (+/-)	Budget Request	Change from 2010 (+/-)
Information Management	($000)	20,454	0	+14	0	0	0	20,468	+14
Subactivity	FTE	64	0	0	0	0	0	64	0

The FY 2012 budget request for the Information Management Program (IMP) Subactivity is $20.5 million and 64 FTE, level with the FY 2010 enacted budget and the FY 2011 CR level.

PROGRAM OVERVIEW

The Information Management Program (IMP) provides a central foundation to manage the large volume of information and data used in the scientific, engineering, and management activities of BOEMRE's OEMM program. The OEMM has a sophisticated and valuable Information Technology (IT) infrastructure that supports data management and internal and external communications. At the core of OEMM's IT capabilities is the Technical Information Management System (TIMS). TIMS automates the business and regulatory functions of the OEMM and brings diverse information into a central database. This enables BOEMRE's Regions and Headquarters (HQ) to share and combine data; to standardize processes, forms, reports, and maps; to promote the electronic submission of data; to reduce the costs of establishing and maintaining duplicate databases and information storage and retrieval systems; to enforce data integrity through relational database technology; and to release accurate, consistent information to the public.

The Geological Interpretive Tools (GIT) system represents the basis of essentially all OEMM determinations requiring critical geoscience analysis. GIT allows OEMM to improve productivity by quantifying analyses, analyzing digital data in three-dimensions (3-D), fully integrating geophysical and geological data analysis, and reducing risks and uncertainty in decision making processes. In addition, OEMM has developed an extensive Geographic Information System (GIS) capability for nearly all BOEMRE offshore maps and leasing processes, providing BOEMRE the means to define, describe, analyze, and account for every acre of Federal offshore-submerged lands.

The OEMM IT program supports 900 government and contractor staff in four major locations. The technical environment is comprised of approximately 215 servers, over 150 GIT workstations, and approximately 350 terabytes of electronic data storage. It manages a complex network infrastructure, data backup and recovery solutions, and specialized printing and plotting capabilities. In addition, OEMM manages a comprehensive IT security program that monitors, identifies, and seeks to prevent malicious or unauthorized activity and has developed a proactive vulnerability and risk assessment capability.

Headquarters IT staff (located in Herndon, Virginia, and New Orleans, Louisiana) provide single-point management, coordination, and standardization of OEMM IT activities, resulting in an efficient centralized operation. The Gulf of Mexico Region IT operations are centralized into the HQ structure to provide consolidated integration and operations. Some of the many responsibilities of this staff include:

- Coordination with the Department's and BOEMRE's IT Managers, and adherence to Departmental Enterprise Architecture, Departmental Capital Planning and Investment Control process, and Departmental IT Security;
- Leadership in the design, development, implementation, and support of OEMM corporate database and application systems;
- Coordination of OEMM information security activities and coordination with BOEMRE and Department-wide security functions;
- Leadership in design, development, integration, implementation, and support of OEMM and BOEMRE architecture infrastructure;
- Coordination of OEMM-wide area network activities and bureau-wide technology integration;
- Acquisition management of all service contracts in OEMM in support of software development, help desk support, IT consulting, and Geoscientific Interpretive Tools to assist the geoscientists with the evaluation of OEMM leases and management of operations and environmental concerns on the OCS; and
- Leadership in the evaluation and integration of new IT solutions.

The IT units in the other two BOEMRE OCS Regions (Alaska and Pacific) provide onsite IT support to program staff in those localities.

- Within the IMP, OEMM is responsible for maintaining its fiscal share of the bureau-wide IT shared services. Currently this portion of the budget (approximately 34 percent) supports the Exchange (e-mail) infrastructure, the master domain infrastructure, the Systems Management Server (SMS), enterprise desktop licenses, enterprise contract support, and other enterprise-wide systems.

2012 PERFORMANCE OVERVIEW

The OEMM IT program is operating in an environment of unprecedented new and changing mission needs as a result of changing BOEMRE program responsibilities. These include:

- New BOEMRE responsibilities for Federal offshore alternative energy and alternate uses of America's offshore public lands under the 2005 Energy Policy Act.
- Implementation of revenue sharing requirements under the Gulf of Mexico Energy Security Act of 2006 (Pub. Law 109-432).
- Ongoing changes to improve revenue collections and management processes.

In addition to responding to conditions that affect the nature of its business, OEMM is under increasing pressure to address changes that affect how it will deliver IT. While the OEMM IT program operates in an environment of changing mission needs, new technologies and resource

constraints, it remains committed to enhance mission support with the best technology and service possible.

To this end, BOEMRE has established an OEMM IT Program Strategic Plan that serves as high-level direction for the program. The following provides a broad outline of that plan:

Framework	Goal	*Principle(s)*
External	1. Align IT solutions with the OEMM business environment, policy, goals and statutory requirements.	***Collaboration*** ***Agility***
Internal	2. Deliver and maintain a secure, reliable, cost effective, responsive technology architecture.	***Value***
Control	3. Enhance the overall management of the information technology program and service delivery.	***Stewardship*** ***Transparency*** ***Governance***

The following key activities will continue in FY 2012:

- First completed in May 2004, certification and accreditation (C&A) of all OEMM systems, required by the Federal Security Management Act (FISMA) every three years. OEMM continues to be on schedule, with the latest reaccreditation completed in FY 2010.
- Internal Control Reviews for all OEMM systems:
    - To date, no material security weaknesses have been found and OEMM continues to be compliant with the Federal Information Security Management Act (FISMA).
- Annual training for general users and expanded training for systems administrators, security managers, and OEMM managers.
- Convening governance committees that regularly examine offshore IT needs, recommend reprioritization of needs based on new circumstances, and collectively recommend the most effective distribution of limited IMP resources.

Also, BOEMRE continues work to upgrade and maintain TIMS to meet the changing mission needs. The Development, Modernization, and Enhancement (DME) phase is estimated to continue through FY 2012. The new approach is iterative, builds increments of functionality, employs process adaptability, and promotes useful assets that provide desired business outcomes using a realistic schedule

TIMS narrows existing agency performance gaps by:

- providing better access to the public and industry for a host of BOEMRE services and information products;
- decreasing cycle time to receive and process stakeholder requests;

- increasing collaboration and information sharing among BOEMRE and external stakeholders;
- increasing the quantity and quality of value-added analysis of BOEMRE data and resources; and
- improving data and information access for the public and industry.

The four high priorities identified for development and implementation are:

1. Electronic Document Management System (EDMS) foundational capabilities
2. Geographic Information System (GIS)
3. Infrastructure foundational capabilities
4. Electronic Information Collection/Integration (company and bonding)

The IMP subactivity funds IT personnel, systems, hardware, software, training, shared services, security activities, maintenance, and technical support. Within the Activity-Based Costing system, BOEMRE generally assigns IM activities to specified DOI common work activities, recognizing that program-specific IT systems are developed and maintained to support mission processes. IT security costs are separately identified as program support.

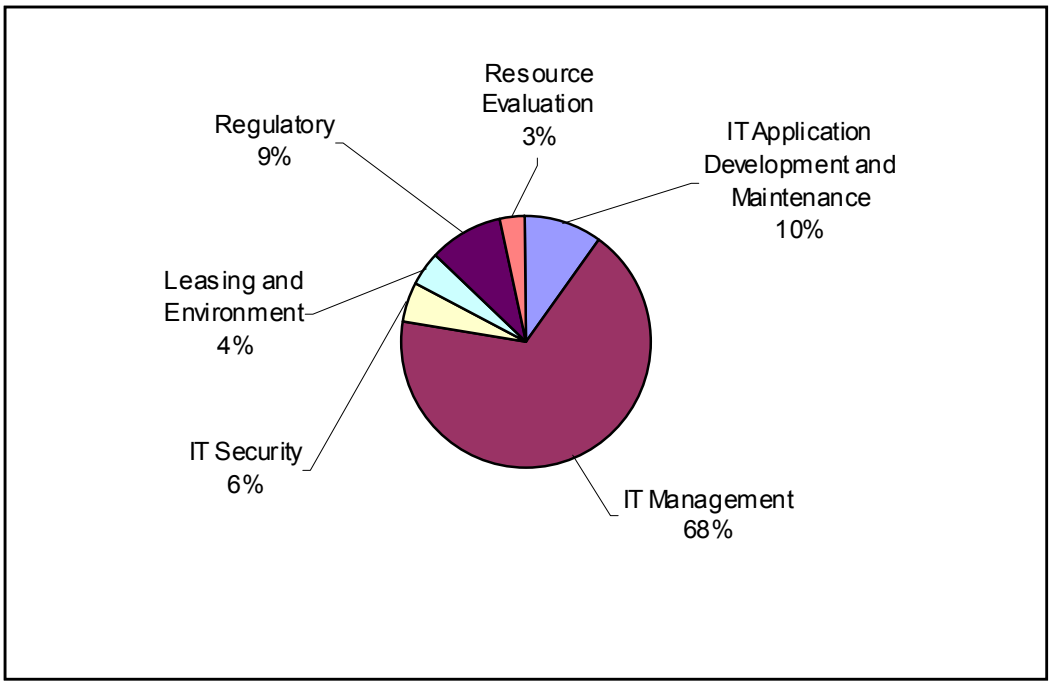

Figure 7. Estimated FY 2010 Information Management Spending Profile

FY 2012 PERFORMANCE BUDGET REQUEST

Offshore Energy and Minerals Management

Oil Spill Research Appropriation

Table 16: OEMM Oil Spill Research Budget Summary

		2010 Enacted	Reorganization Transfers (+/-)	Fixed Costs (+/-)	Administrative Cost Savings (-)	Program Changes (+/-)	Offsetting Collections Changes (+/-)	Budget Request	Change from 2010 (+/-)
Oil Spill Research	($000)	6,303	0	0	0	+8,620	0	14,923	+8,620
	FTE	18	0	0	0	+4	0	22	+4

SUMMARY OF FY 2012 PROGRAM CHANGES

Request Components

	Amount	FTE
Oil Spill Research	+8,620	+4

JUSTIFICATION OF FY 2012 PROGRAM CHANGES

The FY 2012 budget request for the Oil Spill Research Appropriation is $14.9 million and 22 FTE, a net increase of $8.6 million and 4 FTE over the FY 2010 enacted level and the FY 2011 CR level.

Oil Spill Research: ($+8,620,000; +4 FTE)

Originally requested in the FY 2011 Budget Amendment, additional funding is needed for the BOEMRE Oil Spill Research Program to address several key knowledge gaps brought to light by the Deepwater Horizon (DWH) oil spill and its troubled and lengthy spill containment and response efforts. This request will provide an additional $8.6 million for contract research and four FTEs needed to manage the development and monitoring of studies.

Large research efforts in deep water are very expensive and require multiple partners. BOEMRE has a long history of leveraged ocean research, often providing funds to address needed data gathering through support to academics and university partners. Agencies including NOAA, the Navy, and the USCG National Strike Force often contribute funds or ship time to these efforts, as they have ancillary needs for information to support their own missions.

