



The OCS 5-Year Oil and Gas Leasing Program for 2007-2012



Renee Orr, Chief Leasing Division
Minerals Management Service
Industrial Energy Consumers of America
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Draft Proposed Program

- February 8, 2006 - MMS announced the draft proposed program
- Second step in a 2-year process
- Initial proposal for OCS lease offerings for the 2007-2012 timeframe
- Areas included in the DPP warrant further study and analysis

Draft Proposed Program

- 21 lease sales in 7 planning areas proposed for analysis and comment
- 19 planning areas will not be considered
- Presidential withdrawals remain in place
 - Some withdrawn areas will be analyzed

Context

- OCS has potential to help meet the Nation's critical energy needs.
- DPP responds to comments.
- No final decisions have been made on what areas will be in the 2007-2012 Program

Nation's Critical Energy Needs

- **Oil and natural gas prices are at historic highs**

	2005	2007
West Texas Intermediate crude oil	\$56/ barrel	\$60 / barrel
Retail regular gasoline	\$2.27/ gallon	\$2.33/ gallon
Henry Hub natural gas (mcf-thousand cubic feet)	\$9.00/ mcf	\$8.84/ mcf

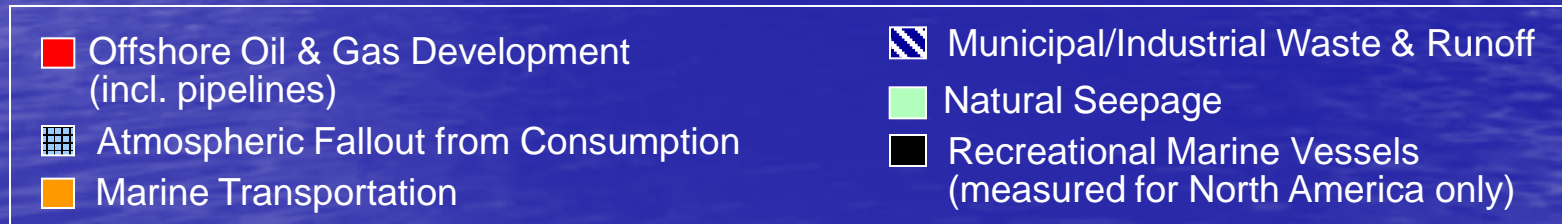
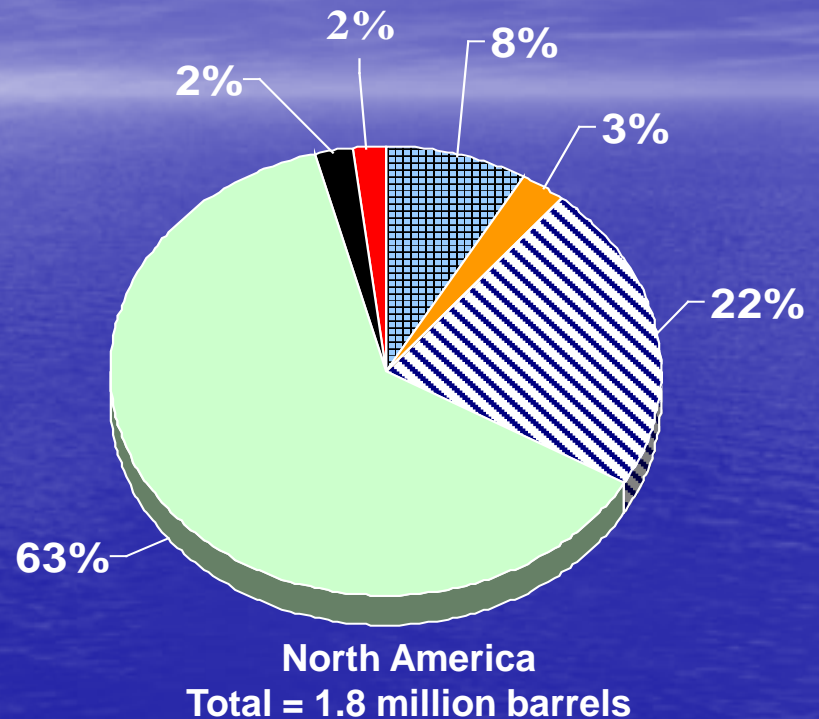
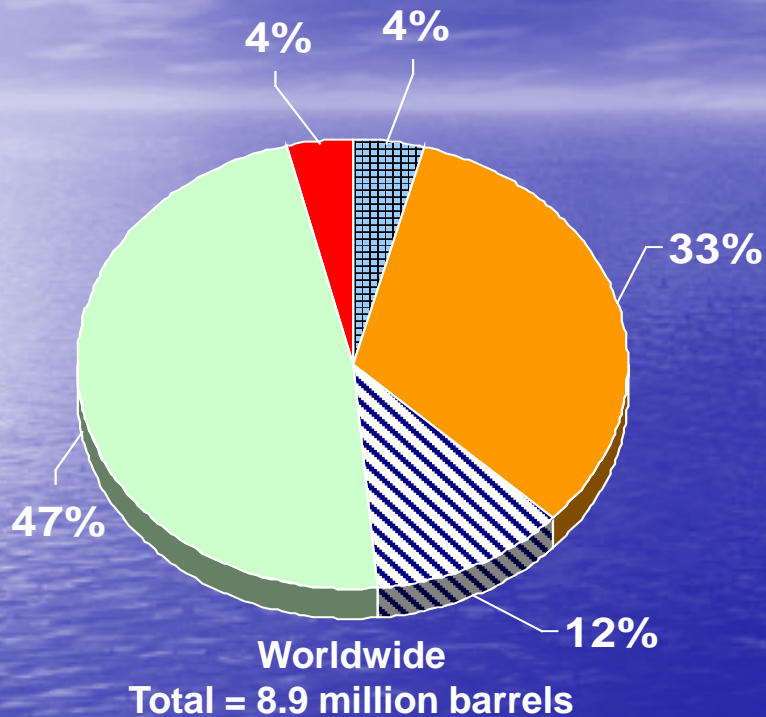
- **EIA forecasts continued growth in domestic consumption**

