



# Outer Continental Shelf Moratoria on Oil and Gas Development

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## Summary

Moratoria provisions for the outer continental shelf (OCS), enacted as part of the Department of the Interior appropriations over 26 years, prohibited federal spending on oil and gas development in certain locations and for certain activities. These annual congressional moratoria expired on September 30, 2008. While the expiration of the legislative restrictions does not make leasing and drilling permissible in all offshore areas, it is a significant development in conjunction with other changes in offshore leasing activity. Change in moratoria policy signals a shift that may affect other OCS policies as well.

The chief policy goal in not continuing annual moratoria beyond FY2008 was to increase domestic OCS energy production. Also influential were policies to diversify domestic energy production, including by launching renewable energy programs in the OCS, and the availability of new technology that would allow OCS activity in deeper waters beyond clear jurisdictional boundaries. These developments, taken together, reflect a transformative change in OCS policy alternatives. Their impact during periods of volatility in oil markets and in an exceptionally weak economy focuses congressional attention on federal priorities for OCS development.

In the past, Congress has addressed OCS oil and gas development by balancing numerous factors, including economic feasibility, environmental risk, technology, and ocean sovereignty. Disagreements tend to arise in each of these four issue areas between those in favor of offshore oil and gas development and those opposed. Positions are sharply divided on national and coastal state goals for OCS activities in former moratorium areas, and in areas in the Gulf of Mexico and the Arctic where prospective drilling activities or renewable energy projects are permissible.

Around the world, offshore activities are changing, as is reflected in international offshore policy disagreements that are similar to domestic policy disagreements. Economic opportunity and technological advances are driving the global search for energy sources in deeper ocean waters. These activities may clash with national or international environmental policies. Within the framework of the United Nations Convention on the Law of the Sea (UNCLOS), a number of countries are establishing parameters for offshore activities, including preparing claims for extended continental shelf areas. Although the United States has not ratified UNCLOS, U.S. efforts are underway to address extended continental shelf areas in a manner not inconsistent with the UNCLOS process.

The expiration of congressional moratoria is part of a series of changes in domestic and international OCS energy development policy. Moratorium policies have impacted federal-state coordination on economic and environmental concerns. As a result of changes in these policies, federal-state coordination and nation-to-nation coordination may emerge as issues for Congress as it addresses economic and environmental challenges in the OCS.

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## Recent Developments

The April 20, 2010, Deepwater Horizon explosion and oil spill set in motion a series of concerns about oil exploration and recovery in the Gulf of Mexico that has raised questions about suspensions and moratoria policy generally, about the federal offshore oil and gas program, and about the risks of deepwater drilling in particular. These questions have not been resolved and this policy discussion is ongoing.

On March 31, 2010, the Secretary of the Department of the Interior announced the Obama Administration policy with respect to outer continental shelf (OCS) oil and gas development.<sup>1</sup> The Administration proposed a range of actions in OCS areas, including expanded oil and gas production in some areas and protection of certain other offshore places. President Barack Obama issued an executive memorandum on March 31, 2010, pursuant to his authority under Section 12(a) of the Outer Continental Shelf Lands Act (OCSLA), creating a new moratorium on oil and natural gas leasing in the Bristol Bay area of the North Aleutian Basin of Alaska.<sup>2</sup> This withdrawal runs through June 30, 2017.

## Background

From 1982 until the end of FY2008, Congress enacted yearly measures that restricted spending of appropriated funds for certain OCS oil and gas leasing and drilling activities. Expiration of the annual congressional moratoria on offshore oil and gas leasing and drilling on September 30, 2008,<sup>3</sup> coupled with other developments in offshore leasing activity, impacts federal policies in the OCS in a number of ways. In the absence of the annual congressional moratoria, policy makers anticipate an increase in efforts to coordinate federal and state actions to address economic and environmental issues related to OCS energy development.<sup>4</sup>

The OCS is a federal offshore area from the edge of state waters, usually starting at 3 nautical miles from shore, seaward to a distance of about 200 nautical miles, and may in special cases in the future extend out to 350 nautical miles.<sup>5</sup> Energy leasing on the OCS takes place in four regions: the Gulf of Mexico region, the Atlantic region, the Pacific region, and the Alaska region.<sup>6</sup>

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<sup>1</sup> The Department of the Interior strategy for exploring and developing oil and gas resources on the OCS is posted at [http://www.doi.gov/news/doinews/2010\\_03\\_31\\_news.cfm](http://www.doi.gov/news/doinews/2010_03_31_news.cfm).

<sup>2</sup> *Memorandum on the Withdrawal of Certain Areas of the United States Outer Continental Shelf from Leasing Disposition* (March 31, 2010).

<sup>3</sup> The Continuing Appropriations Resolution, 2009 (P.L. 110-329), did not extend the annual congressional moratoria on oil and gas leasing activities. On March 11, 2009, the Omnibus Appropriations Act, 2009 (P.L. 111-8), was enacted without moratorium provisions, thus lifting in FY2009 the oil and gas development moratoria that had been in place since 1982 in the OCS along the Atlantic and Pacific coasts, in parts of Alaska, and in the Gulf of Mexico.

<sup>4</sup> This report does not focus on state-to-state or federal-state coordination on OCS policies. See CRS Report RL33404, *Offshore Oil and Gas Development: Legal Framework*, by Adam Vann.

<sup>5</sup> A geographical or nautical mile is equal to 6,080.20 feet, as opposed to the typical statute mile, which is equal to 5,280 feet.

<sup>6</sup> Certain other specific moratoria areas still exist by statute, by regulation, and by international treaty. These areas are not impacted by the expiration of the annual congressional moratoria.

The expiration of moratoria opens OCS areas where federal oil and gas leasing had not been permitted for many years, allowing these areas to be considered for potential drilling activity. Other developments in offshore leasing activity include a presidential order<sup>7</sup> to lift executive restrictions on certain OCS areas to allow offshore drilling, the emergence of new offshore operations (including renewable energy leasing), and the use of new technologies related to OCS research and development.

This report discusses moratorium policy in the context of the broader debate over OCS drilling.<sup>8</sup> The drilling debate includes separate policy conflicts over the size, timing, and location of OCS oil and gas development activities. In the remainder of this section of this report, the moratoria and the OCS drilling debate are discussed in the context of (1) the economic feasibility of oil and gas development activities in the OCS; (2) the environmental risk of OCS activities; and (3) new OCS technology. Later sections identify sources of authority for the OCS moratoria and discuss issues of ocean sovereignty.<sup>9</sup>

## **Economic Feasibility**

The potential for federal revenue from OCS development is a central driver of the drilling debate. Disagreement over the economic feasibility of OCS leasing activity features strongly in this debate, and in moratorium policy as well. At issue is whether the domestic OCS has sufficient potential for oil and gas production to warrant OCS development, and if so, how additional economic factors impact the size, timing, and location of OCS development. The economic feasibility of OCS development depends on oil prices, future projections about oil markets, commercial access to development areas, economic values assigned to competing ocean uses such as renewable energy development, fishing, tourism, and conservation, and other factors.<sup>10</sup>

It is difficult to determine the economic feasibility of oil and gas development options in the absence of clear statutory authority governing prospective ocean areas, and in the absence of predictable regulatory directives that implement federal policies, particularly in new areas with potentially competing development options. Areas such as the Gulf of Mexico and the Arctic, which have substantial proven oil and gas deposits, are particularly unpredictable with respect to the domestic and international authorities that govern oil and gas development. Uncertainty exists regarding boundaries in certain areas, U.S. legislative and regulatory authority, and in some cases sovereign authority.