However, BOEMRE plays a key role in initiating applied research to support decision making pertaining to offshore energy development. BOEMRE has long conducted research in oil spill containment and response and provides response training at its large test tank facility (OHMSETT, Oil and Hazardous Materials Simulated Environmental Test Tank) in Leonardo, New Jersey. BOEMRE will continue to play a leadership role in both technology assessment and stimulation of innovation on a larger scale than its usual study efforts. Deep spill containment needs to be greatly improved, along with deep spill tracking and recovery. In order to work at these depths, both surface platforms (e.g., ships) and subsea remotely operated vehicles (ROVs) are needed. A typical cost for a single study is on the order of $2-3 million. In addition to spills at depth, oil in the water column must also be able to be detected and tracked to

a far greater extent than existing capabilities allow. This includes chemical sampling in the water column, and much needed new techniques to estimate the fate of submerged oil and dispersant plumes. This information will in turn support oil spill tracking models which can be directly applied to spill cleanup requirements and spill response planning.

When oil reaches the surface, we need to greatly improve our capacity to separate it from the water and remove it. The DWH spill response effort demonstrated that existing skimmer capacities, which were developed more than two decades ago following the Exxon Valdez incident, need to be improved. In addition, better skimming strategies need to be researched and employed.

The use of in-situ burning during the DWH event provided valuable, real-time information that has greatly improved our understanding of this promising technique. Research is now needed to enhance designs, address decisions pertaining to the stockpiling of fire-proof materials, and develop onsite protocols for safety and air quality issues.

On January 13, 2011, BOEMRE entered into an agreement with the USCG to address sub-sea containment design/operating standards and to reassess surface containment/recovery performance standards. Research funds need to be available to facilitate evaluation and testing for these two efforts. Also effective oil spill response in cold, icy waters is a critical component in moving forward with exploration activities on the Alaska OCS. Continued focus on fostering the development of new technology for this environment and evaluating response options is critical to help ensure the best response assets are available for arctic oil spill response.

PROGRAM OVERVIEW

The Oil Spill Research (OSR) appropriation funds oil spill response research, Ohmsett – the National Oil Spill Response & Renewable Energy Test Facility, oil spill prevention and response planning, and regulation of oil spill financial responsibility. These activities support the DOI strategy of enhancing responsible use management practices in the energy sector.

Funding for OSR activities is appropriated from the Oil Spill Liability Trust Fund (OSLTF). The OSLTF was initially funded through a tax of five cents per barrel of oil, collected from industry. Subsequent funding for the OSLTF is derived from:

- **Barrel Tax**. The largest source of revenue for oil spill research has been a 5-cent-per-barrel tax, collected from the oil industry on petroleum produced in or imported to the United States. The tax was suspended in July 1993 because the Fund reached its statutory limit. It was reinstated in July 1994 when the balance declined below $1 billion, but expired at the end of 1994 because of the sunset provision in the law. The 2005 Energy Policy Act again reinstated the tax, effective April 2006.
- **Transfers**. A second major source of revenue has been transfers from other existing pollution funds. Total transfers into the OSLTF since 1990 have exceeded $550 million. No additional funds remain to be transferred to the OSLTF.
- **Interest**. Interest on the OSLTF principal from U.S. Treasury investments generates additional revenue.

- **Cost Recoveries**. Another source is cost recoveries from responsible parties; those responsible for oil incidents are liable for costs and damages. The National Pollution Funds Center bills responsible parties to recover costs expended by the OSLTF.
- **Penalties**. In addition to paying for clean-up costs, responsible parties may incur fines and civil penalties under the Oil Pollution Act, the Federal Water Pollution Control Act, the Deepwater Port Act, and the Trans-Alaska Pipeline Authorization Act.

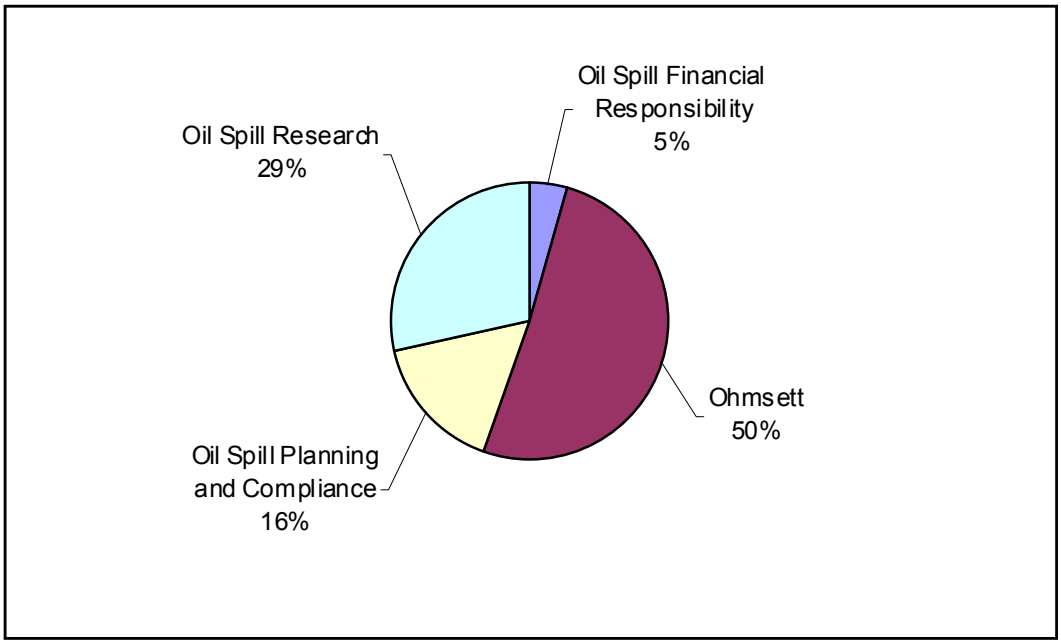

Figure 8. Estimated FY 2010 Oil Spill Research Spending Profile

As intended by the Oil Pollution Act of 1990, the companies that produce and transport oil are supporting research to improve oil spill response capabilities.

PERFORMANCE OVERVIEW

BOEMRE administers many programs and activities aimed at the prevention and mitigation of oil spills:

Oil Spill Response Research (OSRR): BOEMRE is the principal Federal agency funding offshore oil spill response research and for more than twenty-five years has maintained a comprehensive, long-term research program to improve oil spill response technologies. Managed in conjunction with the bureau's Technology Assessment and Research Program (see OEMM - Regulatory Subactivity section), the OSRR program provides research leadership to improve the knowledge and capability for the detection, containment, and cleanup of oil spills that may occur on the U.S. Outer Continental Shelf.

The OSRR program is responsive to the information and technological needs of the bureau's regional and district offices. Information derived from the OSRR program is directly integrated into BOEMRE's operations and is used in making regulatory decisions pertaining to permit and plan approvals, safety and pollution prevention inspections, enforcement actions, and training

requirements. Research results are also transferred to rule writers, investigators, plan reviewers, and others that need this information to ensure safe operations and will assist BOEMRE in its efforts to independently keep pace with industry's technological advancements. Response technologies identified by the OSRR program focus on preventing offshore operational spills from reaching sensitive coastal environments and habitats.

The OSRR program is cooperative in nature, bringing together funding and expertise from research partners in government agencies, the oil industry, and the international community through cooperative research arrangements and participation in concurrent research and development projects. Many OSRR projects are Joint Industry Projects, where BOEMRE partners with other stakeholders to maximize research dollars.

A bigger effort must be made to disseminate the results of research and development projects as widely as possible in publications through appropriate scientific and technical journals, technical reports, and public information documents. The intent is to make this information widely available to oil spill response personnel and organizations worldwide. Since its inception, this program has expanded capabilities to respond to an oil spill in the marine environment. BOEMRE must get these results into the hands of response planners, equipment manufacturers, and other agencies.

The current OSRR projects cover a wide spectrum of oil spill response issues and include laboratory, meso-scale and full-scale field experiments. Recent examples of oil spill response research include an assessment of the physical and chemical properties of various biofuels (biodiesels and gasoline/ethanol blends) to determine their suitability for testing at Ohmsett - The National Oil Spill Response Research and Renewable Energy Test Facility; an evaluation of the window of opportunity (or time-window) for using various oil spill response technologies for the removal of spilled dielectric fluids in the marine environment; examination of the feasibility of a cold water and Arctic marine oil spill countermeasure strategy based on the stimulation of oil-mineral-aggregate formation in the presence of a chemical dispersant; and validation of models that were developed to predict the window of opportunity for successful chemical dispersant use in the Gulf of Mexico (GOM).

In 2011, BOEMRE will continue research to:

- Develop, test, and evaluate aerial systems to detect and map the thickness of oil spills;
- Significantly expand the practical operating window for oil detection on and under sea ice with Ground Penetrating Radar to cover a wider range of sea ice and climate conditions;
- Assess subsurface dispersant injection as a response option for deepwater blowout oil spills by conducting a series of experiments designed to evaluate the dispersant effectiveness and monitoring of in situ dispersed oil droplet size distributions in subsurface conditions and to develop a general mathematical formulation that can be used to predict the droplet size distribution and the influence of both natural and chemical dispersion under a wide range of deepwater blowout conditions.
- Further evaluate the feasibility of using herders to enable in situ burning as an open water oil spill response countermeasure.

Ohmsett - The National Oil Spill Response and Renewable Energy Test Facility: Ohmsett is one of the world's largest tow/wave tanks, designed to test and evaluate full scale equipment for the detection, containment, and cleanup of oil spills. Ohmsett is also developing the capability to test renewable energy systems such as wave generating systems. No other agency operates a facility like Ohmsett; in fact, major Federal clients such as the United States Coast Guard and the United States Navy rely on Ohmsett for their training needs. The diverse private client base of Ohmsett varies from major oil industry firms such as Exxon Corporation and Marine Spill Response Corporation to academic research institutions like the University of New Hampshire, University of Rhode Island, and the University of Miami. Private sector clients reimburse BOEMRE for the cost of using the Ohmsett facility.

Ohmsett is the only facility where full scale oil spill response testing, training, and research can be conducted with a variety of crude oils and refined products in varying wave conditions. Ohmsett is located at Naval Weapons Station Earle in Leonardo, New Jersey, about one hour drive south of New York City. The heart of Ohmsett is a large outdoor, above ground concrete test tank that is 667 feet long, 65 feet wide, 11 feet deep and filled with 2.6 million gallons of crystal clear saltwater. Ohmsett plays an important role in developing the most effective response technologies, as well as preparing responders with the most realistic training available. The facility provides testing and research capabilities to help the government fulfill its regulatory requirements and meet its goal of clean and safe operations.

Many of today's commercially available oil spill cleanup products have been tested at Ohmsett and a considerable body of performance data and information on mechanical response equipment has been obtained there. This information can be used by response planners in reviewing and approving facility contingency plans. Ohmsett is also the premier training site for oil spill response personnel. Government agencies including the USCG and USN as well as private industry and oil spill response organizations train their emergency response personnel with real oil and their own full-scale equipment. Some of the testing activities for 2010 included three remote sensing tests, an alternative energy test, skimmer and boom tests, dispersant tests, dielectric fluid recovery tests, evaluation of the Tesoro-Crucial Skimmer, remote sensing tests, and industry oil spill response training classes.

