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# **Gulf of Mexico Energy Security Act (GOMESA): Background and Current Issues**

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Almost all offshore oil and natural gas production on the U.S. outer continental shelf (OCS) occurs in the Gulf of Mexico. Federal oil and gas leasing in the Gulf is governed primarily by two laws—the Outer Continental Shelf Lands Act (OCSLA; 43 U.S.C. §§1331-1356b), which broadly controls federal energy leasing throughout the OCS; and the Gulf of Mexico Energy Security Act of 2006 (GOMESA; 43 U.S.C. §1331 note), which pertains specifically to leasing in the Gulf region.

GOMESA, enacted in December 2006, addressed where oil and gas leasing can take place in the Gulf and how federal revenues from Gulf oil and gas development are to be distributed. Concerning revenues, GOMESA established a framework for sharing revenues from certain qualified oil and gas leases with the “Gulf producing states” of Alabama, Louisiana, Mississippi, and Texas, as well as with a nationwide outdoor recreation program—the state assistance program of the Land and Water Conservation Fund (LWCF; 54 U.S.C. §§200301 et seq.). The law provides for 37.5% of revenues from certain leases to be shared with the four states collectively and for 12.5% to be shared with the LWCF state assistance program. A cap of \$500 million for the states and LWCF combined applies in most years. The 117<sup>th</sup> Congress has considered changes to GOMESA’s revenue-sharing provisions. S. 2130 and H.R. 9049 would remove the cap on revenues shared with the four Gulf coast states and the LWCF, and other proposals have sought to increase the state-shared percentage, to expand the set of leases from which revenues can be shared, or to add Florida as a revenue-sharing state. Some bills have proposed new uses of Gulf oil and gas revenues for federal conservation programs not currently funded under the law. Also at issue are questions about whether future oil and gas revenues will be sufficient to fulfill existing and proposed purposes, including considerations about the optimal extent of federal offshore oil and gas leasing in the Gulf and how various policy choices would affect revenue amounts. Proposed changes to oil and gas revenue sharing under GOMESA may continue to be of interest in the 118<sup>th</sup> Congress.

With respect to areas of the Gulf of Mexico available for leasing, GOMESA imposed an oil and gas leasing moratorium through June 30, 2022, in most of the Eastern Gulf (off the Florida coast). Although the GOMESA moratorium has expired, this area was additionally withdrawn from leasing through June 30, 2032, by President Trump, using his authority under Section 12(a) of the OCSLA (43 U.S.C. §1341(a)). Some Members of Congress and other stakeholders seek to reinstate the leasing moratorium in legislation for a specified time or permanently (e.g., H.R. 5707 and H.R. 8980 in the 117<sup>th</sup> Congress); others, including some industry groups, support an end to leasing prohibitions so that leasing could take place in the area. Debate over the future disposition of the moratorium area has addressed the potential for hydrocarbon development in conjunction with current uses of the area for military testing and training, commercial fishing, and recreation. The Department of Defense (DOD) generally has supported a leasing moratorium based on its testing and training in the area and has indicated that, from a defense standpoint, stipulations and restrictions on oil and gas activities would be necessary if the area were to be opened to leasing. Another question concerns whether the moratorium area also should be restricted from offshore wind leasing in addition to oil and gas, as BOEM moves toward opening parts of the Gulf to wind development. P.L. 117-169, commonly known as the Inflation Reduction Act of 2022, authorized offshore wind leasing in the moratorium area in August 2022. Some subsequently introduced legislation (H.R. 8980 and S. 4943 in the 117<sup>th</sup> Congress) would prohibit wind leasing in this area.

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The Gulf of Mexico Energy Security Act of 2006 (GOMESA) altered federal offshore oil and gas leasing policy in the U.S. Gulf of Mexico.<sup>1</sup> The law imposed an oil and gas leasing moratorium through June 30, 2022, throughout most of the Eastern Gulf of Mexico (off the Florida coast).<sup>2</sup> In other parts of the Gulf, the law established a framework for sharing revenues from certain qualified oil and gas leases with the “Gulf producing states” of Alabama, Louisiana, Mississippi, and Texas, as well as with a nationwide outdoor recreation program—the Land and Water Conservation Fund’s (LWCF’s) state assistance program.<sup>3</sup>

Several aspects of GOMESA have been debated in the 117<sup>th</sup> Congress and may continue to be of interest to the 118<sup>th</sup> Congress. In particular, GOMESA’s revenue-sharing provisions have been the subject of legislative proposals. The law provides for 37.5% of revenues from specified leases to be shared with the four Gulf producing states collectively, and for 12.5% to be shared with the LWCF state assistance program, up to a cap of \$500 million in most years for the states and LWCF combined.<sup>4</sup> Some bills in the 117<sup>th</sup> Congress have sought to eliminate this cap. Some also would increase the percentage of revenues shared with the Gulf coast states and increase the set of qualified leases from which revenues can be shared. Debate has centered on whether additional revenues should be shared with Gulf coast states or used for broader federal purposes, such as deficit reduction or other nationwide federal conservation programs in addition to the LWCF. At issue, too, is the optimal amount of future oil and gas leasing in the Gulf of Mexico, and the long-term revenue effects for states and federal programs under various policy options.

The 118<sup>th</sup> Congress also may consider the future disposition of GOMESA’s moratorium area. Although the GOMESA moratorium expired on June 30, 2022, the area was withdrawn from leasing for an additional decade (through June 30, 2032) by President Trump, using his authority under Section 12(a) of the Outer Continental Shelf Lands Act (OCSLA).<sup>5</sup> Some Members of Congress and other stakeholders seek to reinstate a legislative moratorium for a specified time or permanently; others, including some industry groups, support an end to leasing prohibitions in the area. Congress may weigh the potential for hydrocarbon development in the Eastern Gulf against competing uses of the area for military testing and training, commercial fishing, and recreation, and may consider potential environmental impacts of various activities. Another debate concerns whether the moratorium area should be restricted from offshore wind leasing in addition to oil and gas, as the Bureau of Ocean Energy Management (BOEM) moves to open parts of the Gulf to offshore wind development. In August 2022, P.L. 117-169, commonly known as the Inflation Reduction Act of 2022 (IRA), authorized offshore wind leasing in the moratorium area. Some subsequently introduced legislation would prohibit wind leasing in this area.

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<sup>1</sup> P.L. 109-432, 120 Stat. 3000, 43 U.S.C. §1331 note.

<sup>2</sup> P.L. 109-432, §104. This report generally refers to the GOMESA moratorium area as the “Eastern Gulf moratorium area,” although the area is not precisely coextensive with the Bureau of Ocean Energy Management’s (BOEM’s) administrative boundary for its Eastern Gulf planning area and includes a small part of BOEM’s Central Gulf planning area. For more information, see BOEM, “Gulf of Mexico Energy Security Act (GOMESA) Areas,” at <https://www.boem.gov/GOMESA-Map/>.

<sup>3</sup> P.L. 109-432, §105. For information on the Land and Water Conservation Fund (LWCF), see CRS Report RL33531, *Land and Water Conservation Fund: Overview, Funding History, and Issues*, by Carol Hardy Vincent. The GOMESA funding for the state assistance program is separate from and in addition to monies deposited in the LWCF under the Land and Water Conservation Fund Act (54 U.S.C. §§200301 et seq.).

<sup>4</sup> The cap applies to revenues shared from qualified leases added under “Phase II” of GOMESA (see discussion below).

<sup>5</sup> 43 U.S.C. §1341(a). President Donald Trump, “Memorandum on the Withdrawal of Certain Areas of the United States Outer Continental Shelf from Leasing Disposition,” September 8, 2020, at <https://trumpwhitehouse.archives.gov/presidential-actions/memorandum-withdrawal-certain-areas-united-states-outer-continental-shelf-leasing-disposition/>, hereinafter referred to as “President Trump, September 2020 withdrawal memorandum.”