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<sup>7</sup> “Memorandum on Modification of the Withdrawal of Certain Areas of the United States Outer Continental Shelf from Leasing Disposition,” *Weekly Compilation of Presidential Documents*, vol. 44 (July 14, 2008), p. 986. It is in the combined effect of presidential directives from 1990 to 2008 that the policy impacts of moratoria are most apparent.

<sup>8</sup> The OCS drilling debate is a combination of several discrete debates about oil and gas leasing activity on the OCS. In the context of the OCS drilling debate Congress addresses multiple OCS activities (research, exploration, drilling, operations, and decommissioning). Also in this context, Congress addresses policy concerns related to the suitability of the size, timing, and location of oil and gas leasing and the adequacy of federal revenue management.

<sup>9</sup> This report focuses on the congressional moratorium, a policy option used to restrict OCS activity. Numerous other policy options serve as incentives to oil and gas development. One such incentive is royalty relief. For more information on incentives for OCS oil and gas development, see CRS Report RS22928, *Oil Development on Federal Lands and the Outer Continental Shelf*, by Marc Humphries.

<sup>10</sup> Global demand for oil and gas and global prices impact the economic feasibility of OCS development. Offshore activity depends on sustained capital investment by oil companies and independent producers. Periods of tight credit and uncertain projections for oil and gas demand can affect capital investment.

Federal data to show the potential economic feasibility of developing OCS energy resources are becoming more sophisticated. However, the data have limitations, and concerns arise about their interpretation. The time frame for recent OCS economic analysis spans the end of the George W. Bush Administration and the beginning of the Obama Administration, a time of transition in some federal policies. As a result, underlying economic assumptions made during this time may reflect an ambiguity about federal priorities and future policy direction on OCS oil and gas development. In the absence of clear policy directives, disagreement remains over the economic feasibility of oil and gas development. For example, economic assessments of OCS oil and gas resources vary based on whether or not the projections consider economic data about renewable energy development options. These differing interpretations of what kinds of data to consider can lead to conflicting conclusions about economic feasibility.

Global economic factors play a major role in deliberations about OCS drilling activity. At the end of FY2008, annual moratoria expired amid global economic turmoil and calls for greater stability in the national economy.<sup>11</sup> Congress consistently finds that domestic oil and gas development is vital to the nation, despite disagreements over the economic feasibility of specific oil and gas development projects.<sup>12</sup> Development advocates raise competitiveness arguments, specifically claiming that other coastal countries are allowing greater access to offshore resources and that the United States should not fall behind in the international race to develop offshore resources because of concerns about the marine environment. Those in favor of OCS drilling observe that on a global scale, the use of drilling restrictions is changing, and that continuing an annual congressional moratorium, for example, would be out of step with policies being considered by other countries engaged in OCS development.<sup>13</sup> Concerns about competitiveness influence congressional consideration of OCS development policy in legislative proposals and consideration of international treaties and conventions addressing OCS governance.

## **Environmental Risk**

Given data that suggests that prospective oil and gas reserves exist, another concern raised in the drilling debate generally, and raised about former moratorium areas specifically, is the potential for environmental harm associated with OCS activities. This concern reflects general uncertainty over federal ocean priorities and a potential clash between environmental policy directives and directives for ocean energy development.

Discussions of environmental risk are often accompanied by claims that federal regulators lack sufficiently comprehensive approaches to assess environmental risks in the marine environment.<sup>14</sup>

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<sup>11</sup> The moratoria expired during a period of economic crisis in late 2008, when a liquidity shortfall in the U.S. banking system resulted in congressional action to halt what was considered at the time to be a crisis comparable to the Great Depression.

<sup>12</sup> The Outer Continental Shelf Lands Act (43 U.S.C. § 1337) and accompanying Congressional Declaration of Policy state, “The OCS is a vital national resource reserve held by the federal government for the public, which should be made available for expeditious and orderly development.” The Energy Policy Act of 2005 (P.L. 109-58) was enacted in part to encourage domestic energy investment in new offshore leasing and development.

<sup>13</sup> The ways other countries with OCS development goals address environmental risk vary widely and are beyond the scope of this report. The Department of State is a source for learning about actions by other countries related to addressing environmental risk. See <http://www.state.gov/g/oes/env/>.

<sup>14</sup> A recent expression of this point of view was published in the Interim Report of the Interagency Ocean Policy Task Force, coordinated by the White House Council on Environmental Quality, available at <http://www.whitehouse.gov/administration/eop/ceq/initiatives/oceans/interimreport>.

It is widely acknowledged that federal ocean management authorities are fragmented and that both overlapping areas of agency authority and gaps in authority exist in federal ocean administration. How environmental risks are assessed and mitigated is at issue particularly where OCS programs have recently expanded to include new types of development (such as renewable energy programs) and new areas for leasing consideration (due to the expiration of moratoria).

Opinions on the environmental risks associated with OCS development vary widely. Those who oppose drilling cite numerous examples of environmental risks inherent in OCS activity. The list of potential threats to the environment includes air and water degradation, oil spills, sea bed disturbances, and numerous harms to marine life. Those who support drilling counter that while certain environmental risks are unavoidable, improvements in offshore oil and gas operations and compliance with laws and regulations sufficiently mitigate environmental risks associated with OCS operations. Federal efforts to prevent oil spills and to improve oil spill response include passage of the Oil Pollution Act of 1990 (P.L. 101-380, OPA90), which established penalties for oil spills and established U.S. Coast Guard prepositioned oil-spill response equipment sites, vessel and facility response plans, and contingency planning. Under OPA90, oil-carrying vessels operating in U.S. waters are to have double hulls by 2015.<sup>15</sup>

Resolving concerns about environmental risk is central to moratorium policy. Some contend that moratoria on oil and gas development are among the only effective ways to address concerns about environmental risk and that measures short of this do not sufficiently mitigate risk. Measures other than moratoria might include oil spill preparedness requirements, coastal compliance measures, use of new technologies, and opportunities for public scrutiny of federal offshore oil and gas activity to address environmental risk.<sup>16</sup>

Policy makers seeking to reach a compromise to resolve environmental concerns have focused on a range of proposals, including proposals to substitute a combination of other measures as a replacement for moratoria. Such efforts have tended to reach an impasse, however, as advocates remain largely divided on what environmental precautions would constitute adequate protection for the marine and coastal environments. Advocates opposed to OCS oil and gas development often associate oil and gas consumption with harmful greenhouse gas emissions and other global climate change concerns. From this perspective, only permanently restricting the offshore development of conventional energy sources would protect against these risks to the domestic and global environment. This perception complicates efforts to reach a compromise involving a combination of possible restrictions designed to tailor OCS development activities. Advocates in support of conventional OCS development view environmental risk on a different scale and largely reject global climate change as a basis for defining the risk. These advocates claim that compliance with current environmental laws and regulations can be an adequate substitute for moratoria, and that new technologies are emerging to manage harmful greenhouse gas emissions and other global climate change concerns. Improvements in offshore technology are broadly viewed by the Obama Administration as potential measures to bridge the impasse over environmental risk in shaping OCS policy.<sup>17</sup>

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<sup>15</sup> Numerous federal regulations exist to implement pollution control laws. See CRS Report RL34384, *Federal Pollution Control Laws: How Are They Enforced?*, by Robert Esworthy

<sup>16</sup> Statutes provide for public scrutiny throughout the regulatory process and through litigation. See CRS Report RS20621, *Overview of National Environmental Policy Act (NEPA) Requirements*, by Kristina Alexander; and CRS Report RL33603, *Ocean Commissions: Ocean Policy Review and Outlook*, by Harold F. Upton and Eugene H. Buck.