For 2011, there will be several alternative energy system tests, oil dispersant tests, a USCG sunken oil test, contestant competition for the Wendy Schmidt Oil Cleanup X Challenge finals ($1 million first prize), remote sensing tests, and several USCG and industry oil spill response training classes. Information on Ohmsett can be found at www.ohmsett.com. Information on the X PRIZE Foundation can be found at www.xprize.org.http:///

Figure 9: Ohmsett Facility in New Jersey

Oil Spill Response and Planning: BOEMRE is responsible for oil spill planning, preparedness, and response for facilities engaged in oil and gas exploration, development, and production seaward of the coastline, as well as those facilities that handle, store, or transport oil. Several functions associated with this OPA-derived authority include review and approval of oil spill response plans that cover over 3,700 fixed and floating platforms and 37,000 miles of subsea pipelines, ensuring preparedness of spill management teams and viability of oil spill response plans through conduct of unannounced oil spill drills that often require deployment of major pieces of oil spill response equipment, on-site inspection covering maintenance, operability, and distribution of all oil spill response equipment listed in oil spill response plans, and assisting the designated federal on-scene coordinator during responses to offshore spills.

Following the Deepwater Horizon event, BOEMRE has taken steps to identify weaknesses in response to offshore oil spills and gaps with applicable area contingency plans, provide guidance to offshore operators in areas where plan improvements are necessary, and significantly increased coordination with the U.S. Coast Guard. Examples of several of the initiatives undertaken include the November 8, 2010, publication of NTL 2010-N10, which addressed operator information requirements for demonstrating adequate spill response and well containment resources; another example is the January 13, 2011, Response Work Group Charter that established BOEMRE and USCG team of experts to work collaboratively on subjects including response planning standards, activity coordination, and a national database of spill response equipment. BOEMRE staff are currently working with the USCG to develop a Job Aid that will be used by USCG staff to review adequacy of worst case discharge scenario response strategies and to identify gaps with area and regional contingency plans. When the revision process of the subject plans begins, BOEMRE staff will, for the first time, be dedicated to the U.S. Coast Guard led effort, to ensure that appropriate response strategies are incorporated in the plans based upon worst case discharge scenarios from offshore facilities.

As part of our efforts to implement the recommendations of the Offshore Safety Oversight Board, BOEMRE has convened a team dedicated to addressing, among other items, validation of

worst case discharge modeling through a peer review process with the U.S. Geological Survey, development of oil spill response plan review standards, revisions to the Memoranda of Agreement with the U.S. Coast Guard on oil spill planning, preparedness, and response, and improved coordination with Federal and state agencies with oil spill response authorities or interests. This effort continues with oversight from senior BOEMRE management and will result in improvements that are intended to provide for greater spill recovery efficiencies and thus a high level of environmental protection.

Recognizing the need for greater coordination of BOEMRE functions associated with offshore oil discharges, the Director announced the creation of the Oil Spill Response Division – a move that would bring under one roof staff and functions needed to provide clear program direction and ensure consistent implementation throughout the bureau. The organization will provide for dedicated staff to concentrate on highly technical and scientific issues as primary rather than collateral duties as in the past and to more actively engage in committees and activities attendant to the National Response System, National Contingency Plan, and the National Response Framework. Increased staffing is essential to the success of this new enterprise. While many functions will involve transfer of existing staff into the Division, there is a need to hire new staff to meet the demands of the post-Deepwater Horizon oil spill response posture for offshore U.S. waters.

Oil Spill Financial Responsibility: BOEMRE is responsible for implementing the financial responsibility provisions of OCSLA and OPA, which require companies responsible for certain offshore oil and gas facilities, in both Federal and state waters, to demonstrate their ability to pay the costs of facility oil spill discharge removal and damages. Several methods may be used to demonstrate oil spill financial responsibility (OSFR), including insurance, bonds, self-insurance, and guarantee. The amount of OSFR needed is based on facility location and the volume of the worst-case oil spill discharge that could occur. Extensive coordination and exchange of lease data takes place with affected states to ensure that the public is insulated from fiscal risk by ensuring that each offshore operator maintains the ability to pay for damages resulting from worst-case oil spill scenarios.

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FY 2012 PERFORMANCE BUDGET REQUEST
General Administration

Table 17: General Administration Summary of Budget Request

General Administration		2010 Enacted	Reorganization Transfers (+/-)	Fixed Costs (+/-)	Administrative Cost Savings (-)	Program Changes (+/-)	Offsetting Collections Changes (+/-)	Budget Request	Change from 2010 (+/-)
Executive Direction	($000)	2,818	-361	0	-25	+610	-2	**3,040**	**+222**
	FTE	27	-2	0	0	0	0	**25**	**-2**
Policy and Management Improvement	($000)	4,328	-1,341	+1	-29	+7,083	-3	**10,039**	**+5,711**
	FTE	31	-11	0	0	+24	0	**44**	**13**
Administrative Operations	($000)	20,029	-8,808	+3	-398	+1,505	-7	**12,324**	**-7,705**
	FTE	160	0	0	0	+1	0	**161**	**+1**
General Support Services	($000)	28,524	-9,360	+996	-22	+917	-33	**21,022**	**-7,502**
	FTE	0	0	0	0	0	0	**0**	**0**
Total	**($000)**	**55,699**	**-19,870**	**+1,000**	**-474**	**+10,115**	**-45**	**46,425**	**-9,274**
	FTE	**218**	**-13**	**0**	**0**	**+25**	**0**	**230**	**+12**

The General Administration function provides the administrative, management and policy support and services that the entire organization needs to carry out its primary missions. An ongoing assessment is occurring to identify the most appropriate administrative and support structure details for the two new organizations to be created from BOEMRE at the start of FY 2012. BOEMRE is assessing the best ways to provide high levels of service to both organizations (BOEM and BSEE), while meeting objectives for efficiency and timeliness.

FY 2012 BUDGET OVERVIEW

The BOEMRE General Administration function currently consists of four subactivities:

- **Executive Direction**, which provides bureau-wide leadership, direction, management, coordination, communications strategies, and outreach;
- **Policy and Management Improvement**, which coordinates the bureau's policy management and strategic planning efforts;
- **Administrative Operations**, which includes budget, finance, human resources, procurement, facilities, information management, and equal employment services; and
- **General Support Services**, which ensures bureau-wide infrastructure support, such as office space, security, utilities, and voice/data communications.

FY 2012 BUDGET REQUEST

The FY 2012 budget request for the General Administration Subactivity is $46.4 million and 230 FTE, a net increase of $10.6 million and 25 FTE compared with the FY 2010 enacted level and the FY 2011 CR level, after adjusting for the transfer of $19.9 million in administrative support resources associated with the Office of Natural Resources Revenue (ONRR). ONRR was transferred to the Office of the Secretary on October 1, 2010 as part of the ongoing reorganization of the former Minerals Management Service. See the following table for General Administration's programmatic budgetary changes.

Table 18: General Administration Request Compared to FY 2010

Request Component	Subactivity	Amount	FTE
Fixed Costs	General Support Services	+996,000	0
	Administrative Operations	+3,000	0
	Policy and Management Improvement	+1,000	0
	Subtotal:	**+1,000,000**	**0**
Administrative Savings	Executive Direction	-25,000	0
	Policy and Management Improvement	-29,000	0
	General Support Services	-22,000	0
	Administrative Operations	-398,000	0
	Subtotal:	**-474,000**	**0**
Reorganization Efficiences and Changes	Administrative Operations	+1,505,000	+1
	General Support Services	+917,000	0
	Executive Direction	+610,000	0
	Policy and Management Improvement	+101,000	0
	Subtotal:	**+3,133,000**	**+1**
Investigations and Review Unit (IRU)	Policy and Management Improvement	+5,782,000	+20
	Subtotal:	**+5,782,000**	**+20**
Independent Advisory Board	Policy and Management Improvement	+1,200,000	+4
	Subtotal:	**+1,200,000**	**+4**
Offsetting Collections	Executive Direction	-2,000	0
	Policy and Management Improvement	-3,000	0
	Administrative Operations	-7,000	0
	General Support Services	-33,000	0
	Subtotal:	**-45,000**	**0**
Transfer to ONRR/PMB	Executive Direction	-361,000	-2
	Policy and Management Improvement	-1,341,000	-11
	Administrative Operations	-8,808,000	0
	General Support Services	-9,360,000	0
	Subtotal:	**-19,870,000**	**-13**
	Total:	**-9,274,000**	**+12**

Fixed Costs and Related Changes

BOEMRE's fixed costs are expected to increase by $1,192,000 in FY 2012 over FY 2011, net of reorganization adjustment for ONRR.

BOEMRE's fixed cost increase is composed of the following:

Change in Pay Days FY 2011 to FY 2012	-$456,000
FY 2011 Pay Adjustment (0% - reflects pay freeze)	+$0
FY 2012 Pay Adjustment (0% - reflects pay freeze)	+$0
Non-Foreign Area COLA/Locality Pay Adjustment	+$180,000
Employer Share of Federal Health Benefits	+$472,000
Department Working Capital Fund	-$181,000
Workers' Compensation Payments	+$323,000
Unemployment Compensation	+$0
GSA/Non-GSA Space Rental	+$854,000
Total Projected Fixed Cost Increase	**+$1,192,000**

PROGRAM AND PERFORMANCE OVERVIEW

The General Administration function provides the administrative, management and policy support, and other services that the entire organization needs to carry out its primary missions. The administrative arm of BOEMRE provides leadership and direction in overall management of the organization, planning and performance, budget, finance, human resources, information technology, and other services. Centralization of these administrative functions leverages resources and contributes to efficient and effective operations across the organization. During this reorganization transition period, BOEMRE continues to provide certain support services to ONRR through reimbursable agreements.

PERFORMANCE

General Administration does not have performance measures specifically for its activities; rather, the efforts within General Administration feed into the performance measures for the functional programs.

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FY 2012 PERFORMANCE BUDGET REQUEST
General Administration
Executive Direction

Table 19: Executive Direction Subactivity Budget Request

		2010 Enacted	Reorganization Transfers (+/-)	Fixed Costs (+/-)	Administrative Cost Savings (-)	Program Changes (+/-)	Offsetting Collections Changes (+/-)	Budget Request	Change from 2010 (+/-)
Executive Direction	($000)	2,818	-361	0	-25	610	-2	**3,040**	**+222**
	FTE	27	-2	0	0	0	0	**25**	**-2**

SUMMARY OF FY 2012 PROGRAM CHANGES

Request Component	Amount	FTE
Reorganization Efficiences and Changes	+610,000	0
Offsetting Collections	-2000	0
Administrative Savings	-25,000	0
Transfer to ONRR/PMB	-361,000	-2
Total:	**+222,000**	**-2**

JUSTIFICATION OF FY 2012 PROGRAM CHANGES

Information regarding BOEMRE's efforts to reduce administrative costs and achieve reorganization efficiencies can be found in the General Statement.