	2003	2025
United States petroleum demand	20 million barrels/day	27.9 million barrels/day

OCS Environmental Record

- OCS has excellent safety record
- OCS compares favorably to alternatives, including imported oil
- OCS spill record is remarkable and declining

Petroleum Input Sources in the Worldwide and North American Marine Environments (by percentage contribution)



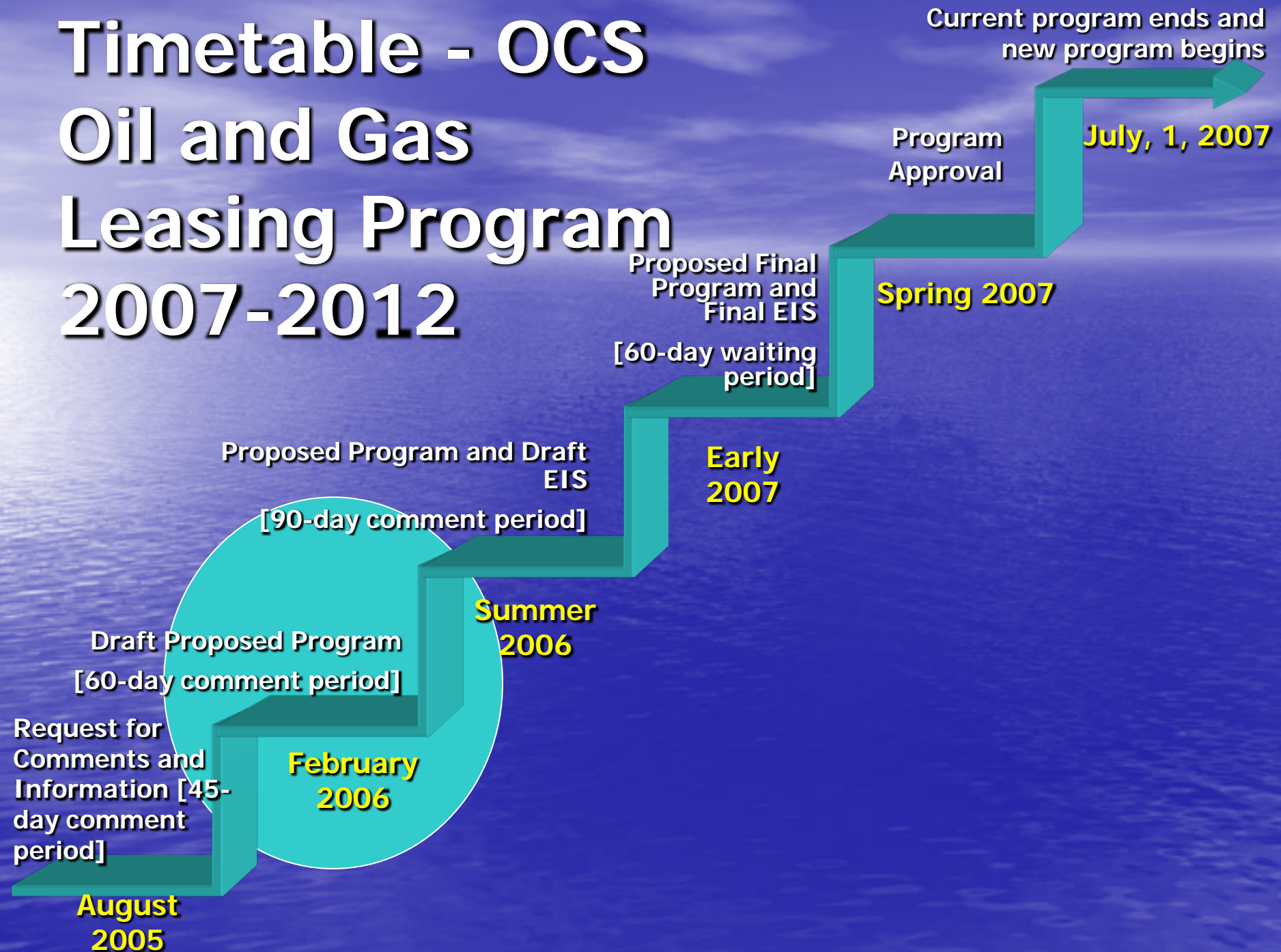
Source: National Research Council, 2002

Draft Proposed Program

The DPP is:

- Initial Proposal Offered for Comment and Analysis
- Not a decision to lease areas