<sup>17</sup> Obama Administration officials have broadly supported the notion that modern technology allows OCS energy (continued...)

## Improvements in Offshore Technology

Technological advancements are emerging that impact OCS operations from pre-leasing activities to platform removal, potentially improving operational performance, environmental protection, and other aspects of OCS activity. Advances in geophysical resource assessment, drilling technology, platform and pipeline design, communications, operational monitoring, and training are helping to minimize environmental impacts and improve economic benefits.

Technology is widely recognized as an important feature of the drilling debate, with relevance to moratorium areas specifically. Congress incorporates information about new technologies and new applications of technology in the development of OCS policy. Considerations of the economic feasibility of OCS leasing activity and of the environmental risks related to OCS development are viewed in association with technology applications intended to safeguard the environment and increase economic resource exploitation.

Technical progress is globally recognized as a factor in the evolution of offshore operations. Changes in technology are impacting OCS policy by creating new options for OCS operations farther and farther from shore, even beyond a country's exclusive economic zone (EEZ).<sup>18</sup> The expiration of OCS moratoria, coupled with applications of new technology, have turned attention to international governance concerns in the OCS drilling debate. Concerns related to possible OCS operations near international waters reflect divergent points of view. Some argue that U.S. involvement and participation in international organizations should increase and should include ratifying the United Nations Convention on the Law of the Sea (UNCLOS).<sup>19</sup> On the other hand, those opposing ratification contend that fuller participation in international organizations may diminish U.S. sovereignty in ocean management. These concerns are evident in the debate on UNCLOS accession that is before the U.S. Senate Committee on Foreign Relations. (UNCLOS is discussed in more detail in the section on "United Nations Convention on the Law of the Sea (UNCLOS)," below.)

## Sources of U.S. Moratorium Policy

### Legislative Authority

Congress has authority to set policy for OCS activity and to determine incentives and restrictions for OCS development. Congress enacted OCS moratoria provisions annually between 1982 and 2008 in Department of the Interior appropriations. Moratoria provisions were modified from year to year to address specific interests and to cover specific areas. See **Table 1**.

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(...continued)

development while protecting the environment.

<sup>18</sup> EEZ areas extend for 200 nautical miles beyond the baselines of the territorial sea, and encompass the territorial sea and its contiguous zone. The United States has jurisdiction over resources within its EEZ, including fishing, mining, and oil exploration, and has jurisdiction with regard to artificial islands and installations, marine scientific research, and marine pollution.

<sup>19</sup> EEZ rights are a matter of customary international law and are generally codified in Articles 55-60 of UNCLOS, entered into force November 16, 1994.



**Table I. Chronology of Annual Congressional Moratoria Enacted in DOI Appropriations**

Fiscal Year	Public Law	Alaska Region	Pacific Region	Gulf of Mexico	Atlantic Region
1982	97-100		X		
1983	97-394		X		X
1984	98-146		X	X	X
1985	98-473		X		X
1986	99-190				X
1987	99-591		X		X
1988	100-202				X
1989	100-446	X	X	X	X
1990	101-121	X	X	X	X
1991	101-512	X	X	X	X
1992	102-154	X	X	X	X
1993	102-381	X	X	X	X
1994	103-138	X	X	X	X
1995	103-332	X	X	X	X
1996	104-134	X	X	X	X
1997	104-208	X	X	X	X
1998	105-83	X	X	X	X
1999	105-277	X	X	X	X
2000	106-113	X	X	X	X
2001	106-291	X	X	X	X
2002	107-63	X	X	X	X
2003	108-7	X	X	X	X
2004	108-108	X	X	X	X
2005	108-447	X	X	X	X
2006	109-54	X	X	X	X
2007	110-329	X	X	X	X
2008	110-161	X	X	X	X

**Source:** CRS. Table represents moratoria provisions established in DOI appropriations by region. The restrictions varied widely by fiscal year in terms of the amount of acreage, the specific location of moratoria, and the specific activities restricted.

Outside of the annual appropriations process, Congress also considers legislation<sup>20</sup> and treaties<sup>21</sup> that impact leasing, exploring for, developing, or producing oil and gas in OCS areas. For example, Congress designates national marine sanctuaries and enacts other laws that restrict

<sup>20</sup> H.R. 1696 and S. 783 would prevent leasing for the exploration, development, or production of oil, natural gas, or any other mineral in areas of the Atlantic.

<sup>21</sup> UNCLOS.

development in certain areas of the OCS. Congress has the authority to provide advice and consent for ratification of treaties that may contain moratoria provisions.

### **Annual Congressional OCS Moratoria**

Federal policy for OCS development is intended to span planning horizons of several years.<sup>22</sup> The Department of Interior appropriations legislation between 1982 and 2008 banned agency spending on programs related to OCS drilling, leasing and preleasing activity, and scientific studies one year at a time. This was inconsistent with long-standing OCS policy, which set planning horizons at no less than five years.

One legacy of congressional moratoria is their impact on the timing of possible OCS development. From a developer's point of view, predictability in the pace, timing, and sequence of OCS development projects is key to strategic business decisions. From a regulator's standpoint, agency discretion for OCS development is tied to program planning horizons set by statutory or regulatory timetables. Features of the annual congressional moratoria varied from year to year, and from region to region, as reflected in **Table 1**, and the resultant uncertainty had a disruptive effect on the pace of OCS activity, which was viewed negatively by those in favor of OCS drilling. Among those opposed to OCS drilling, the disruptive effect was considered a positive outcome.<sup>23</sup>

Changes to the specific provisions of annual moratoria measures created tensions due to the unpredictability of the bans on leasing activities, timeframes, and locations.<sup>24</sup> It was not uncommon for developers to engage in litigation against the federal government and to claim damages related to reliance on leases and federal OCS policies that were disrupted by the annual congressional moratoria.<sup>25</sup> Although observers agreed that appropriations measures were out of sync with the timetable used to coordinate federal OCS planning functions, proponents of annual congressional moratoria provisions countered that restrictions were defensible in the absence of more permanent alternatives for similar leasing prohibitions.

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<sup>22</sup> A five-year leasing plan governs federal offshore leasing. For more information on the legal framework of federal leasing, see CRS Report RL33404, *Offshore Oil and Gas Development: Legal Framework*, by Adam Vann.

<sup>23</sup> The ramifications of moratoria for sectors marginally associated with OCS development are not readily apparent. Those opposed to drilling claim the effects are positive for air, water, and habitat quality in coastal areas. Those in favor of drilling claim ramifications are negative for coastal infrastructure, such as shipbuilding and repair facilities. The impact of the moratoria on "jobs" is unclear and is beyond the scope of this report.

<sup>24</sup> A sampling of acreage from 1983 to 2005 is as follows: 35 million acres were withdrawn in 1983 in Central and Northern California and the mid-Atlantic, 54 million acres were withdrawn in 1984 in California planning areas, the North Atlantic, and the Eastern Gulf of Mexico, 45 million acres were withdrawn in 1985 in California planning areas and the North Atlantic, 8 million acres in the North Atlantic were withdrawn from 1986 to 1988, 33 million acres were withdrawn in 1989 in Northern California, the North Atlantic, and the Eastern Gulf, and 84 million acres were withdrawn in 1990 in California planning areas, the North and Mid-Atlantic, the Eastern Gulf, and all of the North Aleutian Basin. (Energy Information Administration, Office of Oil and Gas, September 2005 Overview of U.S. Legislation and Regulations Affecting Offshore Natural Gas and Oil Activity).

