

existing seismic survey. Accordingly, Appendix L should be revised to be consistent with the Settlement Agreement. *See NRDC v. Jewell*, Dkt. 118-2, Section VIII.A.

#### **D. The Economic Impacts of Alternatives B-G Threaten the Viability of G&G Activities in the GOM**

“Where the action subject to NEPA review is triggered by a proposal or application from a private party, it is appropriate to give substantial weight to the goals and objectives of that private actor.” *Citizens’ Committee to Save Our Canyons*, 297 F.3d 1012, 1030 (10th Cir. 2002); *see also, e.g., Sylvester v. U.S. Army Corps of Eng’rs*, 882 F.2d 407, 409 (9th Cir. 1989) (explaining that agency has a duty to take into account objectives of applicant’s project). An alternative considered in an EIS is not reasonable when it renders the applicant’s proposed project “impractical,” or not “technologically or economically feasible.” *Citizens’ Committee to Save Our Canyons*, 297 F.3d at 1031-32; *see also Sylvester*, 882 F.2d at 409 (explaining that the agency must consider whether alternative is “economically advantageous” to applicant’s objective); *Cape May Greene, Inc. v. Warren*, 698 F.2d 179, 187 (3d Cir. 1993) (noting NEPA “requires a balancing between environmental costs and economic and technical benefits”). As demonstrated below, the various measures included in Alternatives B-G threaten the operational and economic viability of G&G activities in the GOM, which will lead to fewer wells being drilled and diminish future production.

In general, BOEM’s economic analysis found in Section 4.13 of the DPEIS is inadequate, especially in the assumptions made about activity levels in the face of overly restrictive mitigation measures and the fact that the analysis appears to completely ignore the potential of reduced future drilling and production because there would not be adequate G&G data, especially seismic, available. In addition, while the DPEIS describes the potential economic impacts of the various alternatives (*e.g.*, increased cost leading to decreased profits; supply chain impacts; lost production), it does not provide cost estimates for direct, indirect and induced economic impacts over the 10-year time period, nor does it adequately account for the variability inherent in offshore oil and natural gas exploration and development. As such, stakeholders cannot evaluate the full economic impacts of the alternatives.<sup>34</sup>

---

<sup>34</sup> BOEM notes that qualitative economic impact analyses were performed for Alternatives E and F (DPEIS at 4-395) and additional economic analyses will be conducted as part of the Regulatory Impact Analysis (DPEIS at 4-396). The impacts that were evaluated qualitatively have the potential to run into the billions of dollars and the Associations believe that full quantitative economic analysis should have been included in the DPEIS. Regardless of the source of the missing analysis, a full quantitative economic analysis should be included in the final PEIS.

In Alternatives B-F, BOEM notes in multiple places<sup>35</sup> that any seismic survey not conducted because of operational inefficiencies, seasonal shutdown, survey restrictions, or area closures could be conducted at a later time or else the vessels would move to another area of the GOM. BOEM uses these assumptions as partial justification that economic impacts of the alternatives will be either minor (Alternative C) or minor to moderate (Alternatives B, D, E, F), yet these assumptions are flawed. The potential to have surveys done in future time periods, as stated in the analysis, does not reduce the negative socioeconomic impact of an alternative. With restrictions continually in place, surveys originally planned for Year 1 would just replace surveys that would have occurred in Year 2, while even more Year 2 planned surveys would be pushed to Year 3, and so on. Over time, the ripple effect of delayed or forgone surveys will reduce overall seismic data collection, adversely impacting the industry's ability to drill new wells and curtailing future production. Timing delays large enough to affect drilling schedules are more important to potential economic impacts than seismic cost increases. BOEM does not provide estimates for the number of wells that will not be drilled and how reduced drilling will have significant negative impacts on production, government revenue, gross domestic product ("GDP"), and employment.

BOEM's analyses of the economic impacts associated with the proposed reductions in seismic surveys found in Alternatives E1 and E2 are particularly concerning:

1. BOEM assumes that reducing seismic survey activity by 10% and 25% reduces direct employment by a proportional amount, resulting in 600 to 1,500 fewer jobs and economic/GDP impacts of \$294 million to \$735 million per year. This assumption is a good approximation of a portion of the direct impacts associated with reduced seismic survey activity. BOEM also mentions indirect and induced impacts but provides no calculations or estimates. DPEIS at 4-400, 401. There is no reason not to provide these estimates. According to estimates made using the IMPLAN model, adding in the indirect and induced impacts of reduced seismic survey spending more than doubles the employment impacts and increases GDP impacts by 70%.
2. BOEM describes the real possibility that investments in new wells and platforms could be delayed and some prospective areas will not be developed at all. However, BOEM does not provide an estimate of how much activity will be forgone and thus no estimate of potential economic impacts is given. This is a significant flaw in the economic analysis of Alternatives E1 and E2 and should be rectified prior to publication of the final PEIS.

---

<sup>35</sup> BOEM could improve the DPEIS by eliminating or reducing the repetition in the impact analysis associated with each alternative and instead focusing on the differences for each alternative.