## Background

The Gulf of Mexico has the most mature oil and gas development infrastructure on the U.S. outer continental shelf (OCS), and almost all OCS oil and natural gas production (approximately 99%) takes place in this region.<sup>6</sup> Additionally, the Gulf contains some of the highest levels of undiscovered, technically recoverable oil and gas resources of any U.S. OCS region, according to BOEM.<sup>7</sup> The Department of the Interior’s (DOI’s) Office of Natural Resources Revenue (ONRR) estimated federal revenues from Gulf oil and gas leases at \$6.49 billion for FY2022, out of a total of \$6.54 billion for oil and gas revenues from all OCS areas (**Table 1**).<sup>8</sup> From FY2013 to FY2022, annual revenues from federal leases in the Gulf ranged from a high of \$8.74 billion in FY2013 (out of \$9.07 billion total OCS oil and gas revenues for that year) to a low of \$2.76 billion in FY2016 (out of \$2.79 billion total OCS oil and gas revenues for that year). Changing prices for oil and natural gas are the most significant factors in these revenue swings.

**Table 1. Annual Outer Continental Shelf (OCS) Oil and Gas Revenues:  
Gulf of Mexico Share of Total, FY2013-FY2022**  
(\$ in billions)

	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
Gulf	8.74	7.10	4.93	2.76	3.50	4.65	5.51	3.67	4.01	6.49
Total	9.07	7.39	5.08	2.79	3.53	4.70	5.57	3.71	4.05	6.54
<b>Gulf share (%)</b>	<b>96%</b>	<b>96%</b>	<b>97%</b>	<b>99%</b>	<b>99%</b>	<b>99%</b>	<b>99%</b>	<b>99%</b>	<b>99%</b>	<b>99%</b>

**Source:** Department of the Interior, Office of Natural Resources Revenue (ONRR), “Natural Resources Revenue Data: Data Query Tool,” at <https://revenuedata.doi.gov/query-data/?dataType=Revenue>.

**Notes:** Dollar amounts are nominal (not adjusted for inflation). Table includes revenues from the ONRR commodity categories Oil, Oil & Gas, Gas, and Natural Gas Liquids.

BOEM divides the Gulf into three planning areas: Eastern, Central, and Western. Most of the oil and gas development has taken place in the Central and Western Gulf planning areas. This is due to stronger oil and gas resources in those areas (as compared with the Eastern Gulf) and to leasing restrictions in the Eastern Gulf imposed by GOMESA and by statutes and executive orders before and since GOMESA’s enactment.

<sup>6</sup> BOEM, *2023-2028 National Outer Continental Shelf Oil and Gas Leasing: Proposed Program*, Section 4.6, July 2022, at [https://www.boem.gov/sites/default/files/documents/oil-gas-energy/national-program/2023-2028\\_Proposed%20Program\\_July2022.pdf](https://www.boem.gov/sites/default/files/documents/oil-gas-energy/national-program/2023-2028_Proposed%20Program_July2022.pdf). For a discussion of jurisdiction on the U.S. outer continental shelf (OCS), see CRS Report RL33404, *Offshore Oil and Gas Development: Legal Framework*, by Adam Vann.

<sup>7</sup> BOEM, “Assessment of Undiscovered Technically Recoverable Oil and Gas Resources of the Nation’s Outer Continental Shelf, 2016,” at <https://www.boem.gov/National-Assessment-2016/>. BOEM defines *undiscovered technically recoverable resources* as “oil and gas that may be produced as a consequence of natural pressure, artificial lift, pressure maintenance, or other secondary recovery methods, but without any consideration of economic viability” (BOEM, *Assessment of Undiscovered Technically Recoverable Oil and Gas Resources of the Nation’s Outer Continental Shelf, 2016a*, fact sheet, at <https://www.boem.gov/sites/default/files/documents/oil-gas-energy/resource-evaluation/resource-assessment/2016a.pdf>).

<sup>8</sup> The balance of OCS oil and gas revenues (outside the Gulf) comes from Southern California and the Alaska region.

## Distribution of Gulf Oil and Gas Revenues Prior to GOMESA

Before GOMESA's enactment, federal revenues from oil and gas leasing in most parts of the Gulf were not shared with coastal states. The exception was revenue from leases in certain nearshore federal waters: under Section 8(g) of the OCSLA (as amended), states receive 27% of OCS receipts from leases lying wholly or partly within 3 nautical miles of state waters.<sup>9</sup> As increasing amounts of oil and gas production shifted to deeper waters outside this revenue-sharing zone, Gulf Coast states argued for a greater share of OCS revenues, based on the effects of oil and gas development on their coastal infrastructure and environment.

## Eastern Gulf Leasing Prohibitions Prior to GOMESA

Congressional leasing restrictions in some parts of the Eastern Gulf of Mexico date from the 1980s. Prompted by concerns of some coastal states, fishing groups, and environmentalists, Congress mandated a series of leasing moratoria in certain parts of the OCS, including the Eastern Gulf. The FY1984 Interior Appropriations Act prohibited oil and gas leasing in any federal waters in the Eastern Gulf within 30 nautical miles of the coastline and in other specified Eastern Gulf blocks.<sup>10</sup> From FY1989 through FY2008, the annual Interior appropriations laws consistently included moratoria in portions of the Eastern Gulf.<sup>11</sup>

Separately, President George H. W. Bush issued a presidential directive in 1990 ordering DOI not to conduct offshore leasing or preleasing activity in multiple parts of the OCS—including portions of the Eastern Gulf—until after 2000.<sup>12</sup> In 1998, President Bill Clinton used his authority under Section 12(a) of the OCSLA to extend the presidential offshore leasing prohibitions until 2012.<sup>13</sup> President Clinton's order expanded the portion of the Eastern Gulf withdrawn from leasing consideration.<sup>14</sup> The withdrawals designated during the Clinton Administration lasted until President George W. Bush modified them in 2008 to open multiple withdrawn areas to leasing.<sup>15</sup> By that time, GOMESA had been enacted, so President Bush's action did not open the Eastern Gulf moratorium area to leasing.

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<sup>9</sup> 43 U.S.C. §1337(g)(2). Under the Submerged Lands Act (43 U.S.C. §§1301 et seq.), state waters in most cases extend seaward 3 nautical miles from the coast; for Texas and a portion of Florida, they extend farther, to 3 marine leagues or approximately 9 nautical miles (for more information, see CRS Report RL33404, *Offshore Oil and Gas Development: Legal Framework*, by Adam Vann). The OCSLA Section 8(g) zone covers the first 3 nautical miles of federal waters, adjacent to and beyond the state waters. Section 8(g) continues to apply in the Gulf, and revenues from leases in this zone are excluded from GOMESA revenue sharing (P.L. 109-432, §102(9)(B)(ii)).

<sup>10</sup> P.L. 98-146.

<sup>11</sup> These moratoria applied to Eastern Gulf areas south of 26° N latitude and east of 86° W longitude.

<sup>12</sup> U.S. President (George H. W. Bush), "Statement on Outer Continental Shelf Oil and Gas Development," *Public Papers of the Presidents of the United States: George Bush, 1990*, Book I (Washington, DC: GPO, 1991), pp. 869-871. President Bush's prohibitions largely coincided with areas covered by the annual appropriations moratoria.

<sup>13</sup> 43 U.S.C. §1341(a). See White House, Office of the Press Secretary, "Withdrawal of Certain Areas of the United States Outer Continental Shelf from Leasing Disposition," presidential memorandum, June 12, 1998.

<sup>14</sup> See White House, Office of the Press Secretary, "President Clinton's OCS Oil and Gas Leasing Withdrawal: Questions and Answers," June 1998. President Clinton's directive defined the withdrawn areas as all those OCS areas placed under moratorium in P.L. 105-83, the FY1998 Interior and Related Agencies Appropriations Act.