<sup>25</sup> See DOI testimony before the Subcommittee on Energy and Mineral Resources, August 5, 1999 describing litigation related to OCS moratoria policy, specifically about the relinquishment of certain leases in the North Aleutian Basin, in areas of the Gulf of Mexico, and areas offshore of North Carolina.

## **Gulf of Mexico Energy Security Act of 2006 (GOMESA)<sup>26</sup>**

In addition to the annual appropriations process, Congress also enacts other legislation with moratoria provisions that restrict OCS leasing and drilling. The Gulf of Mexico Energy Security Act of 2006 (GOMESA) restricts areas in portions of the Gulf of Mexico until 2022.<sup>27</sup> A moratorium on oil and gas leasing under GOMESA went into effect on December 20, 2006, and is to end on June 30, 2022. GOMESA areas are depicted in **Figure 1**.

Upon enactment of GOMESA, leases within areas designated as moratoria areas became eligible for exchange for a bonus or royalty credit<sup>28</sup> that could be used against other leasing obligations in the Gulf of Mexico.<sup>29</sup> The estimated aggregate value of relinquishing leases in GOMESA moratoria areas is estimated at slightly more than \$60 million.

## **Executive Authority**

The President may determine activities on the OCS and has done so under the authority to direct OCS leasing moratoria in the Outer Continental Shelf Lands Act (OCSLA)<sup>30</sup> and in the Antiquities Act.<sup>31</sup> As opposed to annual moratoria in appropriations legislation, presidential directives ordering moratoria usually authorize restrictions for durations that exceed the annual congressional moratoria.

On January 9, 2007, President George W. Bush modified the executive directive on OCS leasing withdrawal to reflect congressional modifications to OCS leasing in two areas—the North Aleutian Basin planning area offshore Alaska, and the 181 South Area of the Gulf of Mexico.<sup>32</sup> On July 14, 2008, President George W. Bush issued another executive order lifting executive constraints that remained on offshore leasing activities covered by the annual congressional moratoria.<sup>33</sup>

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<sup>26</sup> P.L. 109-432.

<sup>27</sup> GOMESA restricts leasing for about 15 years in areas of the Eastern Gulf of Mexico within 125 miles of Florida, including areas in the Gulf of Mexico east of the Military Mission Line and certain areas in the central Gulf of Mexico within 100 miles of Florida.

<sup>28</sup> GOMESA provided for the establishment of a process to exchange existing leases in the new moratorium areas for bonus or royalty credits. Regulations for bonus or royalty credits authorized under GOMESA are found in the final rule titled Bonus or Royalty Credits for Relinquishing Certain Leases Offshore, RIN 1010-AD44, published September 12, 2008 (73 FR 52917).

<sup>29</sup> Of a total of 85 leases eligible to apply for the credit, some leases have expired with no credit being issued, some leases have been relinquished for credits, and other leases are not yet responsive. The requests for credit must be received prior to the expiration date of the lease; the last day to apply for a credit is October 14, 2010.

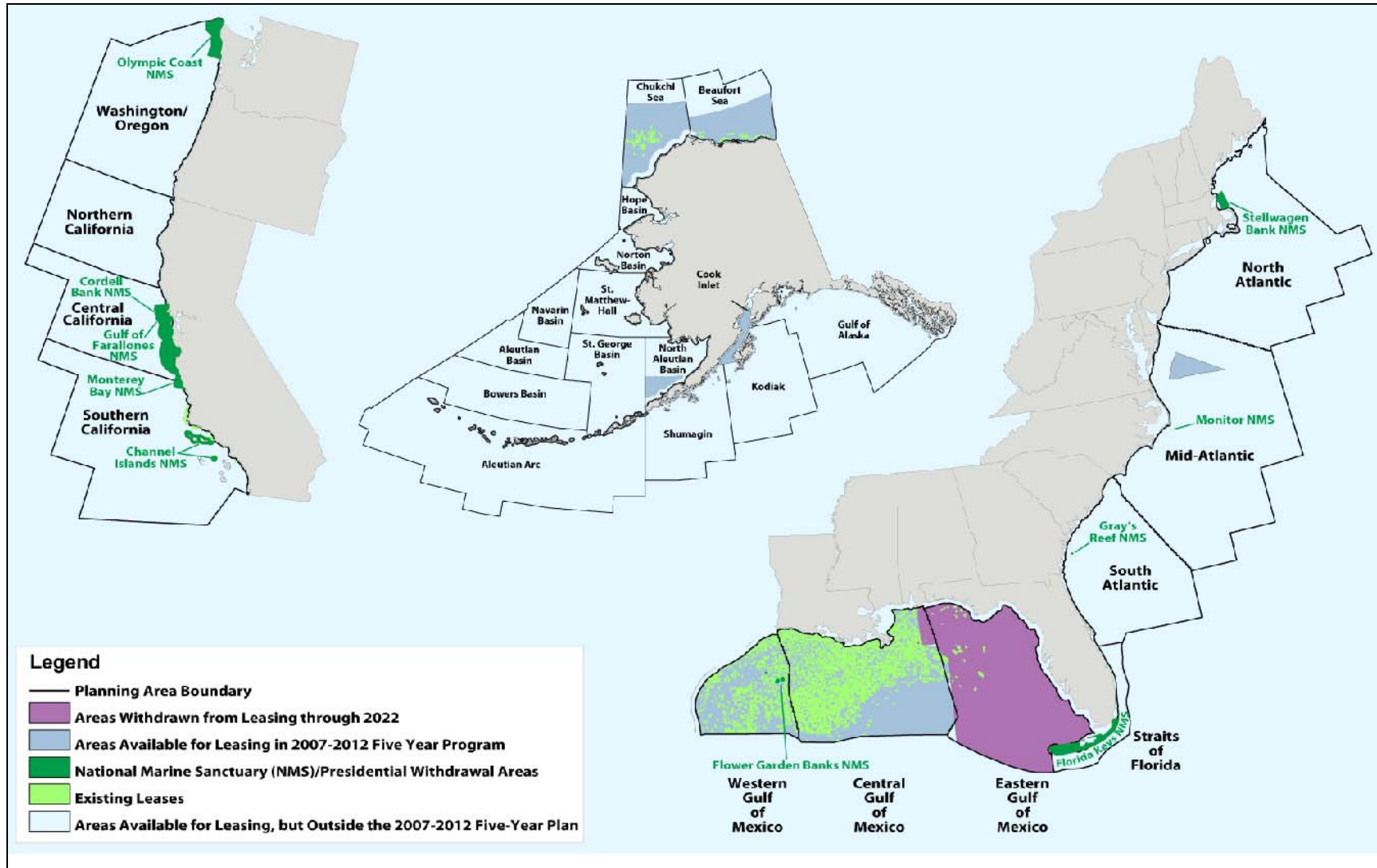
<sup>30</sup> 43 U.S.C. 1341(a).

<sup>31</sup> 16 U.S.C. §§431-433.

<sup>32</sup> In 2003, Congress did not extend the moratoria in the North Aleutian Basin at the request of the Alaska delegation, and when Congress enacted GOMESA in 2006, a new moratorium on leasing activities in most of the new Eastern Gulf Planning Area as well as a portion of the Central Gulf Planning Area within 100 miles of the coastline of Florida was established until June 30, 2022.

<sup>33</sup> On July 14, 2008 a Modification of the Presidential Withdrawal of areas of the United States Outer Continental Shelf from leasing disposition was announced by President Bush in the following statement, “Under the authority vested in me as President of the United States, including section 12(a) of the Outer Continental Shelf Lands Act, 43 U.S.C. 1341(a), I hereby modify the prior memoranda of withdrawals from disposition by leasing of the United States Outer Continental Shelf issued on August 4, 1992.”