- Provides opportunity to:
 - Study areas
 - Obtain comments
- Information will be used in the next step

Timetable - OCS Oil and Gas Leasing Program 2007-2012



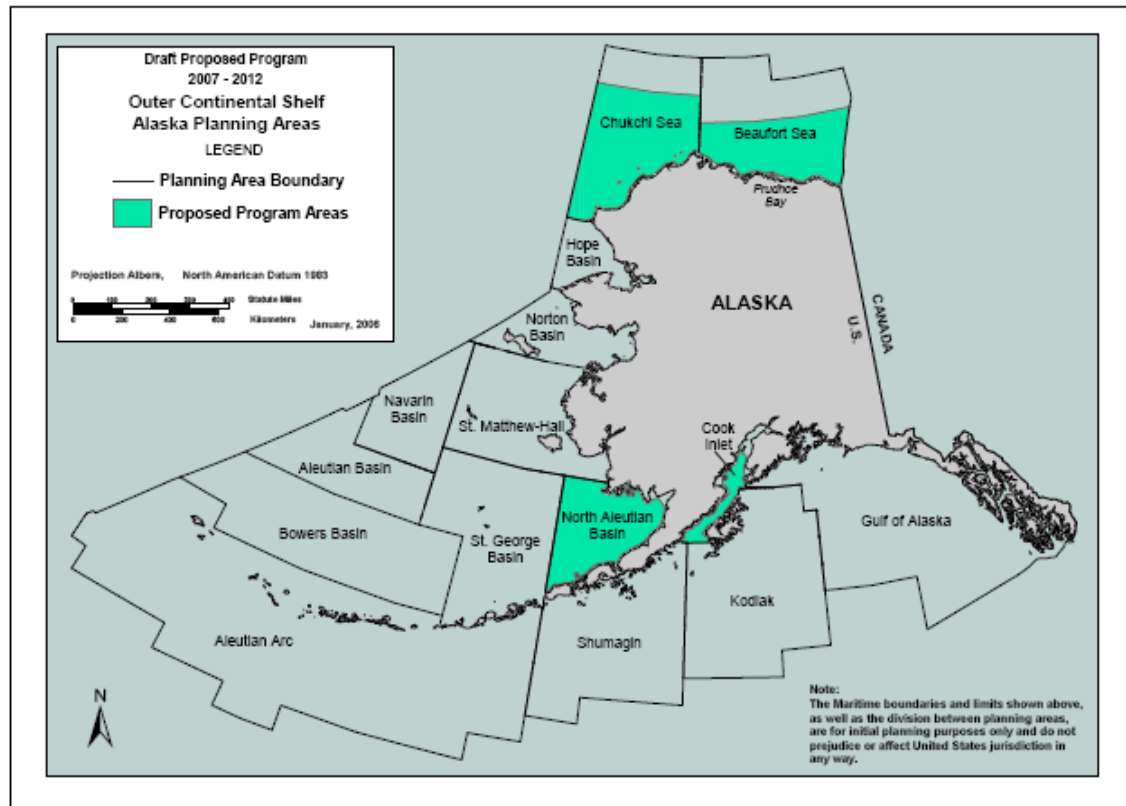
DPP Responds to Comments

- 8998 Comments in Favor of OCS Program
 - States adjacent to current leasing
 - Oil and gas industry
 - Non-energy industry, business, and agricultural groups
 - Over 80% of individual public comments
- 2276 Comments Against OCS Program
 - Most coastal states adjacent to withdrawn areas
 - Environmental groups
 - About 20% of individual public comments