<sup>15</sup> White House, Office of the Press Secretary, "Memorandum on Modification of the Withdrawal of Areas of the United States Outer Continental Shelf from Leasing Disposition," presidential memorandum, July 14, 2008.



## GOMESA's Provisions

GOMESA was signed into law on December 20, 2006.<sup>16</sup> The law addressed several aspects of oil and gas development in the Gulf of Mexico OCS. It directed that two areas in the Central and Eastern Gulf be offered for oil and gas leasing shortly after enactment.<sup>17</sup> These mandated lease sales took place in 2007-2009, and this provision of GOMESA has not been a focus of current congressional interest. Current interest has focused on two other parts of the law, concerning revenue sharing and the Eastern Gulf moratorium.<sup>18</sup>

## Offshore Revenue Sharing Under GOMESA

Section 105 of GOMESA provides for federal revenues from certain qualified leases in the Gulf of Mexico to be shared under specified terms with four “Gulf producing states”—Alabama, Louisiana, Mississippi, and Texas—and their “coastal political subdivisions” or CPSs (coastal counties or parishes), as well as with the LWCF state assistance program.<sup>19</sup> Specifically, each year the Secretary of the Treasury is to deposit 50% of qualified revenues in a special account (the remaining 50% are deposited in the General Fund of the U.S. Treasury as miscellaneous receipts). From this special account, the Secretary disburses 75% of the funds to the Gulf producing states and their CPSs, and 25% to the LWCF state assistance program.<sup>20</sup> Accordingly, of the total qualified revenues in a given year, the states and CPSs receive 37.5% (i.e., 75% of the 50% in the special account), and the LWCF receives 12.5% (25% of the 50%), with conditions as described below.

The law defines “qualified” OCS revenues differently for the first decade after GOMESA’s enactment (FY2007-FY2016) versus for subsequent years. While the kinds of revenue eligible for sharing remain consistent over time (all bonus bids, rents, royalties, and other sums due and payable to the United States from leases entered into on or after the date of GOMESA’s 2006 enactment), the qualified geographic area for revenue sharing changes.<sup>21</sup> For FY2007-FY2016—often referred to as GOMESA’s Phase I—the qualified OCS revenues come from the “181 Area” of the Eastern Gulf and the “181 South Area” of the Central Gulf.<sup>22</sup> These are the relatively small areas shown as areas A and B in **Figure 1**. For FY2017 and beyond (Phase II), the geographic area of qualified revenues expands to also include area C of **Figure 1**, along with the “2002-2007

<sup>16</sup> P.L. 109-432, Division C, Title I, 43 U.S.C. §1331 note.

<sup>17</sup> P.L. 109-432, Section 103. These areas are defined in the law as the “181 Area” and the “181 South Area,” based on proposed Lease Sale 181 in the Minerals Management Service’s *Proposed Final Outer Continental Shelf Oil & Gas Leasing Program, 1997 to 2002: Decision Document*, August 1996. (The Minerals Management Service predated BOEM as the federal agency administering offshore oil and gas leasing.) According to BOEM, the two lease sale areas together spanned 8.3 million acres in the Central and Eastern Gulf planning areas. BOEM, “Gulf of Mexico Energy Security Act (GOMESA),” at <https://www.boem.gov/Revenue-Sharing/>.

<sup>18</sup> P.L. 109-432, Sections 104 and 105.

<sup>19</sup> On the LWCF state assistance program, see CRS In Focus IF12256, *Land and Water Conservation Fund (LWCF): Frequently Asked Questions*, by Carol Hardy Vincent. The program assists states through matching grants for specified purposes related to outdoor recreation. The GOMESA revenue share is only for the LWCF’s formula state grant program, rather than for other activities funded under the LWCF.

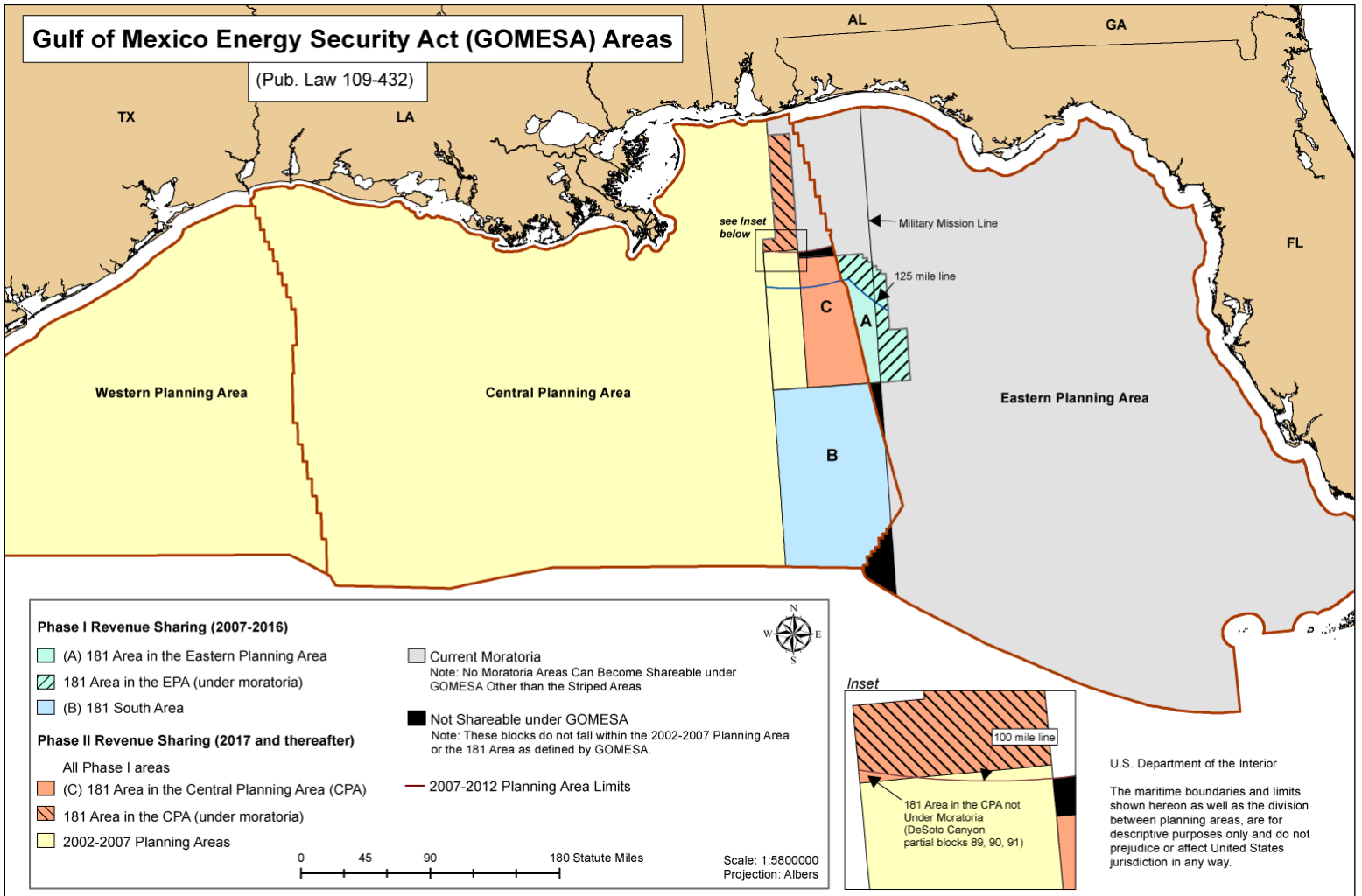
<sup>20</sup> P.L. 109-432, §105(a).