Figure 1. OCS Oil and Gas Development Locations



Source: MMS maps adapted by CRS.

## Agency Authority

### Minerals Management Service (MMS)<sup>34</sup>

Generally, federal agencies take OCS leasing moratoria direction from Congress and the President. In some cases however, lack of coordination between federal agency actions and the actions of Congress and the President in terms of OCS leasing moratoria, has created tension and controversy.

For example, MMS has exercised agency authority to constrain leasing activities in areas *not* under moratoria policy set by Congress or the President. Deferring oil and gas development is within agency authority even when it is inconsistent with prevailing moratoria policy. MMS has deferred from offering OCS areas numerous times over the years in response to recommendations from governors, stakeholders, and others.<sup>35</sup>

It is rare that areas designated by MMS for potential OCS leasing would include areas designated by Congress as under moratoria constraints. However, in the current Five-Year Plan which took effect on July 1, 2007, MMS proposed a possible lease sale in an area under moratoria offshore the Commonwealth of Virginia.<sup>36</sup> Sale 220 was proposed while the area was under moratoria to prohibit leasing activities. By 2009 however, the area was no longer under moratoria, and became eligible for leasing consideration.

### Marine Sanctuaries and Marine Monuments

Federal agencies other than MMS administer moratoria policy on the OCS. National marine sanctuaries and national marine monuments are generally areas under moratoria<sup>37</sup> and are located in protected areas that encompass more than 300,000 square miles of ocean area.<sup>38</sup> National marine sanctuaries and national marine monuments are depicted in **Figure 1**.

Marine sanctuaries can be established and maintained in a variety of ways. Congress and the President can designate national marine sanctuaries, and the Secretary of the Department of Commerce is authorized to designate areas of the marine environment as National Marine Sanctuaries.

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<sup>34</sup> MMS, a bureau in the U.S. Department of the Interior, is the federal agency that manages the nation's ocean's oil, gas, renewable and other mineral resources on the outer continental shelf (OCS). See Minerals Management Service at <http://www.mms.gov/>.

<sup>35</sup> In 1997, MMS deferred offering 336 blocks in the Gulf of Mexico during treaty negotiations with Mexico. In 2001, Lease Sale 176 was deferred based upon insufficient time to complete review of an environmental analysis. In 2003, Lease Sale 186 in the Beaufort Sea was modified by deferrals recommended by Alaska governor Frank Murkowski.

<sup>36</sup> MMS prepares a five-year leasing plan, subject to annual revisions, that governs any offshore leasing that takes place during the period of plan coverage. The current MMS Five-Year Oil and Gas Program Plan took effect on July 1, 2007. The Plan is available on MMS's website at <http://www.mms.gov/offshore/PDFs/OMMStrategicPlan2007-2012.pdf>.

<sup>37</sup> In 1998 President Clinton withdrew indefinitely all national marine sanctuaries at that time: Washington-Oregon (Olympic Coast); Central California (Cordell Bank, gulf of Farallones and Monterey Bay); Southern California (Channel Islands); Western Gulf of Mexico (Flower Garden Banks); Straits of Florida (Florida Keys); South Atlantic (Gray's Reef); Mid-Atlantic (Monitor); and North Atlantic (Stellwagen Bank).

<sup>38</sup> See CRS Report RL32486, *Marine Protected Areas (MPAs): Federal Legal Authority*, by Adam Vann.

Under the Antiquities Act, the President has the authority to unilaterally designate national monuments.<sup>39</sup> In 2006 and 2009, President George W. Bush used the Antiquities Act to establish the Northwestern Hawaiian Islands Marine National Monument, making it the largest single conservation area in U.S. history.<sup>40</sup>

## Background on Ocean Governance

With few exceptions, nations exercise jurisdiction over marine areas within approximately 200 nautical miles of their coasts and recognize this area as their exclusive economic zone (EEZ) under domestic law,<sup>41</sup> and under the United Nations Convention on the Law of the Sea (UNCLOS).<sup>42</sup> The United States has not ratified UNCLOS. The EEZ is a zone where the United States applies sovereign rights and third party nations are generally allowed limited rights in this zone as well. The two most common sources of authority for OCS oil and gas leasing in the EEZ and beyond are the Outer Continental Shelf Lands Act (P.L. 103-426, OCSLA) and UNCLOS. Consideration of both OCSLA and UNCLOS is apparent in the U.S. effort addressing extended continental shelf (ECS) areas.<sup>43</sup> However there is some disagreement over when to consider the OCSLA and when to consider UNCLOS, in the development of OCS policy. This is largely due to issues that arise in the UNCLOS ratification debate. Regardless of UNCLOS ratification, some degree of alignment with UNCLOS principles is a factor in United States OCS leasing policy, particularly in areas that would impact trans-boundary reserves or territorial claims of other nations.

Ocean governance is among the topics that are addressed by a task force formed at the direction of President Obama and led by the Council on Environmental Quality to make recommendations on national ocean policy.<sup>44</sup> In 2009, interim recommendations from the Interagency Ocean Policy Task Force proposed numerous reforms to improve coordination of domestic ocean governance.<sup>45</sup> The Task Force also recommended UNCLOS ratification as an expression of national ocean policy.

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<sup>39</sup> By Executive Order 13178, in 2000, President Clinton established the Northwestern Hawaiian Islands Coral Reef Ecosystem Reserve, directing steps to be taken to bring this site into the National Marine Sanctuary System.

<sup>40</sup> The Marine National Monument in the Northwestern Hawaiian Islands includes three new monuments in remote sites around the northernmost Mariana Islands, including the Mariana Trench and associated active underwater volcanoes and hydrothermal vents; Rose Atoll in American Samoa; and seven remote U.S. islands in the Central Pacific – Kingman Reef and Palmyra Atoll, Howland and Baker islands, and Jarvis, Johnston Atoll and Wake Island.

<sup>41</sup> The U.S. declared its EEZ in Proclamation No. 5030, 48 Fed. Reg. 10,605 (March 14, 1983).

<sup>42</sup> EEZ rights are a matter of customary international law and are generally codified in Articles 55-60 of UNCLOS, entered into force November 16, 1994.

<sup>43</sup> ECS areas are rights to the continental shelf beyond the 200-nautical-mile limit up to 350 miles in certain cases. As of mid-2009, 51 claims by 44 countries had been made to extend their continental shelf. Some countries have multiple submissions and joint submissions with other countries. There are numerous benefits to ECS areas including benefits related to military operations, resource development and other benefits.

<sup>44</sup> President Obama directed the Council on Environmental Quality (CEQ) to convene an Interagency Ocean Policy Task Force to address concerns related to national ocean policy.

<sup>45</sup> The Interagency Ocean Policy Task produced an Interim Report available at <http://www.whitehouse.gov/administration/eop/ceq/initiatives/oceans/interimreport>.

## **Outer Continental Shelf Lands Act (OSCLA)<sup>46</sup>**

Among several federal statutes governing OCS activities, the chief statute for drilling and leasing activity is the OSCLA, which grants the Secretary of the Interior authority over OCS energy and mineral leasing activities. The OCSLA, in conjunction with other statutes, extends broad powers to the President and federal agencies such as MMS over leasing activities on the OCS. Under the OCSLA, oil and gas lease sales are conducted in conjunction with numerous other federal and state authorities.<sup>47</sup> Renewable energy projects are also conducted in conjunction with numerous other federal and state authorities; however, under OCSLA federal planning does not integrate oil and gas and renewable energy projects. Expiration of moratoria restrictions impacts all programs (conventional and renewable) under the OCSLA because it signals a shift away from annual measures focused on certain controversial leasing areas for oil and gas, and it allows Congress to frame OCS policy with a comprehensive approach to all areas and all types of energy projects.