Alaska Proposed Program Areas

- Beaufort and Chukchi Seas – multiple sales
- Cook Inlet – special interest sale(s)
 - Sale will be held only if sufficient interest after a call for nominations, and after consideration of comments and analyses
- North Aleutian Basin
 - Presidential withdrawal remains in place
 - Governor requested developing information on this area

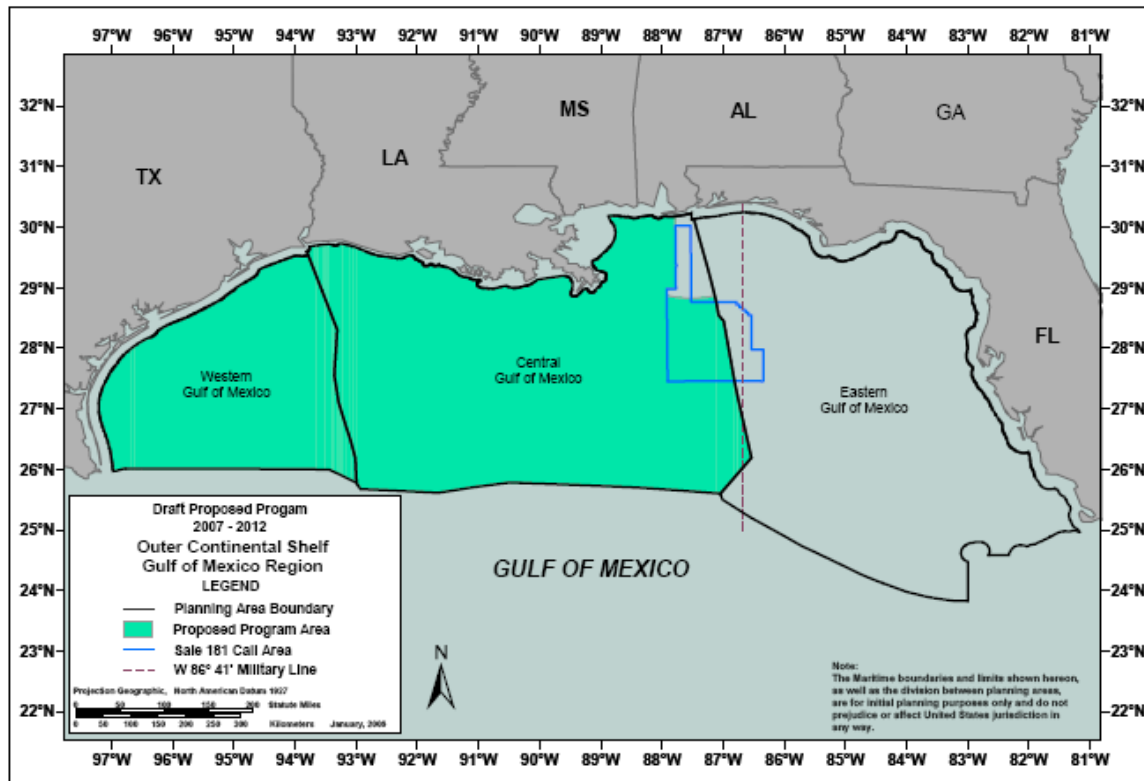
Alaska Proposed Program Areas