<sup>21</sup> A bonus bid is the amount a winning bidder pays above the minimum bid at auction to secure the exclusive right to drill wells and produce hydrocarbons in the lease area. Rents are fixed annual payments due in each year of the lease until production starts. Royalties are fixed percentages of the gross sales value of oil and gas volumes produced.

<sup>22</sup> P.L. 109-432, §102(9)(a)(i). The terms *181 Area* and *181 South Area* refer to areas identified in the 1997-2002 DOI five-year oil and gas leasing program; see footnote 17.

planning area”—the large area shown in yellow in **Figure 1**, encompassing most of the Western and Central Gulf, where the bulk of production takes place.<sup>23</sup> Accordingly, revenues qualified for sharing in Phase II have been notably higher than in Phase I (**Table 2**).

**Figure 1. GOMESA Revenue-Sharing and Moratorium Areas**



**Source:** Bureau of Ocean Energy Management (BOEM), GOMESA area map, at <https://www.boem.gov/sites/default/files/oil-and-gas-energy-program/Leasing/GOMESA-Map.pdf>. The areas shown as “under moratoria” were subject to GOMESA’s leasing moratorium through June 30, 2022, and remain withdrawn from leasing disposition through June 30, 2032, by President Trump’s “Memorandum on the Withdrawal of Certain Areas of the United States Outer Continental Shelf from Leasing Disposition,” September 8, 2020.

For the added Phase II areas, GOMESA stipulates that the total amount of qualified revenues made available each year to the states, their CPSs, and the LWCF (collectively) may not exceed \$500 million for each of FY2016-FY2055.<sup>24</sup> A later law, P.L. 115-97, raised the cap to \$650

<sup>23</sup> P.L. 109-432, §102(9)(a). The parts of areas A and C shown with hash marks are under the GOMESA moratorium. They differ from the general moratorium area (shown in grey) in that they—unlike the grey area—would potentially be eligible for revenue sharing under GOMESA if leasing took place after prohibitions end. All GOMESA areas exclude nearshore federal waters where revenue sharing under OCSLA Section 8(g) (43 U.S.C. §1337(g)) already applies.

<sup>24</sup> P.L. 109-432, §105(f). After FY2055, the cap no longer applies.



million for two of these years, FY2020 and FY2021.<sup>25</sup> Given the percentage distributions specified in the law for each recipient, the amounts that can be shared with states and their CPSs from the Phase II areas are capped at \$375.0 million in most years (and \$487.5 million in FY2020 and FY2021). The amounts that can be shared with the LWCF are capped at \$125.0 million in most years (and \$162.5 million in FY2020 and FY2021).

Phase II began with FY2017 revenues, but GOMESA specifies that revenues shall be shared with recipients in the fiscal year following the fiscal year in which they are received.<sup>26</sup> Thus, in terms of payments, the first fiscal year reflecting Phase II revenue sharing was FY2018. The shared revenues rose notably in that year compared with previous years. **Table 2** shows GOMESA revenue disbursements since the law’s enactment, with the transition from Phase I disbursements to Phase II disbursements occurring between FY2017 and FY2018.

**Table 2. GOMESA Disbursements to States/CPSs and the LWCF State Grant Program, FY2009-FY2022**  
(\$ millions)

Year of Disbursement <sup>a</sup>	Alabama <sup>b</sup>	Louisiana <sup>b</sup>	Mississippi <sup>b</sup>	Texas <sup>b</sup>	Subtotal State Revenue	LWCF State Program <sup>c</sup>	Total Revenue Shared
FY2009	7.7	7.9	6.9	2.7	25.2	8.4	33.7
FY2010	0.8	0.9	0.7	0.3	2.7	0.9	3.6
FY2011	0.3	0.3	0.2	0.1	0.9	0.3	1.2
FY2012	0.1	0.1	0.1	<0.1	0.3	0.1	0.4
FY2013	0.1	0.1	0.1	<0.1	0.3	0.1	0.4
FY2014	1.3	1.4	1.2	0.5	4.3	1.4	5.8
FY2015	0.7	0.8	0.7	0.3	2.4	0.8	3.3
FY2016	0.1	0.1	0.1	<0.1	0.3	0.1	0.4
FY2017	0.3	0.3	0.3	0.1	1.0	0.3	1.3
FY2018	26.8	82.8	27.8	50.6	188.0	62.6	250.6
FY2019	30.6	94.7	31.7	57.9	214.9	71.6	286.6
FY2020	50.0	155.7	51.9	95.3	353.0	117.6	470.6
FY2021	35.1	109.9	36.5	67.4	248.9	82.9	331.8
FY2022	34.8	111.8	36.8	68.8	252.3	84.1 (est.)	336.4 (est.)
<b>Total</b>	<b>188.4</b>	<b>567.0</b>	<b>194.9</b>	<b>344.1</b>	<b>1,294.5</b>	<b>431.2 (est.)</b>	<b>1,725.8 (est.)</b>

**Sources:** Office of Natural Resources Revenue (ONRR), “Natural Resources Revenue Data: Data Query Tool,” at <https://revenue.data.doi.gov/query-data/?dataType=Disbursements>; and National Park Service (NPS) budget justifications for FY2011-FY2023, available at <https://www.nps.gov/aboutus/budget.htm>.

**Notes:** CPSs = coastal political subdivisions; LWCF = Land and Water Conservation Fund; GOMESA = Gulf of Mexico Energy Security Act of 2006 (43 U.S.C. §1331 note). Dollar amounts are nominal (not adjusted for inflation). GOMESA Phase II revenues are first reflected in FY2018 payments. The figures reflect budget sequestration. Totals may not sum precisely due to rounding.

<sup>25</sup> P.L. 115-97, Title II, §20002.

<sup>26</sup> P.L. 109-432, §105(c). DOI’s Office of Natural Resources Revenue (ONRR) disburses funds to the states and coastal political subdivisions (CPSs) in the year following their receipt. For the LWCF state assistance program, the National Park Service (NPS) makes the funds available to states in the year following their receipt, as shown in annual NPS budget justifications.

- a. The first payments of GOMESA revenues occurred in 2009. Under GOMESA Section 105(c), revenues are disbursed to the states and the LWCF state grant program in the fiscal year following their receipt.
- b. Revenue disbursements for each state include disbursements to the coastal political subdivisions (CPSs) of each state.
- c. Amounts correspond with the year revenues were shown in the NPS budget.

For the revenues shared directly with the Gulf producing states and their CPSs, GOMESA directs the Secretary of the Interior to establish a formula to allocate each year's qualified revenues.<sup>27</sup> The allocations to each state primarily depend on its distance from leased tracts, with states closer to the leased tracts receiving a higher share.<sup>28</sup> The law additionally provides that each state must receive an annual minimum of at least 10% of the total amount available to all the Gulf producing states for that year.<sup>29</sup> Further, GOMESA directs that the Secretary shall pay 20% of the allocable share of each Gulf producing state to the state's CPSs.<sup>30</sup>

The payments derived from GOMESA revenues are subject to budget sequestration established under the Budget Control Act of 2011.<sup>31</sup> The amounts shown in **Table 2** are net of sequestered percentages.

GOMESA authorizes the states and CPSs to use revenues for the following purposes:<sup>32</sup>

- projects and activities for the purposes of coastal protection, including conservation, coastal restoration, hurricane protection, and infrastructure directly affected by coastal wetland losses;
- mitigation of damage to fish, wildlife, or natural resources;
- implementation of a federally approved marine, coastal, or comprehensive conservation management plan;
- mitigation of the impact of OCS activities through the funding of onshore infrastructure projects; and
- planning assistance and the administrative costs of complying with GOMESA (no more than 3% of a state or CPS's revenues may be used for this purpose).

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<sup>27</sup> P.L. 109-432, §105(b). BOEM and ONRR published implementing regulations containing the formula for Phase I revenues in 2008 (73 *Federal Register* 78622, December 23, 2008) and for Phase II in 2015 (80 *Federal Register* 81454, December 30, 2015).

