



J. Keith Couvillion
Land Manager/Land Management Officer &
Assistant Secretary - Chevron U.S.A. Inc.

June 8, 2016

Ms. Kelly Hammerle, Five Year Program Manager
Bureau of Ocean Energy Management
45600 Woodland Road – VAM-LD
Sterling, Virginia 20166

**Re: Notice of Availability of and Request for Comments on the Proposed
Outer Continental Shelf (OCS) Oil and Gas Leasing Program
Federal Register Volume 81, Number 53 (Friday, March 18, 2016)**

Gentlemen and Ladies:

Chevron U.S.A. Inc. (Chevron) appreciates the opportunity to comment on the Bureau of Ocean Energy Management's (BOEM) Federal Register Notice requesting feedback on the Proposed 5-Year Outer Continental Shelf (OCS) Oil and Gas Leasing Program for 2017-2022 ("Proposed Program"). Chevron is an owner of over 440 producing and non-producing leases in the Gulf of Mexico and very interested in the continuation of a robust federal offshore oil and gas leasing program. Chevron and its legacy companies share a long history of operating safely and in an environmentally responsible manner in the OCS. We believe our company's culture, focus on prudent operations, and the technological advances that continue to be made in the offshore industry will allow us to effectively and efficiently explore for and produce hydrocarbons needed today and in the future for the U.S. economy. A comprehensive offshore oil and natural gas program is a critical component of the Administration's domestic energy strategy.

As we have stated in our previous comments addressing the draft 2017-2022 5-Year Leasing Program, the Energy Information Administration predicts oil and natural gas resources will continue to remain the largest component of the U.S. energy mix for decades to come, even as new energy sources are aggressively developed. While it is anticipated the percentage of domestic energy generated from alternative and renewable onshore and offshore sources will increase in the future, traditional hydrocarbons will continue to be the raw material for the largest share of the country's transportation fuels and power generation needs well past 2035. Along with conservation efforts and responsible development of all technically and economically viable energy sources, domestically produced oil and natural gas will continue to play a vital role in providing energy security and fueling economic prosperity in this country for decades to come.

Chevron supports the Administration's efforts to continue to diversify the country's energy resources and believes traditional offshore oil and gas exploration and development can co-exist with offshore alternative energy development and other ocean users. One energy source should not exclude the development of others, especially offshore. The traditional offshore oil and gas development footprint has substantially decreased over time, minimizing the environmental impact on the OCS. The number of physical facilities offshore is shrinking as fields mature and facilities are removed. Many new offshore facilities, especially in deep water, will service multiple fields. With the decrease in our physical

Chevron North America Exploration and Production Inc.
A Division of Chevron U.S.A. Inc.
Gulf of Mexico Deepwater Exploration and Projects Business Unit
1500 Louisiana Street, Houston, TX 77002
Tel 832 854 3653 Mobile 504 430 6263 Fax 832 854 2663
keithcouvillion@chevron.com

footprint, conflicts between traditional oil and gas development and other ocean users should be negligible.

General Comments

As stated in Chevron's previous comment letters (mentioned herein for reference to refrain from repeating our previous comments) (1) dated August 12, 2014, regarding BOEM's "Request for Information and Comments on the Preparation of the 2017-2022 Outer Continental Shelf (OCS) Oil and Gas Leasing Program Federal Register Volume 79, Number 115 (Monday, June 16, 2014)", and (2) dated March 30, 2015, "Notice of Availability of and Request for Comments on the Draft Proposed Outer Continental Shelf (OCS) Oil and Gas Leasing Program Federal Register Volume 80, Number 19 (Thursday, January 29, 2015)", Chevron continues to believe a comprehensive diversified offshore leasing and development program is very important for the health of the energy mix in the United States. Expanding access to offshore areas that have been unavailable for the last few decades would help ensure offshore oil and gas resource developments continue to contribute to this energy mix. Given the long lead times and complexity of energy developments offshore, it is important that the offshore energy industry be granted access to promising new areas of the OCS to allow us an opportunity to search for fresh sources of oil and natural gas. We were disappointed in the Administration's decision to eliminate the Mid-Atlantic Lease Sale from consideration in the 2017-2022 5-Year Leasing Program. This would have been the only new offshore area included in a 5-Year Leasing Program in over 30 years where no new data exist. Excluding the Mid-Atlantic Sale from consideration eliminates the possibility of an Atlantic Sale being offered for consideration well into the future. We recommend the Administration reconsider its position and reinstate the Mid-Atlantic Sale in the Proposed Program. In addition, we recommend that the Administration include the Mid-Atlantic area in those portions of the OCS currently being evaluated under the Draft Programmatic Environmental Impact Statement for the Proposed Program.