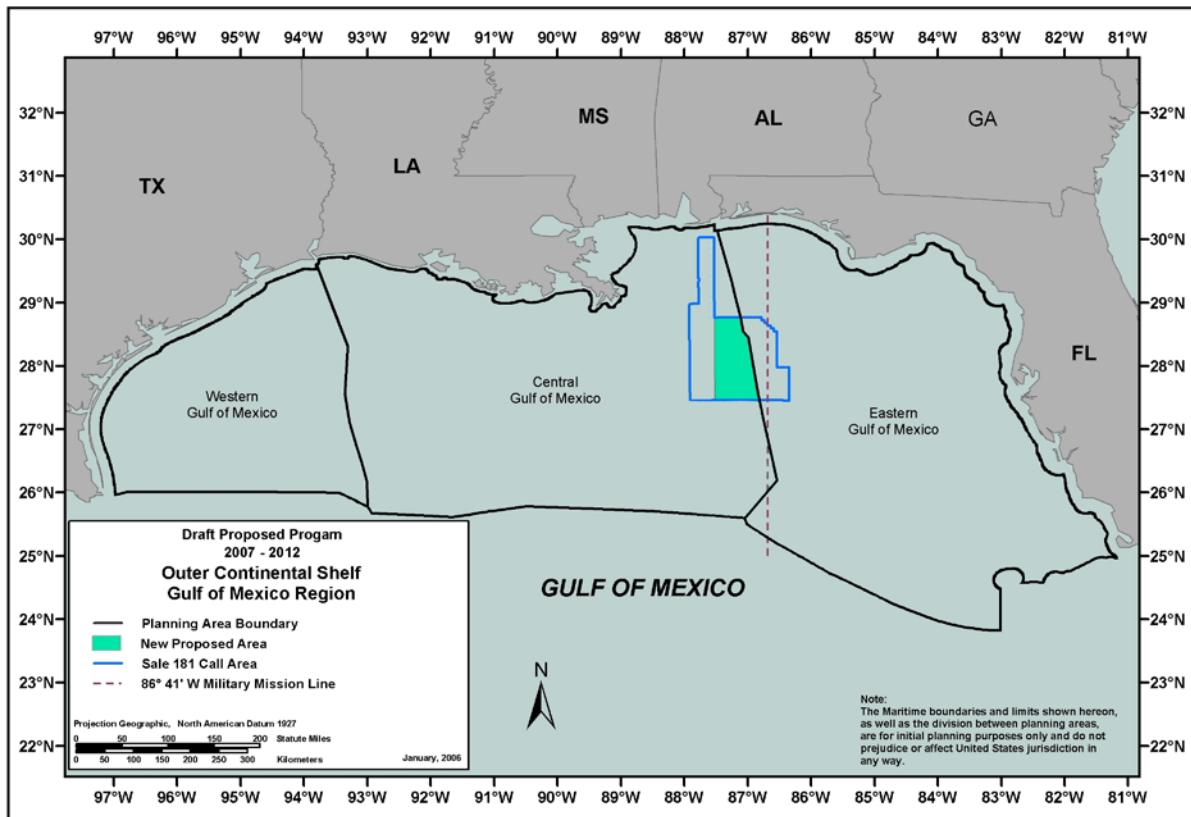
Gulf of Mexico Proposed Program Areas

- Central and Western Gulf of Mexico – annual areawide sales; 2007 Sale in portion of Central Gulf
- Eastern Gulf of Mexico – no sales
- Planning area boundaries changed consistent with administrative lines published in January 3, 2006, *Federal Register*

Gulf of Mexico Proposed Program Areas



New Area Proposed for Leasing Consideration (non-moratoria)