Reorganization Efficiencies and Changes ($610,000; 0 FTE): Successful reorganization and OCS reform will require development of effective leadership teams in each of the new organizations and maintenance of existing capacity.

Transfer to ONRR/PMB(-$361,000; -2 FTE): Two staff members have been transferred to ONRR/PMB to support Congressional and Public Affairs activities.

PROGRAM OVERVIEW

The Executive Direction Subactivity comprises the Office of the Director, the Office of Public Affairs, and the Office of Congressional Affairs.

Office of the Director (OD)

The Office of the Director includes the Director, the Deputy Directors, and their immediate staff. This office is responsible for providing general policy guidance and overall leadership within the BOEMRE organization, as well as managing all of the official documents of the Office of the Director.

Office of Public Affairs (OPA)

The OPA is responsible for BOEMRE's communication strategies and outreach. The goal of OPA is to inform the public, ensure coordinated communication, consistent messages, and the effective exchange of information with all customers and stakeholders. The OPA coordinates the implementation of an effective and inclusive outreach program to numerous target audiences, including state and local governments, the energy industry, related trade associations, the environmental community, Indian tribes, energy consumer groups, and the public.

Office of Congressional Affairs (OCA)

The OCA serves as the primary point of contact with Congress, and is responsible for the coordination of all communication and outreach with Congressional offices, as well as ensuring a consistent message and the effective exchange of information. The OCA serves as the liaison for BOEMRE on all Congressional and legislative matters that affect BOEMRE with Congress, the Department of the Interior, and other Federal executive agencies.

FY 2012 PERFORMANCE BUDGET REQUEST
General Administration
Policy and Management Improvement Subactivity

Table 20: Policy and Management Improvement Subactivity Budget Request

		2010 Enacted	Reorganization Transfers (+/-)	Fixed Costs (+/-)	Administrative Cost Savings (-)	Program Changes (+/-)	Offsetting Collections Changes (+/-)	Budget Request	Change from 2010 (+/-)
Policy and Management	($000)	4,328	-1,341	+1	-29	+7,083	-3	**10,039**	**+5,711**
Improvement	FTE	31	-11	0	0	+24	0	**44**	**+13**

SUMMARY OF FY 2012 PROGRAM CHANGES

Request Component	Amount	FTE
Investigations and Review Unit (IRU)	+5,782,000	+20
Independent Advisory Board	+1,200,000	+4
Reorganization Efficiences and Changes	+101,000	0
Fixed Costs	+1,000	0
Offsetting Collections	-3,000	0
Administrative Savings	-29,000	0
Transfer to ONRR/PMB - Appeals Office	-1,341,000	-11
Total:	**+5,711,000**	**+13**

JUSTIFICATION OF FY 2012 PROGRAM CHANGES

Information regarding BOEMRE's efforts to reduce administrative costs and achieve reorganization efficiencies can be found in the General Statement.

Investigations and Review Unit (+$5,782,000; +20 FTE): Funding is requested to staff and equip an Investigations and Review Unit (IRU), a team of professionals with law enforcement backgrounds or technical expertise whose mission is to: promptly and credibly respond to allegations or evidence of misconduct and unethical behavior by Bureau employees; pursue allegations of misconduct by oil and gas companies involved in offshore energy projects; and assure the Bureau's ability to respond swiftly to emerging issues and crises, including significant incidents such as spills and accidents. The IRU will evaluate all information submitted and will, where appropriate, conduct further investigation. The IRU will be sharing allegations of misconduct with the Department of the Interior's Office of Inspector General (OIG), and they will jointly determine which office conducts any investigation of those allegations.

Independent Advisory Board (+$1,200,000; +4 FTE): The Board was conceived by the Reorganization Team and would be charged with reviewing BOEM internal policies, procedures, rules, and regulations. It would also provide peer review through participation of BSEE staff who would serve as informal advisors. The board will ensure the continued coordination among the emerging bureaus. Requested funds would also cover operating costs such as travel and space.

Reorganization Transfers – Appeals Office (-$1,341,000; - 11 FTE): As part of the reorganization, the Administrative Appeals office was moved to ONRR on October 1, 2010.

PROGRAM OVERVIEW

The Policy and Management Improvement Subactivity (PMI) serves as the principle office to provide the Director with independent review and analysis of programmatic and management issues. Additionally, PMI leads, coordinates and monitors many cross-program initiatives, assuring a consistent, BOEMRE-wide implementation that directly supports Congressional, Presidential and Departmental directives, laws, mandates and guidance.

PMI fulfills the Director's responsibilities in several critical areas including strategic and performance planning, policy and program evaluation and regulatory responsibilities. PMI is also responsible for ensuring that programmatic plans and policies are consistent with and integrated into the overall bureau mission and responsibilities, as well as with Department and Administration policy frameworks. In addition, PMI administers and coordinates internal reviews, and oversees and assures implementation of recommendations made by oversight groups such as the Government Accountability Office and the Office of Inspector General. Evaluations of BOEMRE's existing and proposed policies and programs are conducted through economic and programmatic analyses.

POLICY AND REGULATION PROGRAMS

Policy Analysis

At the request of the Director and in support of Secretarial initiatives, PMI provides policy reviews and analysis on a broad range of complex and controversial matters. In addition, PMI reviews legislation, regulations, and other documents for their policy content and provides analysis of proposals from outside BOEMRE that affect BOEMRE programs.

Open and Nondiscriminatory Access Hotline

Implementation of the Open and Nondiscriminatory Access Hotline began in August 2008. This initiative invites shippers and others to call with concerns, if they believe they have been, or are being, denied open or nondiscriminatory access to oil or gas pipelines operating on the OCS under a Right-of-Way or other authority granted by the Department of the Interior. The Hotline gives callers an informal way to report problems obtaining access to OCS pipelines not under the Federal Energy Regulatory Commission jurisdiction, without litigation or lengthy complaint proceedings.

Regulatory Direction

PMI manages BOEMRE's regulatory program and serves as liaison to the Department's regulatory office, the Federal Register and the Office of Management and Budget. PMI manages and organizes the rulemaking process to enable the Director to assure that rules are consistent with policy and legislation and meet all administrative requirements. PMI, working with BOEMRE leadership, prioritizes all rulemakings, tracks status, and assures that OMB, Departmental and Congressional requirements are met.

PLANNING AND PERFORMANCE PROGRAMS

Strategic Planning and Performance Management

PMI is the organization responsible for strategic planning and ensuring a culture of accountability for results at BOEMRE. PMI coordinates and guides the bureau in developing and implementing strategic and annual implementation plans, developing performance metrics, and ensuring that metrics are comprehensive and consistent with BOEMRE policy.

PMI works with the programs to integrate performance and activity based costing (ABC). The office leads efforts to strengthen decision-making and improve results through corporate-level analysis and review of ABC costs of program outputs, performance and financial management metrics, and the results of internal and external assessments. PMI leads BOEMRE's initiative to apply activity-based costing/management (ABC/M) methods to its operations.

Program Evaluation and Review of Internal Management Controls

PMI leads an integrated evaluation process to ensure that BOEMRE programs operate as designed and that recommendations resulting from internal and external reviews are adequately addressed. All evaluations of BOEMRE programs and activities are tracked, analyzed, and the status is provided quarterly to management. The evaluations include both internal and external reviews such as GAO and OIG audits, management control reviews, risk assessments, performance assessments, ABC data reviews, administrative reviews, financial management metrics, and other special ad hoc reviews of BOEMRE programs and initiatives.

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FY 2012 PERFORMANCE BUDGET REQUEST
General Administration
Administrative Operations Subactivity

Table 21: Administrative Operations Subactivity Budget Request

		2010 Enacted	Reorganization Transfers (+/-)	Fixed Costs (+/-)	Administrative Cost Savings (-)	Program Changes (+/-)	Offsetting Collections Changes (+/-)	Budget Request	Change from 2010 (+/-)
Administrative Operations	($000)	20,029	-8,808	+3	-398	+1,505	-7	**12,324**	**-7,705**
	FTE	160	0	0	0	+1	0	**161**	**+1**

SUMMARY OF FY 2012 PROGRAM CHANGES

Request Component	Amount	FTE
Reorganization Efficiences and Changes	+1,505,000	+1
Fixed Costs	+3,000	0
Offsetting Collections	-7,000	0
Administrative Savings	-398,000	0
Transfer to ONRR/PMB	-8,808,000	0
Total:	**-7,705,000**	**+1**

JUSTIFICATION OF FY 2012 PROGRAM CHANGES

Information regarding BOEMRE's efforts to reduce administrative costs and achieve reorganization efficiencies can be found in the General Statement.

Reorganization Efficiencies and Changes (+$1,505,000; +1 FTE): Successful reorganization and OCS reform will require an effective organizational infrastructure, including human resources, procurement, support services and administrative direction and coordination to support core mission operations.

Transfer to ONRR/PMB (-$8,808,000; 0 FTE): Funding for the administrative support of ONRR is being transferred to the Office of the Secretary as part of the BOEMRE reorganization.

PROGRAM OVERVIEW

The Administrative Operations Subactivity consists of the following functions: Administrative Direction and Coordination, Emergency Management, Budget, Finance, Equal Employment Opportunity, Human Resources, Procurement, and Information Management.

Administrative Direction and Coordination: Administrative direction and coordination provides for oversight of all administrative activities within BOEMRE. This oversight ensures compliance with laws relating to administrative activities; provides for the review, interpretation, and implementation of Federal executive branch administrative policies and procedures; and develops appropriate guidance to ensure compliance with DOI, OMB, GSA, and other executive branch

administrative policies and regulations. This function also includes responsibility for management analysis functions, such as management studies and reviews, organizational reviews, delegations of authority and related activities, and special projects.

Emergency Management: The Emergency Management program is responsible for providing emergency management services and preparing continuity of operations plans. An Emergency Coordinator and associated staff oversee the operations of this program. BOEMRE has a process in place for reporting critical emergency incidents to the appropriate officials in a timely manner. Our Continuity of Operations Program (COOP) includes training and exercises, providing for alternate relocation facilities, alternate interoperable communications, and alternate database/records access. Our goal is to have appropriate emergency management plans, and continuity of operations plans, in place for any unplanned event or unforeseen circumstance that can cause significant disruption of mission functions.

BOEMRE continues to comply with the Office of Homeland Security's National Incident Management System and Incident Command System, working closely with designated lead agencies such as the U.S. Coast Guard to safeguard our Nation's energy supply.

Budget Division: The Budget Division provides budget analysis and guidance for the formulation, Congressional and execution phases of the budget cycle. During the *budget formulation cycle*, the Budget Division develops and maintains all budgetary data to support BOEMRE's budget requests to the Department with submission of the Budget Proposal, to the Office of Management & Budget with submission of the Budget Estimates and to the Congress with submission of the Budget Justifications. During the *Congressional phase,* the Budget Division prepares capability and effect statements, provides answers to House and Senate questions and drafts testimony and oral statements for Congressional hearings. Throughout the *execution phase*, the Budget Division tracks spending against line item budgets, analyzes budgetary and expense data, and provides regular updates to BOEMRE executives on the status of funds. The Budget Division works closely with the Planning & Management Division of the Policy and Management Improvement Subactivity and program level performance staff to integrate performance data and information into all aspects of budget formulation and execution.