<sup>28</sup> For the Phase II areas, rather than just counting each state's distance from the tracts leased that year (as done for the Phase I areas), the annual calculations also take into account a state's distance from "historical lease sites," defined as all leases entered into in the Phase II area (the 2002-2007 planning area) from October 1, 1982, through December 31, 2015 (P.L. 109-432, §105(b)(2)(c)(i)). The ending date is to be adjusted every five years to accommodate an additional five calendar years (P.L. 109-432, §105(b)(2)(c)(ii)). The historical lease sites are used only for purposes of calculating each state's allocation (the law does not provide for any revenue sharing from leases awarded prior to GOMESA's 2006 enactment).

<sup>29</sup> P.L. 109-432, §105(b).

<sup>30</sup> P.L. 109-432, §105(b)(3). The payments are to be allocated among each state's CPSs in the manner provided under the Coastal Impact Assistance Program, established under the OCSLA, as amended (43 U.S.C. §1356a).

<sup>31</sup> The Budget Control Act of 2011 (BCA, P.L. 112-25) amended the Balanced Budget and Emergency Deficit Control Act of 1985 (BBEDCA, Title II of P.L. 99-177). In every year since FY2013, BBEDCA, as amended by the BCA, has required an automatic annual sequestration of (nonexempt) mandatory spending. Revenue sharing under GOMESA is subject to the annual mandatory sequester. The mandatory sequesters have consisted of uniform percentage reductions ranging from 5.1% to 7.3%. Under current law, the sequesters will continue through FY2031. For more information, see CRS Video WVB00307, *Budget Control Act: The Mandatory Spending Sequester*, by Megan S. Lynch and Grant A. Driessen. According to ONRR, sequestered GOMESA revenues have not become available for disbursement in subsequent years (CRS communication with ONRR, November 3, 2022).

<sup>32</sup> P.L. 109-432, §105(d).

## Legislative Proposals

In the 117<sup>th</sup> Congress, several bills have sought to amend GOMESA's revenue-sharing provisions. One bill—S. 2130, the Reinvesting in Shoreline Economies and Ecosystems (RISEE) Act of 2022—was reported by the Senate Committee on Energy and Natural Resources. S. 2130 as reported, and its House companion H.R. 9049, would make several changes to GOMESA. They would (1) raise the cap on shared Phase II revenues (for the states/CPSs and LWCF combined) from \$500 million to \$650 million for FY2022 (i.e., revenues disbursed in FY2023); (2) eliminate the cap thereafter; (3) modify the allowed uses of the state revenue share for onshore infrastructure projects by specifying that any such projects must not be “primarily for entertainment purposes”; and (4) require states to submit annual reports to DOI on their uses of their revenue shares.<sup>33</sup>

Other 117<sup>th</sup> Congress bills—H.R. 8437 and H.R. 4334—have proposed additional changes to GOMESA's revenue-sharing provisions. In addition to eliminating the revenue-sharing cap, these bills would raise the percentage of revenues shared with states/CPSs from 37.5% to 50%, and would exempt GOMESA revenue-sharing from budget sequestration. Some bills in previous Congresses would have further increased revenue sharing by expanding the set of leases qualified for sharing (i.e., including certain leases entered into prior to GOMESA's enactment).<sup>34</sup>

In contrast with bills that would increase the state revenue share, some legislative proposals in earlier Congresses would have ended state revenue sharing under GOMESA. For example, in the 114<sup>th</sup> Congress, S. 2089 would have amended GOMESA to provide that 87.5% of qualified revenues under the law would be deposited in the Treasury's General Fund, while 12.5% would continue to be provided for LWCF financial assistance to states.

Other proposals have sought to expand the federal programs receiving GOMESA revenues to include programs beyond the LWCF. For instance, the introduced version of S. 2130 in the 117<sup>th</sup> Congress would have shared a portion of the revenues with the National Oceans and Coastal Security Fund in addition to the LWCF.<sup>35</sup>

## Selected Issues for Congress

Congress may consider several issues concerning GOMESA's revenue-sharing provisions.

- **State percentage share and cap.** Gulf state officials and some Members of Congress have contended that GOMESA's current cap on state-shared revenues should be removed and also that the Gulf producing states should receive an increased percentage share of GOMESA revenues, given the costs they incur to support offshore extraction activities.<sup>36</sup> Advocates contend that Gulf states need

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<sup>33</sup> If a state failed to submit a report, the following year's funding would be withheld until the report was submitted. DOI would be directed to make the reports publicly available. DOI would not have an approval or review role regarding the state projects selected for funding.

<sup>34</sup> See, for example, S. 2418 and S. 3353 in the 116<sup>th</sup> Congress. This provision was also in the introduced version of S. 2130 in the 117<sup>th</sup> Congress, but was not included in the bill as reported.

<sup>35</sup> S. 2130 as introduced, available on Congress.gov at <https://www.congress.gov/bill/117th-congress/senate-bill/2130/text/is>. The National Oceans and Coastal Security Fund (16 U.S.C. §§7501 et seq.) is administered by the National Fish and Wildlife Foundation as the National Coastal Resilience Fund. It supports the implementation of nature-based solutions to enhance coastal community and ecosystem resilience.

<sup>36</sup> As examples of such costs, former Senator Mary Landrieu noted “the contributions that states and localities make to facilitate the extraction and production of these resources, including the provision of infrastructure to enable the federal

additional funding to address environmental challenges—such as coastal wetland loss—that are exacerbated by offshore hydrocarbon development.<sup>37</sup> They point to a disparity between the 37.5% offshore state share provided under GOMESA and the 50% share of revenues that most states receive from onshore federal leases under the Mineral Leasing Act.<sup>38</sup> Some opponents of such changes argue that, since the OCS is a federal resource, the benefits from offshore revenues should accrue to the nation as a whole, rather than to specific coastal states.<sup>39</sup>

- **Set of leases qualified for revenue sharing.** GOMESA revenue sharing applies only to leases that were entered into on or after the date of the law’s enactment (December 20, 2006). This limits the amounts that would be shared with GOMESA recipients even if the current cap were removed and the revenue-sharing percentages increased. It appears from BOEM leasing data that approximately 66% of currently active leases in the Gulf of Mexico were entered into on or after GOMESA’s enactment date.<sup>40</sup> However, most of these leases are not producing oil and gas; and leases awarded before GOMESA’s enactment—which do not qualify—continue to contribute a substantial portion of production royalties.<sup>41</sup> As a result, the portion of overall revenue shared with recipients under GOMESA is lower than might be suggested by the number of GOMESA-qualified leases. (For example, in FY2021, the GOMESA payments to the states/CPSs constituted 7% of total offshore energy revenue disbursements.<sup>42</sup>)

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activity: transportation, hospitals, schools and other necessary governmental services.” Testimony of the Honorable Mary L. Landrieu, House Committee on Natural Resources, Subcommittee on Energy and Mineral Resources, *Examining the Critical Importance of Offshore Energy Revenue Sharing for Gulf Producing States*, oversight hearings, 115<sup>th</sup> Cong., 2<sup>nd</sup> sess., April 26, 2018, at [https://republicans-naturalresources.house.gov/uploadedfiles/testimony\\_landrieu.pdf](https://republicans-naturalresources.house.gov/uploadedfiles/testimony_landrieu.pdf).

<sup>37</sup> Ibid.; and House Committee on Natural Resources, markup memorandum for H.R. 6771, 115<sup>th</sup> Cong., 2<sup>nd</sup> sess., September 12, 2018. For more information on Gulf Coast environmental issues, see CRS Report R43380, *Gulf Coast Restoration: RESTORE Act and Related Efforts*, by Charles V. Stern, Pervaze A. Sheikh, and Jonathan L. Ramseur; and CRS Report RL33483, *Wetlands: An Overview of Issues*, by Laura Gatz and Megan Stubbs.