Total Current Program
GOM Acreage
125.5 million acres

New Area Acreage
2.4 million acres

Percent
Increase = 2%

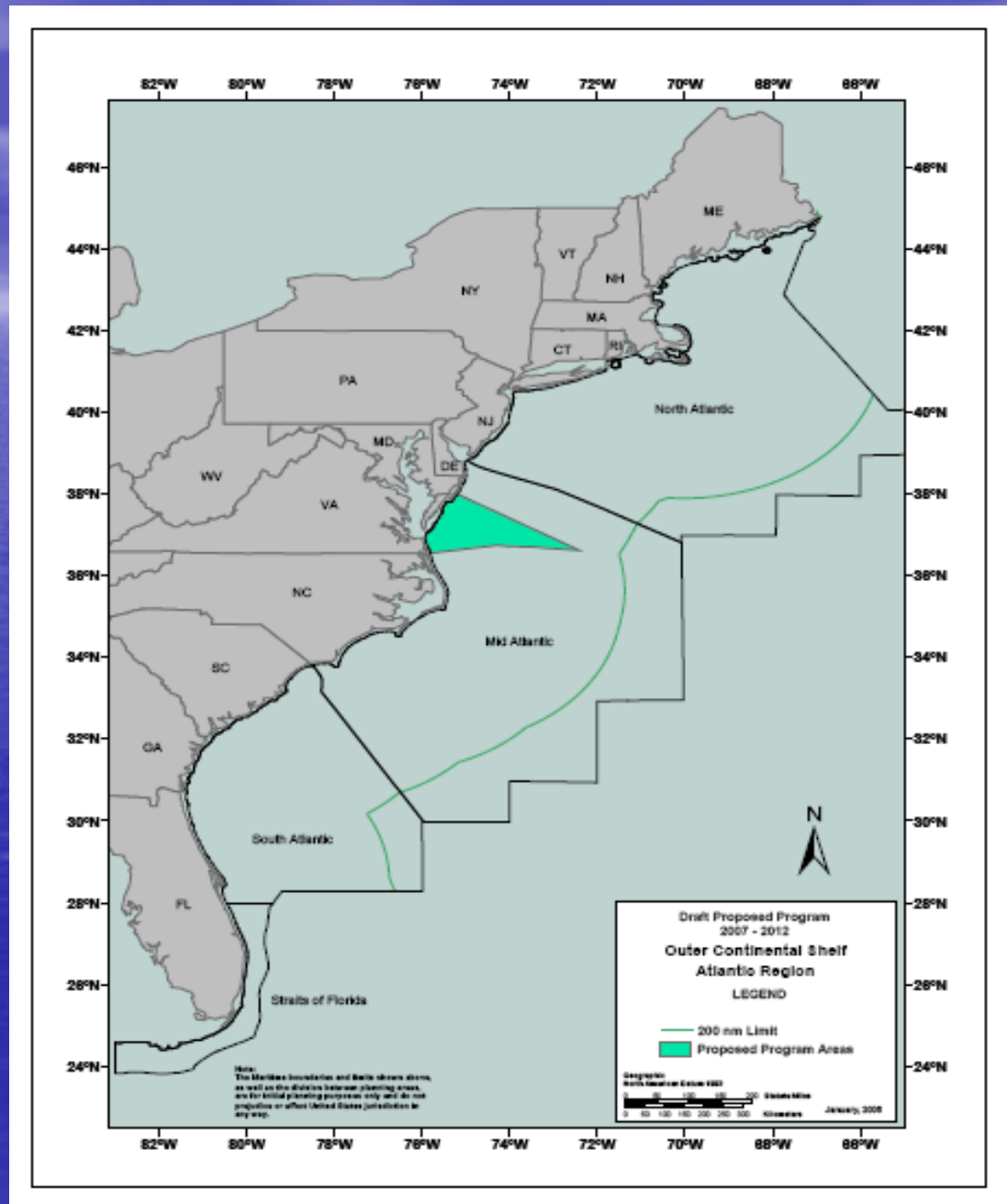
"Sale 181" Area

- No leasing within 100 miles of Florida, based on previous Eastern Planning Area boundary
- Portion in reconfigured Central Planning Area would be proposed for leasing in 2007
- Included areas would not interfere with military readiness or training
- Areas south of Sale 181 area included for study
 - Presidential withdrawal remains in effect

Atlantic Proposed Program Area

- **North and South Atlantic, Straits of Florida**
 - No sales
- **Mid-Atlantic**
 - Including area allows us to analyze it
 - Presidential withdrawal remains in place; area currently under annual Congressional moratorium
 - Will coordinate with DOD about military issues and concerns
 - Will consult with all affected states

Atlantic Proposed Program Areas



Draft Proposed Program –

Table A—
Sale Schedule
for Available
Areas

Sale No.	Area	Year
204	Western GOM	2007
205	Central GOM (portion)	2007
193	Chukchi Sea	2007
206	Central GOM	2008
207	Western GOM	2008
208	Central GOM	2009
209	Beaufort Sea	2009
210	Western GOM	2009
211	Cook Inlet	2009
212	Chukchi Sea	2010
213	Central GOM	2010
215	Western GOM	2010
216	Central GOM	2011
217	Beaufort Sea	2011
218	Western GOM	2011
219	Cook Inlet	2011
221	Chukchi Sea	2012
222	Central GOM	2012

Draft Proposed Program

Table B—
Potential
Sale Schedule
For Further Analysis*

Sale No.	Area	Year
214	North Aleutian Basin	2010
220	Mid-Atlantic	2011
223	North Aleutian Basin	2012

* Presidential Withdrawal and Congressional Moratoria would need removed

In summary

2007-2012 5-Year Oil and Gas Leasing Program development:

- DPP comment period ends April 11
- Continue analysis
- Continue dialogue
- Consider OCS contribution to nation's critical energy needs
- Be responsive to comments from States, industry, and interested parties