Finance Division: The Finance Division is responsible for the planning and effective utilization of financial system resources in support of the varied operating and support programs. The Finance Division serves as the focal point for the implementation of the provisions of the Chief Financial Officer's Act of 1990 including liaison responsibilities for the annual audit of the combined financial statements contained in the Annual Financial Report.

This Division is responsible for the administrative accounting operations. Finance manages the administrative accounting system; audits and schedules bills for payments; collects debts; develops financial data; prepares financial reports; provides advice and guidance on financial matters; and maintains liaison with departmental offices and other federal agencies. It is a long-term goal of BOEMRE to ensure that timely and accurate financial data is readily available to assist BOEMRE management in making sound and justified management decisions.

Equal Employment Opportunity Division (EEOD): The EEOD develops, monitors, and operates the BOEMRE Equal Employment Opportunity (EEO) program in compliance with the Civil

Rights Act of 1964, the Equal Employment Opportunity Act of 1972, Executive Order 11478, departmental directives, and other related statutes and orders. Specifically, the responsibilities of BOEMRE-EEOD include:

- Provide advice and guidance to managers, supervisors, and employees;
- Maintenance and operation of the discrimination complaint system;
- Implementation of Equal Employment Opportunity and Affirmative Employment Plans;
- Implementation of programs for diversity, higher education, and related partnerships;
- Administration of the Employee Assistance Program;
- Administration of programs for dispute resolution alternatives;
- Monitor, evaluate, and adjudicate civil rights compliance, enforcement functions covering EEO, and federally funded/assisted education and training programs with state and local governments. (Titles VI & IX to include Sections 504 & 508 of the Rehabilitation Act);
- Oversight of special initiative programs designed to involve more women, minorities and people with disabilities in the program areas and throughout all levels of management;
- Coordination of responses to Solicitors Office EEO issue requests; and
- Compliance with the Departmental Office for Equal Opportunity and EEO Commission directives.

Human Resources Division: The Human Resources (HR) Division develops and implements policies, procedures, guidelines, and standards relating to general personnel management, recruitment and employment, position management and classification, and employee development. Work includes preparing appropriate reports, performing all operational personnel services for Headquarters and client organizations, and providing assistance and guidance related to personnel matters for all regional and field installations. The Division focuses on employee relations and services, including personnel program evaluation, labor/management relations, advising employees about conflict of financial interest and standards of conduct, and administering incentive awards programs, family friendly programs, the Federal Equal Opportunity Recruitment Program, and Senior Executive Service program. In addition, the Division is responsible for the development of training policy and oversight of a bureau-wide Learning Management System that will serve as a valuable workforce planning and management tool. The HR Division also coordinates all Departmental mandated employee development initiatives for implementation in BOEMRE.

The Human Resources Division also leads all BOEMRE workforce-planning initiatives, which include analyzing the current workforce, identifying future workforce needs and preparing plans for building the workforce needed in the future. The long-term benefits of workforce-planning initiatives include the ability of BOEMRE to meet its mission and performance goals.

Procurement Division: The Procurement Division is responsible for the execution and administration of BOEMRE contracts and financial assistance agreements. The Division provides acquisition and financial assistance policy guidance, cost and price analysis, and advice to procurement and program personnel. They conduct acquisition management and other internal control reviews of procurement activities. They also administer the purchase line of the BOEMRE charge card program and manage the agency's competitive sourcing program. In addition, they manage the Business and Economic Development Program to maximize opportunities for small, disadvantaged, and women-owned businesses, as well as historically black colleges and

universities as both prime contractors and subcontractors. They also oversee all acquisition career management programs.

Support Services: Support Services includes facilities management for BOEMRE locations throughout the country, space management, mail and courier activities, bureau-wide physical security, the Safety and Health Management Program, voice and data communications, printing and publication activity, and property management and issuance of policy on these functions. The property management program maintains accountability records of all system-controlled property in the possession and control of custodial property officers and contractors and manages the vehicle fleet and the museum property, including an Arts and Artifacts program.

Information Management Division: The Information Management Division (IMD) supports the Chief Information Officer (CIO) in his duties and responsibilities for ensuring the efficient and effective planning, management and acquisition of information technology and information resources within BOEMRE and ensuring compliance with all DOI and federal information resources management policies and guidelines.

The IMD is engaged in an ongoing effort to establish, maintain, and support an IT investment analysis and decision-making environment to ensure that all bureau IT investments are well planned, implemented, cost effective, and aligned with the BOEMRE and DOI enterprise architecture. This includes managing the capital asset planning program by performing IT investment portfolio analysis; managing the review and submission to OMB of BOEMRE's Business Cases (Exhibit 300s); developing the Exhibit 53 (IT portfolio); and maintaining liaisons with the DOI regarding BOEMRE information technology investments.

The IMD also implements and supports the Bureau's IT security program. The IT Security Manager works collaboratively with the BOEMRE program areas IT Security Managers as well as with the DOI's Office of the CIO to review and improve security plans, policies, procedures, and standards to reflect technological changes. The IT security efforts also include participating in risk assessments and management reviews of systems and networks, identifying security issues, and recommending mitigation.

Field Administrative Service Centers*:* The Field Administrative Service Centers provide direct administrative support to various BOEMRE program managers through two locations:

- **The Southern Administrative Service Center (SASC):** The SASC, located in New Orleans, Louisiana, provides direct administrative support, direction, and coordination to programs in the Gulf of Mexico Region (GOMR), and the Information Technology Division. The SASC also provides full support to five outlying District GOMR offices.

- **The Western Administrative Service Center (WASC):** The WASC, located in Denver, Colorado, provides direct administrative support, direction, and coordination to the Office of Natural Resources Revenue offices in Denver and its field entities, the Office of Policy and Management Improvement, and the Alaska and Pacific OCS Regions.

FY 2012 PERFORMANCE BUDGET REQUEST
General Administration
General Support Services Subactivity

Table 22: General Support Services Subactivity Budget Request

		2010 Enacted	Reorganization Transfers (+/-)	Fixed Costs (+/-)	Administrative Cost Savings (-)	Program Changes (+/-)	Offsetting Collections Changes (+/-)	Budget Request	Change from 2010 (+/-)
General Support Services	($000)	28,524	-9,360	+996	-22	+917	-33	**21,022**	**-7,502**
	FTE	0	0	0	0	0	0	**0**	**0**

SUMMARY OF FY 2012 PROGRAM CHANGES

Request Component	Amount	FTE
Fixed Costs	+996,000	0
Reorganization Efficiences and Changes	+917,000	0
Offsetting Collections	-33,000	0
Administrative Savings	-22,000	0
Transfer to ONRR/PMB	-9,360,000	0
Total:	**-7,502,000**	**0**

JUSTIFICATION OF 2012 PROGRAM CHANGES

Information regarding BOEMRE's efforts to reduce administrative costs and achieve reorganization efficiencies can be found in the General Statement.

Reorganization Efficiencies and Changes (+$917,000; 0 FTE): Funds are requested to meet non-variable costs as funding from revenue management sources will no longer be available to the emerging bureaus.

Transfer to ONRR/PMB (-$9,360,000; 0 FTE): Funding for ONRR's general support services are being transferred to support revenue management.

PROGRAM OVERVIEW

The General Support Services subactivity includes funding for shared activities and related support services for the entire Bureau. These include expenses such as:

- Rental and security of office space
- Workers' compensation and unemployment compensation
- Voice and Data Communications
- The Department's Working Capital Fund (WCF)
- Annual building maintenance contracts
- Mail services
- Printing costs

The two major program objectives are to provide safe and secure facilities that will contribute to the productivity and efficiency of the employees in achieving goals and objectives, and to provide appropriate services in support of BOEMRE operating programs.

Appendix A: Justification of Fixed Costs and Related Changes ($000s)

Additional Operational Costs from 2011 and 2012 January Pay Raises:

	2010 Enacted	2010 Enacted/ 2011 CR	2012 Change
1. 2010 Pay Raise, 3 Qtrs. in FY2010 Budget (2.0%)	+2,459	*n/a*	*n/a*
2. 2009 Pay Raise, 1 Qtr. (3.9%)	+1,598	*n/a*	*n/a*
3. 2010 Pay Raise, 1 Qtr (2.0%)	*n/a*	*n/a [+836]*	*n/a*
4. 2011 Pay Raise, 3 Qtrs. in FY2011 Budget (0%)	*n/a*	0	*n/a*
5. 2011 Pay Raise, 1 Qtr (0%)	*n/a*	*0*	0
6. 2012 Pay Raise (0%)	*n/a*	*n/a*	0
7. Non-Foreign Area COLA Adjustment	*n/a*	+180	+180

These adjustments are for an additional amount needed to fund estimated pay raises for Federal employees.

Lines 1 and 2, 2010 pay raise estimates provided as a point of reference.

Line 3 Is the amount absorbed in 2011 to fund the enacted 2.0% January 2010 pay raise from October through December 2010.

Lines 4 and 5, 2011 pay raise is shown as "0" to reflect the first year of the Administration-directed 2-year pay freeze at the 2010 level.

Line 6 is shown as "0" to reflect the second year of the Administration-directed 2-year pay freeze at the 2010 level.

Other Fixed Cost Changes:

The FY 2010 Enacted column includes the estimates of each cost for 2010, a total of $6,520,000, all of which was budgeted for in FY 2010. This column provides a point of reference for the subcommittees for the order of magnitude of typical fixed cost items. The Administration-directed 2-year pay freeze significantly reduces the fixed cost estimate for FY 2012.

	FY 2010 Budget	FY 2010 Enacted/ 2011 CR	FY 2012 Change
More or Less Pay Days Than Previous Year *Amount Absorbed*	n/a	n/a	-456 *[0]*

This adjustment reflects the decreased costs resulting from the fact that there is one less pay day in calendar year 2012 than 2011.

	FY 2010 Budget	FY 2010 Enacted/ 2011 CR	FY 2012 Change
Employer Share of Federal Health Benefit Plans *Amount Absorbed*	+628 *[0]*	0 *[+685]*	+472 *[0]*

The adjustment is for changes in the Federal Government's share of the cost of health insurance coverage for Federal employees. For 2010, the increase was estimated at 6.5%. For 2012, the increase is estimated at 6.8%.

	FY 2010 Budget	FY 2010 Enacted/ 2011 CR	FY 2012 Change
Workers Compensation Payments *Amount Absorbed*	-61 *[0]*	0 *[+21]*	+323 *[0]*

Reflects changes in the costs of compensating injured employees and dependents of employees who suffer accidental deaths while on duty. Costs for 2012 will reimburse the Department of Labor, Federal Employees Compensation Fund, pursuant to 5 U.S.C. 8147(b) as amended by Public Law 94-273.