## **United Nations Convention on the Law of the Sea (UNCLOS)<sup>48</sup>**

As moratoria restrictions expire or are lifted, ocean areas that were formerly closed have the potential to open for energy development. U.S. leasing policy alternatives recognize certain areas under moratoria pursuant to bilateral treaty agreements and customary international law. Despite not ratifying UNCLOS, the United States seems to align domestic OCS policy with UNCLOS.<sup>49</sup>

The same themes that prevail in domestic OCS policy debates seem to prevail in global development scenarios. International policy in favor of expanding ocean energy development offshore is driven by competition for energy resources; policy to stem certain development efforts is largely driven by global climate change concerns. The U.S. and other coastal countries are considering leasing activities farther and farther offshore, and as a result the potential for international ramifications of leasing in international areas is an emerging concern.<sup>50</sup>

Currently, amidst some uncertainty about OCS leasing policy in international areas, leasing opportunities are emerging near international marine boundaries. Issues likely to arise in these areas include jurisdictional issues and issues associated with joint development, particularly in areas where moratoria have expired or is set to expire.<sup>51</sup> UNCLOS is broadly viewed as the

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<sup>46</sup> P.L. 103-426, 43 U.S.C. 1341.

<sup>47</sup> In addition to the OCSLA, several federal environmental and safety statutes apply to OCS leasing activity. OSCLA provides for regulations and procedures for leasing federal OCS areas, and procedures for environmental analysis of affected areas. OCSLA intends the government to receive fair market value for oil and gas production and establishes that rents and royalties are to be collected from OCS leasing activities.

<sup>48</sup> UNCLOS provides a comprehensive international legal framework intended for building consensus on actions related to the world's ocean spaces, uses, and resources. See United Nations Convention on the Law of the Sea, opened for signature December 10, 1982, in force November 16, 1994, 1833 U.N.T.S. 396, reprinted in *United Nations, the Law of the Sea: United Nations Convention on the Law of the Sea* (UN Pub. Sales No. E.83.V.5). For additional information, see CRS Report RS21890, *The U.N. Law of the Sea Convention and the United States: Developments Since October 2003*, by Marjorie Ann Browne.

<sup>49</sup> The governance of OCS areas can be approached a number of ways. The use of bilateral agreements and the exercise of unilateral rights and duties relative to an international framework of recognized ocean jurisdictions are two approaches that are used by the United States.

<sup>50</sup> In recent years there is increased attention to claims to establish extended OCS jurisdiction in areas beyond 200 nautical miles under certain conditions. Such extensions are of particular interest off Alaska and in the Gulf of Mexico.

<sup>51</sup> The marine boundary between the U.S. and Mexico is governed by the treaty noted at footnote 53. The moratorium (continued...)

international standard by which to govern joint development in OCS areas in the North Atlantic, in the Arctic region, and in the Gulf of Mexico. Development issues in these areas are the subject of diplomatic and national security policy as well as economic and environmental policy.

## **U.S. Moratoria in International Areas**

In the Gulf of Mexico and in the Arctic, U.S. offshore activity is determined by a number factors, including conformance to customary international law. U.S. policy with respect to increasing domestic production in areas near international waters reflects general conformance to customary international law and consistency, if not full alignment, with the UNCLOS framework.<sup>52</sup>

In 1978, the United States and Mexico signed a treaty establishing maritime boundaries in the Gulf of Mexico.<sup>53</sup> The governance of deepwater areas was of particular interest in the 1978 draft treaty because two territorial “gaps” existed in areas beyond 200 miles from each nation’s respective coastlines.<sup>54</sup> At that time there was no international consensus for nations to claim natural resources in areas beyond the 200-mile EEZ.<sup>55</sup> The Mexican parliament ratified the treaty in 1979. Eighteen years later, the United States Senate ratified a maritime boundary treaty. The period of consideration was largely due to debates about how the treaty impacted governance of deepwater areas.<sup>56</sup>

Treaty provisions between the U.S. and Mexico established a 1.4 nautical mile buffer zone on each side of the marine boundary, and both countries agreed to a 10-year moratorium on oil and gas exploitation in the buffer zone.<sup>57</sup> When the treaty was ratified, it was generally understood that after the 10-year period, each country would potentially determine drilling and exploitation

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(...continued)

established in this bilateral treaty is expected to expire in 2010. In the case of the marine boundary between the United States and Canada in the North Atlantic, the Canadian moratorium, appears to be in place until 2012.

<sup>52</sup> UNCLOS provides a framework for ocean governance based on customary international law. U.S. actions are generally in conformance with customary international law. With respect to certain UNCLOS proceedings, such as claiming extended continental shelf, there is no parallel in customary international law.

<sup>53</sup> Treaty on Maritime Boundaries between the United Mexican States and the United States of America (Caribbean Sea and Pacific Ocean), May 4, 1978; available at <http://www.un.org/Depts/los/LEGISLATIONANDTREATIES/PDFFILES/TREATIES/MEX-USA1978MB.PDF>.

<sup>54</sup> The “gaps” are depicted in the map at **Figure 2**. One area is located in front of the Mexican coastline of Tamaulipas and the United States coast of Texas. This area is known as the Western Gap, while the other one, the Eastern Gap is in front of the Mexican coast of Yucatan, the coast of New Orleans and the coast of Cuba.

<sup>55</sup> Today an UNCLOS process is established for countries to submit claims to a special UNCLOS commission which reviews the evidence related to ECS recognition. This UNCLOS review and determination is governed by Article 76 of UNCLOS and is the subject of some controversy.

<sup>56</sup> For more information see S.Rept. 105-4, *U.S.–Mexico Treaty on Maritime Boundaries*, October 22, 1997, Committee on Foreign Relations.

<sup>57</sup> Moratorium is the subject of Article 4 of the Treaty which reads, “Due to the possible existence of oil or natural gas reservoirs that may extend across the boundary set forth in Article I (hereinafter referred to as “trans-boundary reservoirs”), the Parties, during a period that will end ten (10) years following the entry into force of this Treaty, shall not authorize or permit oil or natural gas drilling or exploitation of the continental shelf within one and four-tenths (1.4) nautical miles of the boundary set forth in Article I. (This two and eight-tenths (2.8) nautical mile area hereinafter shall be referred to as “the Area” (...).”



of oil and gas in its respective buffer zone.<sup>58</sup> Under the treaty, the moratoria area that was established appears to expire in 2010.

## **Issues for Congress**

Expiration of moratoria has created the potential for oil and gas exploration and production in areas of the OCS along the Atlantic and Pacific Coasts, parts of Alaska, and the Gulf of Mexico that had been restricted since 1982. These areas include some parts of the OCS that are largely unexplored. Although the annual congressional moratorium was not the only restriction to leasing these offshore areas, it was a significant bar on development. In the absence of the annual congressional moratoria, new OCS policy alternatives emerge for Congress and for the states.