Chevron supports the inclusion of no less than 13 OCS lease sales in the Proposed Program and continues to support BOEM's strategy for tailoring each Lease Sale listed in the Proposed Program to reflect the unique characteristics of the applicable OCS Region. While we were disappointed that additional OCS Planning Areas were not included in the Proposed Program, we are encouraged that the historical areas of the OCS where responsible development of oil and gas resources have taken place for over 60 years will remain a part of the new 2017-2022 5-Year Leasing Program.

Should BOEM elect not to expand the Proposed Program to include additional OCS Planning Areas, Chevron nevertheless supports the Proposed Program as designed and recommends BOEM move forward with finalizing the 2017-2022 5-Year Leasing Program as soon as possible to ensure it is in place prior to the expiration of the 2012-2017 5-Year Leasing Program on June 30, 2017.

Gulf of Mexico Regional Lease Sales

The Gulf of Mexico has historically been the most important offshore area for energy development in the United States. BOEM's estimates for the remaining resource potential in the Western, Central and Eastern Planning Areas are substantial, and those resources should continue to be efficiently explored and developed in a structured and environmentally responsible manner. Certainty and predictability in implementation of the Proposed Program once finalized, especially in the Gulf of Mexico, will allow the energy industry to continue its efforts in providing offshore developed domestic energy to both residential and commercial consumers.

Chevron supports BOEM hosting all ten (10) lease sales currently listed in the Proposed Program for the Gulf of Mexico Region. We also support BOEM implementing the concept of region-wide lease sales, which would include all unleased acreage under federal jurisdiction in the Gulf of Mexico not currently subject to the Congressional moratorium created under the Gulf of Mexico Energy Security Act of 2006.

Alaska Region

The Proposed Program continues to list three (3) lease sales in the Alaska Region, one each in the Beaufort, Cook Inlet and Chukchi Sea Planning Areas. The Alaskan OCS continues to be one of the remaining frontier areas within the United States where significant offshore oil and natural gas resources are believed to exist. Chevron encourages BOEM to maintain the three (3) lease sales in the Final 2017-2022 5-Year Leasing Program. Deleting any of the sales from the Proposed Program before the Program is finalized eliminates the possibility of BOEM hosting a lease sale covering the deleted sale areas during 2017 through 2022. Once the Proposed Program is finalized, BOEM will have the right and option to host the listed Alaskan Sale as it deems appropriate. Without the Alaskan Sales listed in the Final Leasing Program, there is no administrative mechanism available to BOEM to offer any Alaskan offshore federal OCS submerged lands for oil and natural gas leasing without starting the 5-Year Leasing Program process over again. Chevron recommends BOEM retain the Beaufort, Cook Inlet and Chukchi Sea Planning Areas lease sales in the Final Leasing Program.

Other Comments

Certain portions of the OCS are actively being used by multiple entities, including commercial fishing, state oil and gas activities, military activities, tourism, commercial shipping and transport, coastal recreation (including recreational fishing and diving), subsistence use, renewable energy leasing and non-energy marine minerals activities. In addition, there are special environmentally sensitive marine protected areas and historical archeological sites that must be preserved. We believe the offshore oil and natural gas energy industry can collaborate effectively with these other ocean users and those regulators overseeing these marine activities to address any potential conflicts or concerns that may arise from offshore oil and natural gas energy development. We suggest not eliminating potential portions of OCS Planning Areas under consideration in the Proposed Program due to the perceived conflict that could arise due to new oil and natural gas operations in an area. As stated above, Chevron supports moving forward with the Proposed Program at a minimum and recommends BOEM not reduce the size or eliminate any further lease sales area under consideration in the Proposed Program.

Conclusion

For the U.S. economy to remain strong and continue to grow, dependable and plentiful energy from all sources, particularly domestically produced oil and natural gas, will be needed. The implementation of a comprehensive 2017-2022 5-Year Leasing Program is a major factor in ensuring continued energy security in the United States.

Thank you for the opportunity to comment on the Proposed Program. Should you have any questions regarding any of our comments, please do not hesitate contacting me at the address shown above.

Sincerely,
Chevron U.S.A. Inc.



J. Keith Couvillion
Assistant Secretary