<sup>38</sup> 30 U.S.C. §191. Under the Mineral Leasing Act, states other than Alaska receive 50% (less administrative costs) of rents, bonuses, and royalties collected from onshore public domain leases. For further discussion of onshore revenues, see CRS Report R46537, *Revenues and Disbursements from Oil and Natural Gas Production on Federal Lands*, by Brandon S. Tracy.

<sup>39</sup> For example, DOI budget requests for FY2016 and FY2017 recommended that Congress repeal GOMESA state revenue-sharing payments and direct a portion of the savings to nationwide programs such as a proposed new Coastal Climate Resilience Program for at-risk coastal states. For FY2018, DOI’s Budget in Brief proposed that Congress repeal GOMESA’s state revenue-sharing provisions, in order to “ensure [that] the sale of public resources from Federal waters owned by all Americans, benefit all Americans.” DOI, *FY2018 Interior Budget in Brief*, p. DH-19, at [https://www.doi.gov/sites/doi.gov/files/uploads/fy2018\\_bib\\_dh019.pdf](https://www.doi.gov/sites/doi.gov/files/uploads/fy2018_bib_dh019.pdf).

<sup>40</sup> CRS calculations from BOEM Data Center, “Lease Area Block Online Query,” at <https://www.data.boem.gov/Leasing/LeaseAreaBlock/Default.aspx>. Data as of November 23, 2022. This percentage represents a snapshot, because the numbers of active leases on either side of the qualifying date will change over time as existing leases terminate and new leases are entered into. Data include leases with status codes “Primary” (a lease within the initial 5-, 8-, or 10-year contract), “Prod” (a lease held by production of a mineral), and “Unit” (a lease, or portion thereof, included in an approved unit agreement). The data include some leases that lie in the nearshore 8(g) zone, from which revenues would be shared under the OCSLA (at a 27% rate) rather than under GOMESA.

<sup>41</sup> In general, the older leases would remain active only if they were still producing oil and gas, whereas the set of post-2006 leases also includes many nonproducing leases that are still in their primary lease term.

<sup>42</sup> GOMESA payments to the states/CPSs in FY2021 were \$248.9 million, and total FY2021 offshore revenue disbursements were \$3.697 billion, most of which went to the General Fund of the U.S. Treasury. (ONRR does not break out disbursements by location, so the total includes some revenue derived outside the Gulf of Mexico; offshore revenues from outside the Gulf were 2% in both FY2020 and FY2021. Also, the total includes some revenue from

Some bills in the 117<sup>th</sup> and previous Congresses have proposed expanding the set of qualified leases to include those entered into on or after October 1, 2000.<sup>43</sup> This could increase revenues shared with both the states/CPSs and the LWCF, especially if combined with a cap removal. According to BOEM data as of November 2022, this change to the qualifying date would nearly double the number of *producing* leases eligible for GOMESA revenue sharing (although the addition in total leases would be relatively small).<sup>44</sup>

- **Potential for revenue shortfalls.** Offshore oil and gas revenues support a variety of federal and state activities. Through GOMESA and other laws, amounts are deposited annually in the LWCF and the Historic Preservation Fund (HPF) and also contribute to a federal land management agency deferred maintenance fund, as well as being shared with states.<sup>45</sup> Revenue totals have fluctuated from year to year (**Table 1**), raising questions about whether future revenues will be adequate to support these various activities and whether changes to offshore revenue distribution—such as increased GOMESA revenue sharing with states—would strain available amounts.<sup>46</sup> Such questions have arisen especially in the context of proposals by some Members of Congress and other stakeholders to significantly curtail Gulf oil and gas leasing in response to climate change concerns.<sup>47</sup> These curtailment proposals generally have addressed only new leasing (while allowing for continued production on current leases), which would attenuate immediate revenue effects. Some contend that over time, support for the federal and state programs currently funded by offshore oil and gas revenues should be shifted to other funding sources, such as renewable energy leasing revenues. Others advocate for continued or increased investment in Gulf oil and gas development to bolster revenues to support future programmatic needs.
- **Budgetary considerations.** Bills that would increase the state and LWCF share of GOMESA revenues have been identified by the Congressional Budget Office (CBO) as increasing direct spending. For example, CBO’s cost estimate for S. 2130 as reported in the 117<sup>th</sup> Congress estimated that the GOMESA-related

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energy sources other than oil and gas, such as offshore wind; offshore revenue from non-oil and gas sources was less than 1% in both FY2020 and FY2021.) Disbursement data are from ONRR’s data query website at <https://revenuedata.doi.gov/query-data>. Database searched on Data Type: Disbursements; Recipient: All; Source: Offshore, 8(g) Offshore, and GOMESA Offshore; Fiscal Year: 2021.

<sup>43</sup> See, for example, S. 2418 in the 116<sup>th</sup> Congress, and the introduced version of S. 2130 in the 117<sup>th</sup> Congress.

<sup>44</sup> Calculations exclude leases in Unit status (see footnote 40 for more information).

<sup>45</sup> Statutory distributions of offshore oil and gas revenues include (1) the deposit of up to \$900 million annually in the LWCF under the LWCF Act (54 U.S.C. §200302); (2) the deposit of \$150 million annually in the Historic Preservation Fund (HPF) under the National Historic Preservation Act (54 U.S.C. §303102); (3) GOMESA revenue sharing with the Gulf producing states and the LWCF state program (as discussed in this report); (4) revenue sharing with coastal states from leases within 3 nautical miles of state waters at a rate of 27% under Section 8(g) of the OCSLA (43 U.S.C. §1337(g)(2)); and (5) deposit of remaining revenues (not accounted for by other statutory provisions) as miscellaneous receipts in the Treasury General Fund (43 U.S.C. §1338), which partly form the basis for deposits to the National Parks and Public Land Legacy Restoration Fund (LRF; P.L. 116-152) for land management agency deferred maintenance. On the HPF, see CRS Report R45800, *The Federal Role in Historic Preservation: An Overview*, by Mark K. DeSantis. On the LRF, see CRS In Focus IF11636, *The Great American Outdoors Act (P.L. 116-152)*, by Carol Hardy Vincent, Laura B. Comay, and Bill Heniff Jr.

<sup>46</sup> This discussion does not address how funding would be prioritized if statutory requirements of multiple laws exceeded available funding. For discussion of this question, please contact CRS’s American Law Division.

<sup>47</sup> See, for example, H.R. 2519 in the 117<sup>th</sup> Congress and similar bills in previous Congresses. Also see CRS In Focus IF11909, *Offshore Oil and Gas: Leasing “Pause,” Federal Leasing Review, and Current Issues*, by Laura B. Comay.



changes (primarily removal of the revenue-sharing cap) would increase direct spending of OCS receipts by \$6.6 billion over a 10-year period.<sup>48</sup> As a result, such legislation may be subject to certain budget points of order unless offset or waived.<sup>49</sup>

- **Florida and revenue sharing.** GOMESA does not provide for revenue sharing with Florida, although some qualified revenue-sharing areas—such as parts of the 181 Area—are closer to Florida than to the other Gulf producing states. Some bills, including S. 28 in the 117<sup>th</sup> Congress, have proposed adding Florida to the group of states receiving a revenue share.<sup>50</sup> Florida’s share of GOMESA revenues if such legislation were enacted would likely be lower than those of the other Gulf Coast states, especially Louisiana and Texas, given the location of most Gulf production. Nonetheless, GOMESA provides that every Gulf producing state must receive at least 10% of the annual state revenue share, so absent further modification, Florida would receive at least that portion, with corresponding reductions to the total available for the other Gulf producing states. Some Florida stakeholders have opposed legislation to add Florida to GOMESA revenue sharing on the basis that doing so could incentivize eventual oil and gas development off Florida.<sup>51</sup> Others contend that Florida bears risks from oil and gas leasing elsewhere in the Gulf (particularly related to potential oil spills) and so should also see benefits.<sup>52</sup>

## GOMESA Moratorium

Section 104 of GOMESA provided that, from the date of the law’s enactment through June 30, 2022, the Secretary of the Interior was prohibited from offering certain areas, primarily in the Eastern Gulf, for “leasing, preleasing, or any related activity.”<sup>53</sup> The moratorium encompassed (1) areas east of a designated *Military Mission Line*, defined in the law as the north-south line at 86°41’ W longitude;<sup>54</sup> (2) all parts of the Eastern Gulf planning area lying within 125 miles of the Florida coast; and (3) certain portions of the Central Gulf planning area, including any parts

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<sup>48</sup> CBO Cost Estimate, S. 2130 (Reinvesting in Shoreline Economies and Ecosystems Act of 2022), as reported, November 7, 2022, at <https://www.cbo.gov/system/files/2022-11/s2130.pdf>.