### **Federal Revenue<sup>59</sup>**

Moratoria reduce the potential for federal and state revenue. In FY2008 MMS collected approximately \$18 billion from OCS leases.<sup>60</sup> Funds from offshore production also support the Land and Water Conservation Fund and the National Historic Preservation Fund. Both of these funds provide money to all 50 states. Where OCS oil and gas leasing is currently underway, and states participate in specific revenue sharing policies, revenue management programs seem to have broad support.<sup>61</sup>

Revenue sharing between the states and the federal government is typically established by statute. Congress has enacted three OCS revenue sharing programs that disburse money to coastal states. These programs are discussed in the following sections.

### **OCSLA Amendments of 1986 Created the 8(g) Zone**

OCSLA amendments of 1986 mandated that the federal government share with affected coastal States 27% of revenues generated from oil and natural gas leases located in the federal 8(g) zone. The 8(g) zone is three miles wide and is located directly adjacent to a state's seaward boundary.<sup>62</sup>

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<sup>58</sup> U.S. Department of the Interior, Minerals Management Service, Gulf of Mexico OCS Region press release on July 13, 2000 available at <http://www.gomr.mms.gov/homepg/whatsnew/newsreal/2000/000713.html>.

<sup>59</sup> Revenue management has been the subject of considerable interest and controversy. See CRS Report RS22764, *Recent Litigation Related to Royalties from Federal Offshore Oil and Gas Production*, by Adam Vann.

<sup>60</sup> MMS statistics available at <http://www.mms.gov/ooc/PDFs/MMSFastFactsApr09.pdf>.

<sup>61</sup> The way royalty payments work is set forth in the lease instrument itself. The royalty clause is the main provision in OCS leases for the compensation of the federal government. At the time the lease is executed, the federal government typically receives a bonus payment for the grant of the lease and during the primary term of the lease may receive periodic payments of rentals. If production is obtained, the federal government receives royalty, usually stated as a percentage of production or of the proceeds from the sale of production minus the costs associated with producing the oil and or gas.

<sup>62</sup> According to MMS, in FY2008, MMS disbursed \$103.6 million in 8(g) oil and gas revenues to seven coastal states. Alabama: \$15.0 million; Alaska: \$17.8 million; California: \$11.0 million; Louisiana: \$45.8 million; Texas: \$13.3 million; Mississippi: \$ 564,068; Florida: \$ 83. Disbursements to Mississippi and Florida (compared to Alabama, Alaska, California, Louisiana, and Texas) show a difference in scale. This may be related to adherence to each state's state coastal planning requirements. See <http://www.mms.gov/ooc/PDFs/MMSFastFactsApr09.pdf>.

The Energy Policy Act of 2005 expanded revenue sharing in the 8(g) zone to include 27% of the revenues generated from renewable energy leases.

### **The Coastal Impact Assistance Program (CIAP)**

CIAP is a grant program established under the Energy Policy Act of 2005. States with an approved CIAP State Plan are eligible to receive a portion of \$250 million for each of FY2007 through FY2010. This revenue is shared among Alabama, Alaska, California, Louisiana, Mississippi, and Texas.<sup>63</sup>

### **The Gulf of Mexico Energy Security Act of 2006 (GOMESA)**

GOMESA established a revenue sharing program for four coastal producing states in the Gulf of Mexico—Alabama, Louisiana, Mississippi and Texas—and their coastal counties and parishes. There are two phases: (1) starting in FY2007, these four states would receive 37.5% of the oil and gas revenues generated from leases issued in two areas of the Gulf of Mexico where sales were mandated in the Eastern and Central Gulf of Mexico Planning Areas; and (2) beginning in FY2017, the four states will share 37.5% of qualified OCS revenues from Gulf of Mexico leases issued after December 20, 2006. Payments to states are made annually. In March 2009, \$25 million of GOMESA qualified revenues from bonuses and first year rental payments from leases issued in FY2008 were disbursed.<sup>64</sup>

## **International Ocean Policy for Energy Development**

### **UNCLOS and Extended Continental Shelf Claims**

Upon the expiration of the annual congressional moratoria, certain international marine boundary areas gained relevance in OCS leasing policy because these areas became open for new leasing consideration. Although U.S. maritime zones conform generally to UNCLOS, the United States has not ratified UNCLOS and is therefore not a party to this convention.

The U.S. OCS extends beyond the EEZ in certain areas and the U.S. is engaged in efforts to establish its outer boundaries, or its extended continental shelf, to ultimately have the extended boundaries recognized generally by the international community. Similarly, other coastal nations are also engaged in efforts to establish their extended continental shelf boundaries. Among the coastal nations that have ratified UNCLOS, international recognition of their extended continental shelf would be recognized under UNCLOS rules. If the United States does not ratify UNCLOS, the United States likely cannot establish full UNCLOS recognition of its jurisdiction in offshore areas beyond 200 miles. This could result in uncertainty associated with U.S. marine boundaries and may jeopardize U.S. interests in certain activities such as security, navigation, or oil and gas development.

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<sup>63</sup> For more information see <http://www.mms.gov/offshore/ciapmain.htm>.

<sup>64</sup> According to MMS, funds were disbursed to Alabama: \$7.7 million; Louisiana: \$7.9 million; Mississippi: \$6.8 million and Texas: \$2.6 million. See <http://www.mms.gov/ooc/PDFs/MMSFastFactsApr09.pdf>.

The U.S. relies on its general conformance to international law as a substitute for ratifying UNCLOS in its approach to certain international ocean matters.<sup>65</sup> However, the difference between choosing to align with UNCLOS and choosing to ratify UNCLOS is becoming increasingly more pronounced, specifically with respect to the process to establish U.S. extended continental shelf jurisdiction.

Establishing OCS policies that allow for extended marine boundaries and establishing international recognition of U.S. ECS areas are emerging as significant concerns absent UNCLOS ascension. Arguments have been made that UNCLOS ratification is the only way to establish international recognition for extended continental shelf jurisdiction. Others disagree. It is unclear whether there is an available substitute for ratifying UNCLOS for the purpose of establishing UNCLOS recognition for extended continental shelf areas.

### **Trans-boundary OCS Resources**

In the late 1990s, petroleum resources were discovered in progressively deeper water in the Gulf of Mexico. When in 2000 the United States signed and ratified the Delimitation Treaty with Mexico, both countries recognized the possibility that trans-boundary oil and gas reservoirs may exist.<sup>66</sup>

When prospective marine resources appear to straddle marine boundaries, it can be impractical for different national regulations to apply on different sides of an imaginary line in the middle of the ocean. The legal and policy issues associated with trans-boundary reservoirs have not been fully analyzed. Taking this into account, countries potentially consider mutual policy options, including moratoria alternatives, and address trans-boundary resources with a combination of unilateral and bilateral (or multi-lateral in the case of more than two countries) options.

### ***U.S. and Mexico—Gulf of Mexico Moratoria Areas***

In the case of the marine boundary between the U.S. and Mexico, which is depicted in **Figure 2**, a moratorium established by bilateral treaty is set to expire in 2010. As the restriction on development nears its expiration, both countries may be considering OCS development in that area. Opportunities exist to allow for oil sharing, joint development, or unitization schemes. If the United States' and Mexico's constitutional and legal frameworks allow, this potentially provides many federal policy options and alternatives.