	FY 2010 Budget	FY 2010 Enacted/ 2011 CR	FY 2012 Change
Unemployment Compensation Payments *Amount Absorbed*	+12 *[0]*	0 *[+12]*	0 *[0]*

The adjustment is for estimated changes in the costs of unemployment compensation claims to be paid to the Department of Labor, Federal Employees Compensation Account, in the Unemployment Trust Fund, pursuant to Public Law 96-499.

	FY 2010 Budget	FY 2010 Enacted/ 2011 CR	FY 2012 Change
Working Capital Fund	+$438	*[-16]*	-165
Amount Absorbed	*[0]*		*[0]*

The change reflects expected changes in the charges for centrally billed Department services and other services through the Working Capital Fund. These charges are displayed in the Budget Justification for Department Management.

	FY 2010 Budget	FY 2010 Enacted/ 2011 CR	FY 2012 Change
Rental Payments to GSA and Others	+1,446	0	+854
Amount Absorbed	*[0]*	*[+706]*	*[0]*

This adjustment is for changes in costs payable to General Services Administration and others resulting from changes in rates for office and non-office space as estimated by GSA, as well as the rental costs of other currently occupied space. These costs include building security; in the case of GSA space, these are paid to DHS. Costs of mandatory office relocations, i.e., relocations in cases where due to external events there is no alternative but to vacate the currently occupied space, are also included.

Total, Fixed Costs and Related Changes – Budgeted in FY 2012 **$1,192**

Total, Fixed Costs and Related Changes – Absorbed in FY 2012 **[0]**

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FY 2012 Appropriations Language

Bureau of Ocean Energy Management, Regulation and Enforcement
[formerly Minerals Management Service]

Note: Brackets indicate the language will be deleted; italics represent new language.

Ocean Energy Management (OEM)
Formerly Royalty and Offshore Minerals Management (ROMM)

For expenses necessary for minerals leasing and environmental studies and regulation of industry operations, as authorized by law; for enforcing laws and regulations applicable to oil, gas, and other minerals leases, permits, licenses and operating contracts; for energy-related or other authorized marine-related purposes on the Outer Continental Shelf; and for matching grants or cooperative agreements, $118,265,000, to remain available until September 30, 2013; and an amount not to exceed $160,163,000, to be credited to this appropriation and to remain available until expended, from additions to receipts resulting from increases to rates in effect on August 5, 1993, and from cost recovery fees: Provided, That notwithstanding 31 U.S.C. 3302, in fiscal year 2012, such amounts as are assessed under 31 U.S.C. 9701 shall be collected and credited to this account and shall be available until expended for necessary expenses: Provided further, That to the extent $160,163,000 in addition to receipts are not realized from the sources of receipts stated above, the amount needed to reach $160,163,000 shall be credited to this appropriation from receipts resulting from rental rates for Outer Continental Shelf leases in effect before August 5, 1993: Provided further, That for fiscal year 2012 and each fiscal year thereafter, the term "qualified Outer Continental Shelf revenues", as defined in section 102(9)(A) of the Gulf of Mexico Energy Security Act, division C of Public Law 109–432, shall include only the portion of rental revenues that would have been collected at the rental rates in effect before August 5, 1993: Provided further, That not to exceed $3,000 shall be available for reasonable expenses related to promoting volunteer beach and marine cleanup activities.

For an additional amount, $65,000,000, to remain available until expended, which shall be derived from non-refundable inspection fees collected in fiscal year 2012, as provided in this Act: Provided, That to the extent that such amounts are not realized from such fees, the amount needed to reach $65,000,000 shall be credited to this appropriation from receipts resulting from rental rates for Outer Continental Shelf leases in effect before August 5, 1993.

Note: A full year appropriation for this account was not enacted at the time the budget was prepared; therefore, this account is operating under a continuing resolution (P.L. 111-242, as amended). The amounts included for 2011 reflect the annualized level provided by the continuing resolution.

Oil Spill Research

For necessary expenses to carry out title I, section 1016, title IV, sections 4202 and 4303, title VII, and title VIII, section 8201 of the Oil Pollution Act of 1990, $14,923,000, which shall be derived from the Oil Spill Liability Trust Fund, to remain available until expended.

Note: A full year appropriation for this account was not enacted at the time the budget was prepared; therefore, this account is operating under a continuing resolution (P.L. 111-242, as amended). The amounts included for 2011 reflect the annualized level provided by the continuing resolution.

Justification of Proposed FY 2012 Appropriation Language Changes

Outer Continental Shelf Inspection Fees

The FY 2012 budget includes an extension of existing fees on fixed above-water oil and gas facilities and a new fee on drilling rigs. The text of these provisions is contained in the Department of the Interior's General Provisions and reproduced below:

SEC. 109. (a) In fiscal year 2012, the Secretary shall collect non-refundable inspection fees, which shall be deposited in the "Ocean Energy Management" account, from the designated operator for facilities subject to inspection under 43 U.S.C. 1348(c).
(b) Annual fees shall be collected for facilities that are above the waterline, excluding drilling rigs, and are in place at the start of the fiscal year. Fees for fiscal year 2012 shall be:
(1) $10,500 for facilities with no wells, but with processing equipment or gathering lines;
(2) $17,000 for facilities with one to ten wells, with any combination of active or inactive wells; and
(3) $31,500 for facilities with more than ten wells, with any combination of active or inactive wells.
(c) Fees for drilling rigs shall be assessed for all inspections completed in fiscal year 2012. Fees for fiscal year 2012 shall be:
(1) $30,500 per inspection for rigs operating in water depths of 500 feet or more; and
(2) $16,700 per inspection for rigs operating in water depths of less than 500 feet.
(d) The Secretary shall bill designated operators under subsection (b) within 60 days, with payment required within 30 days of billing. The Secretary shall bill designated operators under subsection (c) within 30 days of the end of the month in which the inspection occurred, with payment required within 30 days of billing.

Reorganization

Per Secretarial Order 3329, issued on May 19, 2010, the Minerals Management Service (MMS) is being reorganized into three strong, independent entities with clearly defined roles and missions. The Office of Natural Resources Revenue (ONRR), formerly the Minerals Revenue Management (MRM) program within MMS was transferred to the Assistant Secretary, Policy, Management, and Budget on October 1, 2010. The proposed FY 2012 appropriations language deletes sections pertaining to ONRR.

Making Permanent the Technical Correction of Gulf of Mexico Energy Security Act Revenue Sharing.

The technical correction, first enacted in FY 2009, allows MMS to continue to utilize eligible rental receipts as offsetting collections which have provided a key portion of the Bureau's operating budget since FY 1995. The intent of the proposed change is to make this correction permanent rather than require that it be included in the appropriation each year.

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Appendix C: BOEMRE Authorizing Statutes

Outer Continental Shelf (OCS) Lands Program

43 U.S.C. 1331, et seq.	The Outer Continental Shelf (OCS) Lands Act of 1953, as amended, extended the jurisdiction of the United States to the OCS and provided for granting of leases to develop offshore energy and minerals.
P.L. 109-432	The Gulf of Mexico Energy Security Act of 2006 required leasing certain areas in the Central and Eastern Gulf of Mexico Planning Areas within one year of enactment (December 20, 2006); and established a moratoria on leasing in remaining areas in the eastern planning area and a portion of the central planning area until 2022.
P.L. 109-58	The Energy Policy Act of 2005 amended the OCS Lands Act to give authority to the Department of the Interior to coordinate the development of an alternative energy program on the OCS and also to coordinate the energy and non-energy related uses in areas of the OCS where traditional oil and natural gas development already occur.
43 U.S.C. 4321, 4331-4335, 4341-4347	The National Environmental Policy Act of 1969 required that federal agencies consider in their decisions the environmental effects of proposed activities and that Agencies prepare environmental impact statements for Federal actions having a significant effect on the environment.
16 U.S.C. 1451, et seq.	The Coastal Zone Management Act of 1972, as amended, established goals for ensuring that Federal and industry activity in the coastal zone be consistent with coastal zone plans set by the States.
16 U.S.C. 1531-1543	The Endangered Species Act of 1973 established procedures to ensure interagency cooperation and consultations to protect endangered and threatened species.
42 U.S.C. 7401, et seq.	The Clean Air Act, as amended, was applied to all areas of the OCS except the central and western Gulf of Mexico. OCS activities in those non-excepted areas will require pollutant emission permits administered by the EPA or the States.

16 U.S.C. 470-470W6	The National Historic Preservation Act established procedures to ensure protection of significant archaeological resources.
30 U.S.C. 21(a)	The Mining and Minerals Policy Act of 1970 set forth the continuing policy of the Federal Government to foster and encourage private enterprise in the orderly and economic development of domestic mineral resources and reserves.
30 U.S.C. 1601	The Policy, Research and Development Act of 1970 set forth the continuing policy et seq. of the Federal Government to foster and encourage private enterprise in the orderly and economic development of domestic mineral resources and reserves.
33 U.S.C. 2701, et seq.	The Oil Pollution Act of 1990 established a fund for compensation of damages resulting from oil pollution and provided for interagency coordination and for the performance of oil spill prevention and response research. It also expanded coverage of Federal requirements for oil spill response planning to include State waters and the transportation of oil. The Act also addressed other related regulatory issues.
43 U.S.C. 1301	The Marine Protection, Research, and Sanctuaries Act of 1972 provided that the Secretary of Commerce must consult with the Secretary of the Interior prior to designating marine sanctuaries. BOEMRE provides information and comments regarding the mineral resource potential in areas being considered for designation as marine sanctuaries.
16 U.S.C. 1361-1362, 1371-1384, 1401-1407	The Marine Mammal Protection Act of 1972 provides for the protection and welfare of marine mammals.
P.L. 104-58	The Deepwater Royalty Relief Act provides royalty rate relief for offshore drilling in deepwater of the Gulf of Mexico (GOM).