<sup>49</sup> For information on budget points of order, see CRS Report 97-865, *Points of Order in the Congressional Budget Process*, by James V. Saturno.

<sup>50</sup> S. 28 would extend GOMESA’s Eastern Gulf moratorium through 2032 and add Florida as a revenue-sharing state.

<sup>51</sup> See, for example, statements by Representative Kathy Castor and former Senator Bill Nelson in Alex Leary, “Sen. Marco Rubio Throws Wrench into Florida Oil Drilling Debate,” *Tampa Bay Times*, May 10, 2017, at <https://www.tampabay.com/news/politics/stateroundup/sen-marco-rubio-throws-wrench-into-florida-oil-drilling-debate/2323318/>; and comments by former Senator Bill Nelson on S. 1276, 114<sup>th</sup> Congress (press release, May 21, 2015, at <https://web.archive.org/web/20160529153748/https://www.billnelson.senate.gov/newsroom/press-releases/nelson-florida-under-siege>).

<sup>52</sup> See, for example, Senator Marco Rubio, “Florida Faces Risks of Drilling,” *Pensacola News Journal*, May 4, 2017, at <https://www.pnj.com/story/opinion/2017/05/04/sen-rubio-florida-faces-risks-drilling/101284566/>.

<sup>53</sup> Section 104 allowed for holders of existing oil and gas leases in some parts of the moratorium area to exchange the leases for a bonus or royalty credit (BOEM, “Credit Exchange for Eligible Leases,” at <https://www.boem.gov/Revenue-Sharing/>).

<sup>54</sup> The Department of Defense (DOD) identified this line as demarcating an area critical to the military for testing and training activities. See “Offshore Drilling,” November 30, 2005, *Congressional Record*, daily edition, vol. 155 (June 11, 2009), pp. S6489-S6491.



within 100 miles of the Florida coast, as well as other specified areas. The resulting total moratorium formed by these overlapping areas is shown primarily in grey in **Figure 1**.<sup>55</sup>

The moratorium imposed by GOMESA Section 104 expired on June 30, 2022. In January 2018, BOEM released a draft five-year oil and gas leasing program that would have scheduled new lease sales in the Eastern Gulf starting in 2023, after the expiration.<sup>56</sup> However, in September 2020, President Trump withdrew the moratorium area from leasing disposition for an additional decade (through June 30, 2032).<sup>57</sup> Although GOMESA’s moratorium had specifically referred to “oil and gas leasing,”<sup>58</sup> President Trump’s memorandum withdrew the moratorium area from leasing disposition broadly and was interpreted to apply to offshore wind leasing as well as oil and gas leasing.<sup>59</sup> In August 2022, P.L. 117-169, commonly known as the Inflation Reduction Act of 2022 (IRA), authorized offshore wind leasing in the moratorium area.<sup>60</sup>

## Legislative Proposals

Some bills in the 117<sup>th</sup> Congress have sought to extend GOMESA’s moratorium legislatively, and in some cases to permanently prohibit oil and gas leasing in the moratorium area. These bills include H.R. 2836, H.R. 5707, H.R. 8980, S. 28, and S. 4943 (in addition to legislation such as S. 1115 that would prohibit new oil and gas leasing throughout the OCS). By contrast, other 117<sup>th</sup> Congress legislation—H.R. 4334—would mandate oil and gas lease sales in the GOMESA moratorium area. None of the proposals has advanced beyond the hearing stage in the 117<sup>th</sup> Congress. In the 116<sup>th</sup> Congress, H.R. 205, the Protecting and Securing Florida’s Coastline Act of 2019, passed the House of Representatives. It would have amended GOMESA to extend the Eastern Gulf moratorium indefinitely, thus precluding future oil and gas leasing in the area.

As discussed, the IRA authorized offshore wind leasing in the GOMESA moratorium area in August 2022. Some subsequently introduced bills—H.R. 8980 and S. 4943—would prohibit wind leasing east of the Military Mission Line through June 30, 2032.<sup>61</sup>

## Selected Issues for Congress

Congress may consider a number of issues related to the leasing prohibitions in the Eastern Gulf. In general, Members have debated the economic benefits or drawbacks of hydrocarbon development in the area, with some oil and gas industry advocates contending that Eastern Gulf development could contribute billions of dollars annually to the nation’s gross domestic product, mainly through contributions to Gulf state economies.<sup>62</sup> By contrast, some other stakeholders

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<sup>55</sup> The moratorium area also includes the areas shown with hash marks in **Figure 1**.

<sup>56</sup> For information on BOEM’s oil and gas leasing program, see CRS Report R44692, *Five-Year Offshore Oil and Gas Leasing Program: Status and Issues in Brief*, by Laura B. Comay.

<sup>57</sup> President Trump, September 2020 withdrawal memorandum. The President’s withdrawal authority is at 43 U.S.C. §1341(a).

<sup>58</sup> P.L. 109-432, §104, is titled “Moratorium on Oil and Gas Leasing in Certain Areas of the Gulf of Mexico.”

<sup>59</sup> For further discussion, see CRS Report R46970, *Offshore Wind Energy: Federal Leasing, Permitting, Deployment, and Revenues*, by Laura B. Comay and Corrie E. Clark.

<sup>60</sup> P.L. 117-169, §50251.

<sup>61</sup> The bills also would prohibit wind leasing (and other types of energy development) west of the Military Mission Line and in Atlantic Ocean areas off the east coast of Florida if DOD reported anticipated adverse impacts related to national security, military readiness, or testing capabilities from oil, gas, wind, or other types of energy development in those areas.

<sup>62</sup> American Petroleum Institute and Calash LLC, *The Economic Impacts of Allowing Access to the Eastern Gulf of*

have focused on potential adverse economic consequences, such as costs of potential oil spills to the commercial fishing, tourism, and recreation sectors.<sup>63</sup> Also under consideration are the climate impacts of Gulf oil and gas leasing, including through BOEM’s analysis of potential energy substitutes for Gulf oil and gas.<sup>64</sup> Two issues specific to the Eastern Gulf are as follows.

- **Military readiness concerns.** The area east of the Military Mission Line in the Eastern Gulf provides the largest overwater DOD test and training facility in the continental United States.<sup>65</sup> DOD historically has expressed the need for an ongoing oil and gas leasing moratorium in the Eastern Gulf to accommodate military testing and training.<sup>66</sup> In 2018, DOD stated that “sufficient surface limiting stipulations and/or oil and gas activity restrictions” would be required if oil and gas leasing were to resume in the moratorium area, which some stakeholders interpreted as signaling a greater DOD openness to future oil and gas activities than had previously been expressed.<sup>67</sup> The 2018 report did not clarify what types of oil and gas lease stipulations and restrictions might be necessary to accommodate testing and training activities in the Eastern Gulf.
- **Offshore wind leasing in the Eastern Gulf.** BOEM has begun to formally consider offshore wind leasing in the Gulf of Mexico.<sup>68</sup> The agency has identified two wind energy areas (WEAs) for potential leasing in the Gulf of Mexico, neither of which is in the GOMESA moratorium area.<sup>69</sup> The IRA authorized offshore wind leasing in the moratorium area, as well as in previously withdrawn

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*Mexico for Oil and Natural Gas Exploration and Development*, 2018, at <http://www.noia.org/wp-content/uploads/2018/04/180309-Calash-Eastern-Gulf-Development-Economic-Impacts-Report-Final.pdf>.