Marine development activities in the Gulf of Mexico are of interest to the United States, Mexico, and Cuba.<sup>67</sup> Concerns associated with governing trans-boundary resources such as those in the

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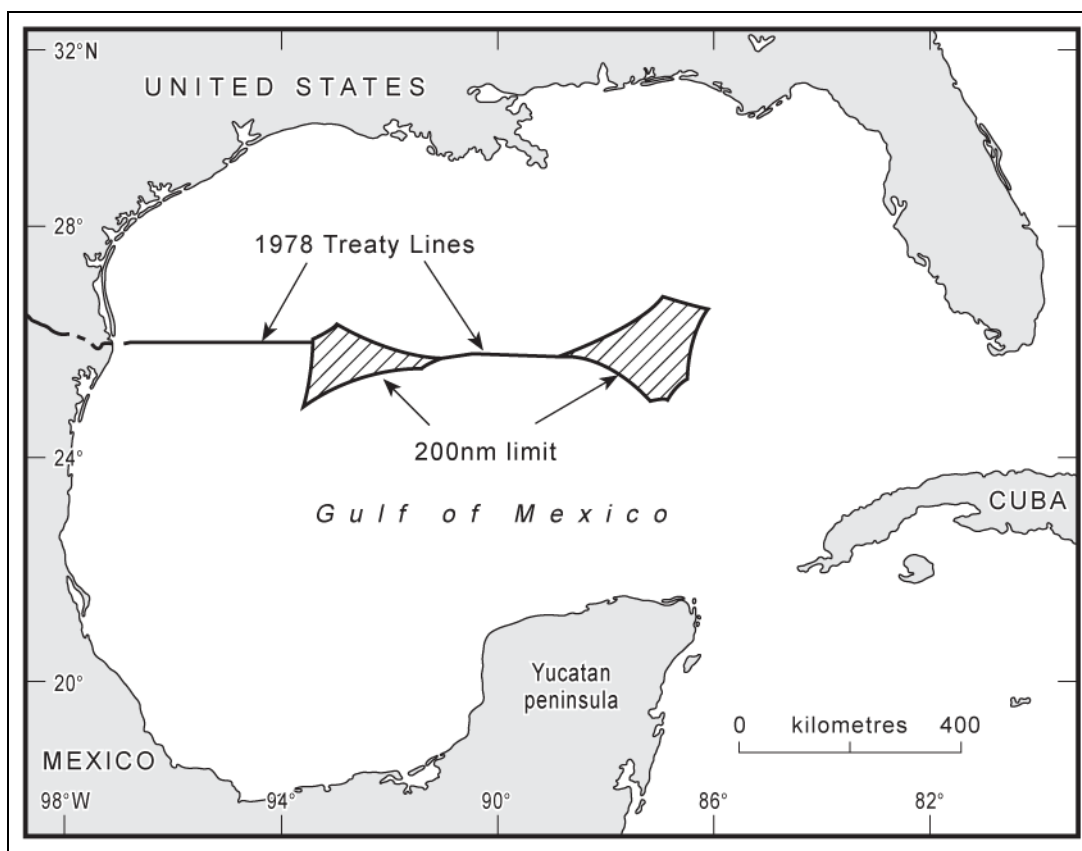
<sup>65</sup> Mutual adherence to UNCLOS has been instrumental in the diplomatic discussions to set marine boundaries between the United States and Mexico. It is typical that countries attempt to adhere to the same customary definitions when settling marine boundaries, and determining the sovereignty of marine areas. For example, when Mexico and the United States negotiated a marine boundary each country adhered to the position that the continental shelf of each country would extend past the 200 nautical mile boundary, pursuant to Article 76(1) of UNCLOS. This was a fundamental principle of the delimitation of marine areas between Mexico and the United States. It was by each country's adherence to this principle that both countries were able to agree.

<sup>66</sup> A trans-boundary resource is a resource that straddles two national territories.

<sup>67</sup> See U.S. Geological Survey report titled "Assessment of Undiscovered Oil and Gas Resources of the North Cuba Basin 2004," published in February 2005, which estimates a mean of 4.6 billion barrels of undiscovered oil and a mean of 9.8 trillion cubic feet of undiscovered natural gas along Cuba's north coast.

Gulf of Mexico are becoming increasingly evident. Despite various attempts within each nation to establish governance within their own jurisdictions, there is little to indicate progress between the United States, Mexico, and Cuba in developing coordinated maritime policies.<sup>68</sup>

**Figure 2. Marine Boundary Areas Between the U.S. and Mexico**



**Source:** Adapted by CRS from International Boundaries Research Unit (IBRU) Boundary and Security Bulletin Autumn 1997.

### *U.S. and Canada—Georges Bank Moratoria Areas*

Georges Bank straddles the U.S.-Canada border off southwest Nova Scotia in the North Atlantic. On the U.S. side, the West Georges Bank Basin had been under moratoria since 1982. With the expiration of the annual congressional moratoria, U.S. areas of the West Georges Bank Basin may be considered for oil and gas leasing.

On the Canadian portion of Georges Bank a general leasing ban has been in effect for many years, which covers the East Georges Bank Basin. BP Canada Energy Company and Chevron

<sup>68</sup> The U.S. negotiated a boundary with Cuba but has not ratified the Cuba boundary treaty. The boundary treaty with Cuba was submitted to the Senate on January 23, 1979. On September 17, 1980, the Senate unanimously returned the boundary treaty with Cuba to the executive calendar. See 126 *Cong. Rec.* S25722–23 (Sept. 17, 1980).

Canada Limited hold three large exploration concessions there, indicating potential development interests.

Exploration rights belonging to these companies were suspended during a Canadian moratorium, which was in place through 1999, and extended to December 31, 2012, matching the adjoining U.S. moratorium at that time. It is unclear whether the Canadian moratorium will be maintained after 2012 or whether the Canadian government is considering lifting that moratorium.

## Conclusion

Expiration of moratoria policy is a significant legislative development, and in the absence of this restriction, new policy alternatives emerge for domestic ocean energy development. While in place, the annual congressional moratoria may not have been consistent with executive orders and agency regulations at times, but it set parameters for federal OCS activity that generally satisfied coastal state interests and it provided a generally stable atmosphere for overall management of the OCS. While in place, moratoria policy diminished options to develop OCS areas and obviated the need for certain aspects of federal-state coordination to address economic and environmental concerns discussed in this report.

In the absence of legislation that seemed to quell controversy over energy projects in certain ocean and coastal areas, two broad consequences emerge. One likely consequence of lifting the moratoria is that policy makers would focus on coordination between the federal government and coastal states over concerns such as OCS environmental matters and revenue sharing. Another likely consequence of lifting the moratoria is that policy makers would focus on international marine boundaries, including the prospect of U.S. alignment with international governance bodies such as UNCLOS.

Domestic policy debates about OCS energy development correspond to international policy debates about offshore energy development. In both domestic and international contexts, controversy seems to be widespread over economic and environmental policies. A prevailing view among advocates on both sides of the “drilling debate” is that ambiguity in federal ocean policy can impede achieving both economic and environmental objectives. Clarifying national ocean policy related to OCS development may lead to consistency in legislative and regulatory approaches to OCS development and may allow federal ocean agencies to more effectively reach economic and environmental objectives. Clarifying national policy related to OCS development also would likely facilitate cooperation between federal ocean agencies and state authorities and with international authorities.

OCS energy development options are in a state of change. This state of change is a theme of the Obama Administration Interagency Ocean Policy Task Force<sup>69</sup> and is the basis for the Task Force Interim Report, which raises questions about national priorities for ocean policy and recommends reforms intended to improve federal administration of ocean activities, including ratification of UNCLOS. U.S. ocean policy is attracting the interest of some policy makers in Congress, and it remains unclear what role this Congress will take in addressing these topics.

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<sup>69</sup> President Obama directed the Council on Environmental Quality (CEQ) to convene an Interagency Ocean Policy Task Force to address concerns related to national ocean policy. The Interagency Ocean Policy Task produced an Interim Report available at <http://www.whitehouse.gov/administration/eop/ceq/initiatives/oceans/interimreport>.

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