General Administration

31 U.S.C. 65	Budget and Accounting Procedures Act of 1950
31 U.S.C. 3901-3906	Prompt Payment Act of 1982
31 U.S.C. 3512	Federal Managers Financial Integrity Act of 1982

5 U.S.C. 552	Freedom of Information Act of 1966, as amended
31 U.S.C. 7501-7507	Single Audit Act of 1984
41 U.S.C. 35045	Walsh Healy Public Contracts Act of 1936
41 U.S.C. 351-357	Service Contract Act of 1965
41 U.S.C. 601-613	Contract Disputes Act of 1978
44 U.S.C. 35	Paperwork Reduction Act of 1980
44 U.S.C. 2101	Federal Records Act 1950
40 U.S.C. 4868	Federal Acquisition Regulation of 1984
31 U.S.C. 3501	Privacy Act of 1974
31 U.S.C. 3501	Accounting and Collection
31 U.S.C. 3711, 3716-19	Claims
31 U.S.C. 1501-1557	Appropriation Accounting
5 U.S.C. 1104 et seq.	Delegation of Personnel Management Authority
31 U.S.C. 665-665(a)	Anti-Deficiency Act of 1905, as amended
41 U.S.C. 252	Competition in Contracting Act of 1984
18 U.S.C. 1001	False Claims Act of 1982
18 U.S.C. 287	False Statements Act of 1962
41 U.S.C. 501-509	Federal Grant and Cooperative Agreement Act of 1977
41 U.S.C. 253	Federal Property and Administrative Services Act of 1949
41 U.S.C. 401	Office of Federal Procurement Policy Act of 1974, as amended
15 U.S.C. 631	Small Business Act of 1953, as amended
15 U.S.C. 637	Small Business Act Amendments of 1978

10 U.S.C. 137	Small Business and Federal Competition Enhancement Act of 1984
15 U.S.C. 638	Small Business Innovation Research Program of 1983
10 U.S.C. 2306(f)	Truth in Negotiations Act of 1962 Authorization
Secretarial Order No. 3071	Established the Minerals Management Service in January 1982, under authority provided by Section 2 of Reorganization Plan No. 3 of 1950 (64 Stat. 1262).
Secretarial Order No. 3299, Amendment No. 1	Establishment of the Bureau of Ocean Energy Management (BOEM), the Bureau of Safety and Environmental Enforcement (BSEE), and the Office of Natural Resources Revenue (ONRR) in accordance with the authority provided by Section 2 of the Reorganization Plan No. 3 of 1950 (64 Stat. 1262).
Secretarial Order No. 3304	Establishment of the Investigations and Review Unit (IRU) within the Bureau of Ocean Energy Management, Regulation and Enforcement in accordance with the authority provided by Section 2 of the Reorganization Plan No. 3 of 1950 (64 Stat. 1262), as amended.

Oil Spill Research

33 U.S.C. 2701, et seq.	Title VII of the Oil Pollution Act of 1990 authorizes the use of the Oil Spill Liability Trust fund, established by Section 9505 of the Internal Revenue Code of 1986, for oil spill research.
33 U.S.C. 2701, et seq.	Title I, Section 1016, of the Oil Pollution Act of 1990 requires a certification process which ensures that each responsible company, with respect to an offshore facility, has established, and maintains, evidence of financial responsibility in the amount of at least $150,000,000 to meet potential pollution liability.
43 U.S.C. 1331, et seq.	Section 21(b) of the Outer Continental Shelf Lands Act, as amended, requires the use of the best available and safety technologies (BAST) and assurance that the use of up-to-date technology is incorporated into the regulatory process.
Executive Order 12777	Signed October 18, 1991, assigned the responsibility to ensure oil spill financial responsibility for OCS facilities to

the Secretary of the Interior (Bureau of Ocean Energy Management, Regulation and Enforcement).

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Bureau of Ocean Energy Management, Regulation and Enforcement
Ocean Energy Management (OEM)
Program and Financing
(dollars in millions)

	Treasury Account ID: 14-1917	**FY 2010**	**FY 2011**	**FY 2012**
	Obligations by program activity			
	Direct program			
0001	OCS Lands	92	105	78
0002	Minerals Revenue Management (ONRR in 2012)	45	56	0
0003	General Administration	38	40	40
0091	**Total direct program**	**175**	**201**	**118**
	Obligations by program activity			
	Reimbursable program			
0801	OCS Revenue Receipts	180	232	259
0802	Reimbursable (RIK) (ONRR in 2012)	20	20	0
0803	Reimbursable (from other agencies)	8	8	8
0899	**Total reimbursable program**	**208**	**260**	**267**
0900	**Total new obligations**	**383**	**461**	**385**
	Budgetary resources available for obligation			
1000	Unobligated balance brought forward	63	75	50
1021	Resources available from recoveries	15	14	14
1900	Budget Authority	380	422	366
1930	Total budgetary resources available	458	511	430
3030	Obligations incurred, unexpired accounts	-383	-461	-385
1941	**Unobligated balance carried forward, end of year**	**75**	**50**	**45**
	New budget authority (gross), Discretionary			
1100	Appropriation	175	200	118
1121	Appropriations transferred from other accounts	9	0	0
1131	Appropriations permanently reduced	0	-25	0
1160	**Appropriation, discretionary (total)**	**184**	**175**	**118**
	Net budget authority and outlays			
4180	Budget authority, net (total)	184	175	118
4190	Outlays, net (total)	161	249	107

Bureau of Ocean Energy Management, Regulation and Enforcement
Ocean Energy Management (OEM)
Object Classification
(dollars in millions)

Treasury Account ID: 14-1917

		FY 2010	FY 2011	FY 2012
OEM (Annual Appropriation & Offsetting Collections)				
11.1	Personnel Compensation: Full-time permanent	134	138	121
12.1	Civilian personnel benefits	33	33	20
21.0	Travel and transportation of persons	4	4	4
23.1	Rental Payments to GSA	18	18	18
23.3	Communications, utilities, and misc. charges	1	1	1
25.2	Other services	150	169	186
26.0	Supplies and materials	2	2	2
31.0	Equipment	6	6	6
99.0	**Total OEM ***	**348**	**371**	**358**

**Note: The total on Line 99.0 matches the Total Appropriation and Offsetting Collections on the table below, both of which roughly project in which categories funds may be allocated, obligated, and expended (outlay). Numbers for FY 2012 exclude what was formerly the MRM Program that was transferred from BOEMRE.*

Bureau of Ocean Energy Management, Regulation and Enforcement
Ocean Energy Management (OEM)
Account Object Class Information
(dollars in millions)

Treasury Account ID: 14-1917

	FY 2010 Enacted/ FY 2011 CR		Fixed Costs Changes		Programmatic & Reorganization Changes		FY 2012	
Object Class	**FTE**	**AMT**	**FTE**	**AMT**	**FTE**	**AMT**	**FTE**	**AMT**
Total Appropriation And Offsetting Collections	***1,703**	***$371**	**---**	0	**-302**	**-$13**	***1,412**	***$358**
Total personnel compensation and personnel benefits	---	$171	---	0	---	-$30	---	$141
Travel and transportation of persons	---	$4	---	0	---	0	---	$4
Rents	---	$18	---	0	---	0	---	$18
Communications utilities, and misc. charges	---	$1	---	0	---	0	---	$1
Other services	---	$169	---	0	---	+$17	---	$186
Supplies and materials	---	$2	---	0	---	0	---	$2
Equipment	---	$6	---	0	---	0	---	$6

**FY 2010 Total FTE is 1703 (1661 for OEM + 18 for Oil Spill +24 for CIAP)*
**FY 2012 Total FTE is 1412 (1390 for OEM + 22 for Oil Spill)*
Royalty Offshore Minerals Management (ROMM) renamed Ocean Energy Management (OEM) in FY 2012

Bureau of Ocean Energy Management, Regulation and Enforcement
Oil Spill Research (OSR)
Program and Financing
(dollars in millions)

Treasury Account ID: 14-8370		FY 2010	FY 2011	FY 2012
Obligations by program activity				
0001	Direct program activity	6	6	15
0900	Total new obligations	6	6	15
Budgetary resources available for obligation				
1900	Budget Authority	6	6	15
Net budget authority and outlays				
4180	Budget authority, net (total)	6	6	15
4190	Outlays, net (total)	6	6	15

Minerals Management Service
Oil Spill Research (OCS)
Object Classification
(dollars in millions)

Treasury Account ID: 14-8370

		FY 2010	FY 2011	FY 2012
Direct obligations				
11.1	Full-time permanent	2	2	2
25.2	Other services	4	4	13
99.9	Total new obligations	6	6	15

Minerals Management Service
Oil Spill Research (OSR)
Account Object Class Information
(dollars in millions)

Treasury Account ID: 14-8370

	FY 2010 Enacted/ FY 2011 CR		Uncontrollable & Related Changes		Programmatic Changes		FY 2012 Budget Request	
Object Class	**FTE**	**AMT**	**FTE**	**AMT**	**FTE**	**AMT**	**FTE**	**AMT**
Total Appropriation	18	$6	---	0	---	0	18	$15
Total personnel compensation	---	$2	---	0	---	0	---	$2
Other services	---	$4	---	0	---	$9	---	$13

This section is currently under development.

Bureau of Ocean Energy Management, Regulation and Enforcement
Appendix E: Employee Count by Grade

	FY 2010	FY 2011	FY 2012
Executive Level	16	16	15
GS-15	74	74	59
GS-14	248	248	210
GS-13	477	481	410
GS-12	417	421	354
GS-11	162	165	133
GS-10	8	8	3
GS-9	100	100	89
GS-8	56	56	44
GS-7	92	92	74
GS-6	48	48	44
GS-5	39	39	30
GS-4	10	10	10
GS-3	2	2	2
GS-2	0	0	0
GS-1	0	0	0
Subtotal	**1,749**	**1,744**	**1,477**
Less ONRR		**-588**	
Total BOEMRE	**1,749**	**1,156**	**1,477**

Note: The numbers in this table represent the actual number of employees by grade level as of the end of the prior fiscal year and projected for the current and budget fiscal years. ONRR (formerly the Minerals Revenue Management program) was transferred to the Office of the Secretary on October 1, 2010. These numbers differ from FTE calculations, because by definition, FTE numbers represent Full-Time Equivalent employees. FTE calculations are based on hours worked. .

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Appendix F	
Bureau of Ocean Energy Management, Regulation and Enforcement FY 2012 Mandatory Accounts and Offsetting Collections	
Appropriation Proposals	
GOMESA Technical Correction on Revenue Sharing	First enacted in FY 2009, this technical correction of the Gulf of Mexico Energy Security Act allows BOEMRE to continue to utilize eligible rental receipts as offsetting collections. The FY 2012 President's Budget proposes language to make this correction permanent, rather than requiring the change be made annually.
Authorizing	
Fee on Non-producing Leases	The Budget assumes a proposal that is part of an Administration initiative to encourage energy development on lands and waters leased for development. A $4.00 per acre fee on non-producing Federal leases on lands and waters would provide a financial incentive for oil and gas companies to either get their leases into production or relinquish them so that the tracts can be released to and developed by new parties. The proposed $4.00 per acre fee would apply to all new leases and would be indexed annually to inflation. In October 2008, the Government Accountability Office issued a report critical of past efforts by the Department of the Interior to ensure that companies diligently develop their Federal leases. Although the GAO Report focused on administrative actions that the Department could undertake, this proposal requires legislative action. This proposal is similar to other non-producing fee proposals considered by the Congress in the last several years. This fee is estimated to generate revenues to the Treasury of $25.0 million in 2012 and $874.0 million over ten years.
Repeal Deep Gas Royalty Incentives	The Budget proposes to repeal Section 344 of the Energy Policy Act of 2005. Section 344 extended existing deep gas royalty

	relief. Based upon current natural gas price projections, the budget does not assume savings from this change; however, the proposal could generate savings to the Treasury if future natural gas prices fall below current projections to levels at or under the applicable gas price thresholds.