<sup>63</sup> Studies documenting costs to these industries from the 2010 *Deepwater Horizon* oil spill include BOEM, *An Analysis of the Impacts of the Deepwater Horizon Oil Spill on the Gulf of Mexico Seafood Industry*, 2016, at <https://www.boem.gov/ESPIS/5/5518.pdf>; and BOEM, *Assessing the Impacts of the Deepwater Horizon Oil Spill on Tourism in the Gulf of Mexico Region*, 2014, at <https://www.boem.gov/ESPIS/5/5451.pdf>.

<sup>64</sup> See BOEM, *2023-2028 National Outer Continental Shelf Oil and Gas Leasing: Proposed Program*, July 2022, Section 5.3, at <https://www.boem.gov/oil-gas-energy/national-program/2023-2028-proposed-program>. For estimates of greenhouse gas emissions related to oil and gas leasing on federal lands and waters, see U.S. Geological Survey, *Federal Lands Greenhouse Gas Emissions and Sequestration in the United States: Estimates for 2005-14*, Report 2018-5131, November 2018, at <https://pubs.er.usgs.gov/publication/sir20185131>.

<sup>65</sup> Office of the Secretary of Defense, *Preserving Military Readiness in the Eastern Gulf of Mexico*, May 2018, at <http://www.iadc.org/wp-content/uploads/2018/05/DOD-Offshore-Report.pdf> (hereinafter cited as DOD 2018 Report).

<sup>66</sup> In 2017, DOD wrote that the agency “cannot overstate the vital importance of maintaining this moratorium.... Emerging technologies such as hypersonics, autonomous systems, and advanced sub-surface systems will require enlarged testing and training footprints, and increased DoD reliance on the Gulf of Mexico Energy Security Act’s moratorium beyond 2022” (letter from A. M. Kurta, Performing the Duties of the Under Secretary of Defense for Personnel and Readiness, to Representative Matt Gaetz, April 26, 2017). Also see letter from Donald R. Schregardus, Deputy Assistant Secretary of the Navy, to Minerals Management Service, April 10, 2006.

<sup>67</sup> DOD 2018 Report. For one interpretation, see the dissenting views in H.Rept. 116-156, referring to the wording in the DOD report: “This conditional statement conveys that, with DoI and industry cooperation, multiple uses of the Eastern Gulf of Mexico are possible, including energy development.”

<sup>68</sup> For more information, see CRS Report R46970, *Offshore Wind Energy: Federal Leasing, Permitting, Deployment, and Revenues*, by Laura B. Comay and Corrie E. Clark.

<sup>69</sup> BOEM, “Gulf of Mexico Activities,” at <https://www.boem.gov/renewable-energy/state-activities/gulf-mexico-activities>. One identified wind energy area is off the coast of Galveston, TX, and the other is off the coast of Lake Charles, LA. A 2020 study by BOEM and the Department of Energy’s National Renewable Energy Laboratory (NREL) generally identified areas farther west in the Gulf of Mexico as having higher potential for offshore wind to “compete ... without additional subsidies,” while still noting some opportunities for development in the Eastern Gulf. BOEM and NREL, *Offshore Wind in the US Gulf of Mexico: Regional Economic Modeling and Site-Specific Analyses*, February 2020, p. xii, at [https://tethys.pnnl.gov/sites/default/files/publications/BOEM\\_2020-018.pdf](https://tethys.pnnl.gov/sites/default/files/publications/BOEM_2020-018.pdf).

areas of the southern Atlantic.<sup>70</sup> Some Members of Congress have opposed wind leasing in the GOMESA moratorium area, stating that it would jeopardize military activities in the Gulf test range and adversely influence U.S. security.<sup>71</sup> Some other Members have contended that the IRA’s wind leasing authorizations will have nationwide benefits in promoting offshore wind jobs and investment.<sup>72</sup>

## Looking Ahead

The 118<sup>th</sup> Congress may consider whether GOMESA’s current provisions will best meet federal priorities going forward, or whether changes are desirable to achieve various goals. Regarding the Eastern Gulf, GOMESA’s moratorium on oil and gas leasing in the area has ended, but oil and gas leasing is prohibited for another decade by President Trump’s executive withdrawal under the OCSLA. A question for Congress is whether future decisions about oil, gas, and renewable energy leasing in the Eastern Gulf should be legislatively mandated or left to the executive branch to control under the OCSLA’s criteria for energy leasing decisions. Absent additional legislative intervention, DOI would continue to assess whether wind leasing is appropriate for the area, and after June 2032 would decide whether to lease for oil and gas, following OCSLA procedures.<sup>73</sup> Congress may consider regional economic priorities, environmental impacts, U.S. energy security, and military security, among other factors, in assessing the future disposition of the GOMESA moratorium area.

With respect to Gulf oil and gas revenues, GOMESA’s current revenue-sharing provisions take into account multiple priorities: mitigating the impacts of human activities and natural processes on the Gulf Coast (through state revenue shares directed to this purpose); supporting conservation and outdoor recreation nationwide (through the LWCF state assistance program); and contributing to the Treasury. For the most part, legislative proposals to change the terms of GOMESA revenue distribution have supported some or all of these priorities but have sought to change the proportion of revenues devoted to each purpose. Also at issue are proposals to use the revenues for new (typically conservation-related) programs outside the GOMESA framework, as well as proposals to substantially reduce or eliminate Gulf oil and gas production—with corresponding long-term revenue implications—in the context of addressing climate change. The 118<sup>th</sup> Congress may weigh some of these revenue issues in considering whether to amend GOMESA.

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<sup>70</sup> P.L. 117-169, §50251.

<sup>71</sup> See, e.g., letter from Senator Marco Rubio, Senator Rick Scott, and Representative Mike Waltz to Senate and House leaders, October 17, 2022, at [https://www.rubio.senate.gov/public/\\_cache/files/c5281d77-e58d-49a0-8b21-1d43989ac1e9/6A5DEA0F9F9EF7E896D431FED94D15EF.10.17.22-rubio-waltz-et-al-letter-to-leadership-re-mml.pdf](https://www.rubio.senate.gov/public/_cache/files/c5281d77-e58d-49a0-8b21-1d43989ac1e9/6A5DEA0F9F9EF7E896D431FED94D15EF.10.17.22-rubio-waltz-et-al-letter-to-leadership-re-mml.pdf).

<sup>72</sup> See, e.g., Senator Kirsten Gillibrand, “Standing At The Port Of Albany, Gillibrand And Tonko Fight to Bring Clean Energy and Renewable Offshore Wind Jobs to New York,” May 6, 2022, at <https://www.gillibrand.senate.gov/news/press/release/standing-at-the-port-of-albany-gillibrand-and-tonko-fight-to-bring-clean-energy-and-renewable-offshore-wind-jobs-to-new-york>.

<sup>73</sup> For more information, see CRS Report R44504, *Five-Year Offshore Oil and Gas Leasing Program: History and Background*, by Laura B. Comay and Adam Vann; and CRS Report R46970, *Offshore Wind Energy: Federal Leasing, Permitting, Deployment, and Revenues*, by Laura B. Comay and Corrie E. Clark.

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