



Gulf of Mexico Energy Security Act (GOMESA)

On December 20, 2006, the President signed into law the Gulf of Mexico Energy Security Act of 2006 (Pub. Law 109-432). The Act significantly enhances OCS oil and gas leasing activities and revenue sharing in the Gulf of Mexico (GOM). The Act:

shares leasing revenues with Gulf producing states and the Land & Water Conservation Fund for coastal restoration projects;
bans oil and gas leasing within 125 miles off the Florida coastline in the Eastern Planning Area, and a portion of the Central Planning Area, until 2022; and,
allows companies to exchange certain existing leases in moratorium areas for bonus and royalty credits to be used on other GOM leases.

Revenue Sharing

The Act created revenue sharing provisions for the four Gulf oil and gas producing States of Alabama, Louisiana, Mississippi and Texas, and their coastal political subdivisions (CPS's). GOMESA funds are to be used for coastal conservation, restoration and hurricane protection. There are two phases of GOMESA revenue sharing:

Phase I: Beginning in Fiscal Year 2007, 37.5 percent of all qualified OCS revenues, including bonus bids, rentals and production royalty, will be shared among the four States and their coastal political subdivisions from those new leases issued in the 181 Area in the Eastern planning area (also known as the 224 Sale Area) and the 181 South Area. Additionally, 12.5 percent of revenues are allocated to the Land and Water Conservation Fund (LWCF). The final regulations for Phase I revenue sharing were issued on December 23, 2008 and specify that the Bureau intends to disburse funds on or before March 31st of the fiscal year following the fiscal year to which the qualified OCS revenues were attributed.

Phase II: The second phase of GOMESA revenue sharing begins in Fiscal Year 2017. It expands the definition of qualified OCS revenues to include receipts from GOM leases issued either after December 20, 2006, in the 181 Call Area, or, in 2002–2007 GOM Planning Areas subject to withdrawal or moratoria restrictions. A revenue sharing cap of \$500 million per year for the four Gulf producing States, their CPS's and the LWCF applies from fiscal years 2016 through 2055. The \$500 million cap does not apply to qualified revenues generated in those areas associated with Phase I of the GOMESA program. The final regulations to implement Phase II of the GOMESA legislation were published in the Federal Register on December 30, 2015. The final rule is effective 30 days after its publication.

GOMESA Revenue-Sharing Allocations and other statistical information can be found at <http://statistics.onrr.gov/> under Common Data Summaries.

Access to Acreage for Leasing

The Act stipulated that 8.3 million acres be offered for oil and gas leasing shortly after enactment of the statute. This acreage is included in both the Central Gulf Planning Area and the Eastern Gulf Planning Area. It consists of:

approximately 2 million acres in the Central Gulf that was first offered for leasing after enactment of the law at Lease Sale 205 held in October, 2007,
approximately 0.5 million acres in the Eastern Gulf that received a supplemental environmental impact statement review and were offered for leasing at Lease Sale 224 held in March, 2008, (orange area in the map below)
approximately 5.8 million acres in the Central Gulf received a supplemental environmental impact statement review and were offered for leasing at Lease Sale 208 held in March, 2009.

Extended Moratorium

The GOMESA Moratorium covers a portion of the Central Gulf of Mexico Planning Area (CPA), and, until 2022, most of the Eastern Gulf of Mexico Planning Area (EPA). The specific locations restricted from leasing activities include that portion of the Eastern Planning Area within 125 miles of Florida, all areas in the Gulf of Mexico east of the Military Mission Line (86° 41' west longitude), and the area within the Central Planning Area that is within 100 miles of Florida.

Credit Exchange for Eligible Leases

The Act also allowed for the exchange of existing leases in the moratorium areas for bonus or royalty credit to be used in the Gulf of Mexico. The final regulations for the exchange credits were issued on September 12, 2008.

A credit will be provided to lessees who relinquish certain eligible leases in the Gulf of Mexico. Leases are eligible if they lie within 125 miles off the Florida coast in the Eastern Planning Area or within 100 miles off the Florida coast in the Central Planning Area. The lessees must use the credits by in lieu of monetary payment for either a lease bonus bid or royalty due on oil and gas production from most other leases in the Gulf of Mexico or transfer the credits to other Gulf of Mexico lessees for their use. To obtain the bonus or royalty credit, all of the lease record title interest owners must request the credit on or before October 14, 2010.