Bureau of Ocean Energy Management, Regulation & Enforcement
2012 Working Capital Fund Centralized Bill
(Dollars in thousands)

Account	2010 Actual	2011 Pres Budget	2011 Estimate	2012 Estimate
Document Management Unit	0.0	0.0	0.0	5.1
Alaska Field Office	12.4	12.4	12.4	12.5
Alaska Resources Library and Information Services	73.1	73.1	73.1	73.1
Departmental News and Information	19.7	19.7	19.7	21.1
Departmental Museum	44.5	44.5	44.5	47.0
FedCenter	2.7	2.7	2.7	2.7
Invasive Species Coordinator	6.4	6.4	6.4	6.4
Invasive Species Council	37.8	37.8	37.8	35.7
CPIC	4.6	4.6	4.6	4.3
Activity based Costing/Management	24.6	24.6	24.6	26.4
Travel Management Center	2.0	2.0	2.0	2.0
e-Gov Travel	8.6	8.6	8.6	8.6
Interior Collections Management System	2.5	2.5	2.5	2.2
Space Management Initiative	8.1	8.1	8.1	8.4
SBA Certifications	11.2	11.2	11.2	0.0
Planning and Performance Management	30.3	30.3	30.3	28.3
DOI Access	4.9	4.9	14.6	31.6
Department-wide OWCP Coordination	7.6	7.6	7.6	7.5
Accountability Team	12.0	12.0	12.0	12.4
Employee and Labor Relations Tracking System	0.7	0.7	0.7	0.7
DOI Learn	22.0	41.8	41.8	37.7
OPM Federal Employment Services	11.9	11.9	11.9	10.3
EEO Complaints Tracking System	0.8	0.8	0.8	1.5
Special Emphasis Program	1.2	1.2	1.2	1.3
Accessible Technology Center	7.6	7.6	7.6	8.2
Occupational Health and Safety	36.3	37.0	35.2	41.4
Health and Safety Training Initiatives	4.2	3.5	3.5	0.0
Safety Management Information System	0.0	0.0	30.5	32.7
DOIU Management	0.0		29.3	14.2
DOI Executive Forums	2.9	2.9	2.9	3.1
Online Learning	12.8	12.8	11.7	12.5
Learning and Performance Center Management	16.4	16.4	14.0	10.4
Albuquerque Learning & Performance Center	3.6	3.6	3.3	2.8
Anchorage Learning & Performance Center	15.6	15.6	13.8	8.6
Denver Learning & Performance Center	70.8	70.8	60.3	53.3
Washington Learning & Performance Center	54.8	54.8	47.8	29.7
Financial Management Training	33.9	33.9	28.5	0.0
SESCDP & Other Leadership Programs	4.7	4.7	4.0	4.3
Security (Classified Information Facility)	10.9	10.9	10.9	11.7
Law Enforcement Coordination and Training	20.9	20.9	20.9	22.4
Victim Witness	0.0	3.9	3.9	4.1
Security (MIB/SIB Complex)	288.5	288.5	283.3	355.9
Interior Operations Center (Watch Office)	46.7	48.6	48.6	54.4

Bureau of Ocean Energy Management, Regulation & Enforcement
2012 Working Capital Fund Centralized Bill
(Dollars in thousands)

Account	2010 Actual	2011 Pres Budget	2011 Estimate	2012 Estimate
Emergency Preparedness	16.7	18.7	18.7	20.5
Emergency Response	20.9	26.7	26.7	28.6
MIB Health and Safety	0.0		5.1	5.8
Enterprise Services Network	478.9	525.6	525.6	457.9
Federal Relay Service	0.0		0.9	0.9
Web & Internal/External Comm	10.9	10.9	10.9	11.7
Unified Messaging	0.0		0.0	47.6
Enterprise Architecture	106.5	112.2	112.2	91.4
FOIA Tracking & Reporting System	45.4	51.9	51.9	39.6
Threat Management	18.2	18.2	18.2	22.2
IT Security	65.1	73.6	73.6	59.6
Capital Planning	54.2	54.2	54.2	44.1
Privacy (Information Management Support)	6.8	18.9	18.9	17.7
Data Resource management Program	5.6	0.0	0.0	0.0
IT Security Certification & Accreditation	125.3	125.3	125.3	125.3
Electronic Records Management	27.7	27.7	27.7	20.2
Active Directory	35.9	49.1	49.1	82.3
Enterprise Resource management	12.5	12.5	12.5	11.7
e-Authentication	8.5	0.0	0.0	0.0
IOS Collaboration	24.3	24.3	24.3	22.8
Networx	34.6	0.0	0.0	0.0
Trusted Internet Connection	28.4	0.0	0.0	0.0
Data at Rest	1.0	1.0	1.0	1.6
Logging Extracts	9.0	9.0	0.0	0.0
OCIO Project Management Office	25.9	25.9	25.9	20.1
IT Asset Management	8.9	8.9	8.9	8.3
Two-Factor Authentication	1.8	0.0	0.0	0.0
Active Directory Optimization	19.0	0.0	0.0	0.0
Alternative Dispute Resolution Training	1.2	1.2	1.2	1.3
Conservation and Education Partnerships	6.3	6.3	6.3	6.8
Contingency Reserve	3.7	3.7	3.7	3.9
Cooperative Ecosystem Study Units	0.0		0.0	10.0
CFO Financial Statement Audit	1,325.7	1,325.7	1,325.7	1,325.7
Enterprise Geospatial Information Management	15.7	15.7	15.7	0.0
e-Government Initiatives (WCF Contributions Only)	107.1	107.1	107.1	89.5
Ethics	14.4	14.4	14.4	15.5
ALLEX Database	3.6	3.6	3.6	0.0
FOIA Appeals	33.9	33.9	33.9	28.5
NBC IT Security Improvement Plan	21.7	21.7	21.7	18.5
Information Mgmt - FOIA and Records Management	12.2	12.3	12.3	12.2
Safety Management Information System	37.8	38.0	0.0	0.0
Telecommunication Services	94.7	95.0	95.0	95.0
Integrated Digital Voice Communications System	79.9	80.2	80.2	45.8
Desktop Services	11.7	11.7	11.7	11.7

Bureau of Ocean Energy Management, Regulation & Enforcement
2012 Working Capital Fund Centralized Bill
(Dollars in thousands)

Account	2010 Actual	2011 Pres Budget	2011 Estimate	2012 Estimate
Audio Visual Services	15.3	15.4	15.4	17.4
SIB Cabling O&M	2.7	2.7	2.7	3.1
Voice/Data Switching	21.6	21.7	21.7	24.5
FPPS/Employee Express - O&M	361.9	368.8	368.8	344.4
HRMS (HR LOB W-2 Surcharge	14.9	14.9	14.9	0.0
Interior Complex Management & Services	53.5	45.3	45.3	44.9
Family Support Room	1.4	1.4	1.4	1.6
Property Accountability Services	30.4	30.5	30.5	33.6
Vehicle Fleet	4.8	4.8	4.8	4.8
Moving Services	11.4	11.5	11.5	12.7
Shipping and Receiving	15.7	15.8	15.8	17.8
Safety and Environmental Services	23.0	23.1	23.1	25.4
Space Management	13.3	13.4	13.4	16.9
Federal Executive Board	6.9	6.9	6.9	7.2
Health Unit	13.6	13.7	13.7	15.4
Passport & Visa Services	22.1	22.2	22.2	21.4
Mail & Messenger Services	79.9	80.2	80.2	69.4
Mail Policy	8.5	8.6	8.6	9.0
Special Events Services	2.9	2.9	2.9	2.8
Cultural Resources & Events Management	8.9	7.5	7.5	-0.2
Partnership Schools & Commemorative Programs	3.9	3.9	3.9	0.0
Departmental Library	77.3	80.3	80.3	72.1
FBMS Hosting / Applications Management	477.0	477.0	477.0	454.1
FBMS Master Data Management	1.6	1.6	1.6	2.2
Transportation Services (Household Goods)	4.2	4.2	4.2	4.0
Consolidated Financial Statement System	0.0		18.9	20.7
Financial Systems	18.8	18.9	0.0	0.0
IDEAS	88.6	89.0	24.1	20.6
FBMS Redirect - IDEAS	0.0		64.9	68.0
NBC FBMS Conversion	9.6	9.6	9.6	8.3
Aviation Management System - O&M	0.0		0.0	23.2
Aviation Management	489.4	484.0	484.0	431.9
TOTAL [1/]	**5,824.8**	**5,850.3**	**5,842.5**	**5,637.9**

[1/] *The Department's Working Capital Fund billing estimates for the Bureau of Ocean Energy Management, Regulation and Enforcement (BOEMRE) include assessments for the Office of Natural Resources Revenue (ONRR). The Department will coordinate with BOEMRE to segregate these assessments for the 2013 President's Budget.*

Bureau of Ocean Energy Management, Regulation & Enforcement
2012 Working Capital Fund Direct Bill
(Dollars in thousands)

Account	2010 Actual	2011 Pres Budget	2011 Estimate	2012 Estimate
Ocean Coastal Great lakes Activities	9.6	15.4	52.5	52.5
FBMS Change Orders	25.0		35.4	25.0
Federal Assistance Award Data System	2.5		2.6	2.7
DOI Access	66.0		48.2	80.1
e-OPF	396.7		0.0	34.0
EEO Training	0.0		0.6	0.6
Albuquerque Learning & Performance Center	0.0		0.0	2.2
Anchorage Learning & Performance Center	0.8		1.5	0.3
Denver Learning & Performance Center	33.1		3.7	15.3
Washington Leadership & Performance Center	30.9		5.1	15.4
Online Learning	34.5		30.1	14.8
Government-Wide Forums	3.8		8.7	8.1
Unified Messaging	0.0		383.9	383.9
Enterprise Architecture Services	0.0	0.9	0.0	0.0
Oracle Licenses and Support	228.1	202.1	208.2	214.4
Microsoft Enterprise Licenses	3.6	547.8	547.8	547.8
Anti-Virus Software Licenses	0.4		31.3	31.3
Enterprise Services Network	349.0		289.6	289.6
Federal Relay Service	1.2		0.0	0.0
Data-at-Rest Initiative	6.0		6.0	6.0
Live e-Mail Capture (Cobell Litigation)	0.0	2.5	0.0	0.0
Historical Tape Storage (Cobell Litigation)	0.0	6.4	0.0	0.0
e-Mail Archiving (Cobell Litigation)	297.7	434.7	382.0	439.3
FY 2011 CFO Audit	0.0		50.5	0.0
FY 2012 CFO Audit	0.0		0.0	420.3
Federal FSA Program	0.0	86.4	68.3	73.9
ESRI Enterprise Licenses	117.1		117.1	117.1
Creative Communications	25.7		19.1	19.1
Facilities Reimbursable Services	26.6		15.8	15.7
Reimbursable Mail Services	2.4		1.6	1.7
Client Liaison and Product Development Division	5.9		3.0	3.0
Personnel & Payroll Systems Division	1.2		1.4	1.1
HR Management Systems Division	93.8		152.3	157.7
Quicktime Services	69.4		72.3	77.2
TOTAL [1/]	**1,830.8**	**1,296.2**	**2,538.6**	**3,050.3**

[1/] *The Department's Working Capital Fund billing estimates for the Bureau of Ocean Energy Management, Regulation and Enforcement (BOEMRE) include assessments for the Office of Natural Resources Revenue (ONRR). The Department will coordinate with BOEMRE to segregate these assessments for the 2013 President's Budget.*