

U.S. Department of the Interior
Minerals Management Service
Office of Communications and Government Affairs

NEWS RELEASE

FOR RELEASE: January 30, 1995 **CONTACT:** Robin L. Cacy
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MMS ISSUES PROPOSED NOTICE OF SALE FOR COOK INLET SALE 149

The proposed Notice of Sale and draft environmental impact statement (EIS) for Outer Continental Shelf Oil and Gas Lease Sale 149 in Alaska's Cook Inlet has been issued by the Department of the Interior's Minerals Management Service (MMS). The Notice proposes offering 402 blocks covering about 2 million acres in Cook Inlet. The proposed sale is currently scheduled for the summer of 1996.

"Even though 402 blocks will be offered," said Acting MMS Director Cynthia Quarterman, "no more than 250 leases can be issued, and they will have lease terms of five years."

Quarterman said the Alaska Regional Office has been carrying out an extensive outreach effort for the past several years. "Since March of 1991, our people have held 50 meetings with interested groups in a dozen communities," she declared, "and we'll be conducting workshops in key areas next month with public hearing scheduled for March."

In response to public concern about the water quality of Cook Inlet, MMS contracted with the University of Alaska Anchorage (UAA) to complete a water quality study in Cook Inlet. The results indicate that water quality in Cook Inlet is good, notwithstanding oil exploration, development, and production occurring in Upper Cook Inlet in State waters for the past 33 years.

Approximately \$2.6 million has been invested to date on other environmental and socio-economic studies exclusive to the area relating to oil spills, physical oceanography, fisheries, and marine mammals of Cook Inlet.

The proposed Notice of Sale and draft EIS may be obtained by written request to the Alaska OCS Region, Minerals Management Service, Room 603, 949 E 36th Avenue, Anchorage, Alaska, 99508-4302, Attn: Library, or by telephone (907) 271-6691.

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FACT SHEET

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SALE 149/COOK INLET PROPOSED NOTICE OF SALE

The Department of Interior's (DOI) Minerals Management Service (MMS) has issued a proposed Notice of Sale for the Cook Inlet, Sale 149, which outlines the terms and conditions. The sale is scheduled for the summer of 1996.

GENERAL INFORMATION

The proposed Notice of Sale covers 402 blocks encompassing about 2 million acres. The area is located between 3 and 25 miles offshore Alaska in Cook Inlet. Water depths in the area range from 3 to approximately 650 feet.

SALE INFORMATION

- o A Call For Information and Nominations was published in the Federal Register on February 7, 1992. It identified the area believed by MMS to be geologically favorable for hydrocarbons, and asked respondents to outline areas within the Call area that they would like included in the proposed sale. The Call requested information that would be useful in identifying potential conflicts with approved coastal management plans, potential environmental effects and use conflicts, possible mitigating measures, and possible lease terms and conditions. Comments were received from industry, the State of Alaska, other federal agencies, environmental groups, fishing groups, local and area representatives, and private citizens.
- o The Area Identification was announced on August 18, 1992, and covered 761 blocks encompassing about 3.7 million acres.
- o On January 27, 1994, Shelikof Strait was deferred from the proposed sale area. The revised proposed sale area to be included in the draft environmental impact statement encompassed 402 blocks covering about 2 million acres. In addition, no more than 250 leases can be issued as a result of Sale 149; lease terms are 5 years.
- o The draft Environmental Impact Statement (EIS) was issued on January 13, 1995, and covered 402 blocks encompassing about 2 million acres. Scoping meetings were held in Port Lions, Nanwalek (English Bay), Larsen Bay, Port Graham, Chignik, Kodiak, Homer, Seldovia, Soldotna, and Anchorage.
- o Since March 1991, MMS has engaged in an extensive outreach effort travelling to 12 communities adjoining the sale area and holding 50 meetings with stakeholder groups throughout the region to inform the public and gather comments on the proposed sale.
- o MMS is conducting workshops in key communities in February. Staff will explain how an EIS is organized and the steps followed in the analyses.
- o Public hearings are scheduled to be held in Anchorage, Kenai, Homer, and Kodiak in March 1995. Teleconference hearings will be held with Nanwalek, Port Graham, Seldovia, and Ouzinkie.
- o The final EIS is scheduled to be issued in early 1996, and will incorporate comments from the public hearings and comments received from other sources.
- o The final Notice of Sale will be published at least 30 days prior to the conduct of the sale.

LEASING HISTORY

There have been three sales in the area: Sale CI, held October 27, 1977; Sale 60, held September 29, 1981; and Sale RS-2, held August 5, 1982. Currently there are no active federal leases in the sale area. There are 14 platforms located in State waters in Cook Inlet. Production

included 4,823 barrels of oil per day and 5,947 mcf of natural gas. The last lease sale in State waters was held on October 31, 1994.

BID FILING

The Final Program for the Comprehensive Outer Continental Shelf Natural Gas and Oil Resource Management Program (1992-1997) requires that the proposed Notice of Sale and the draft EIS be issued concurrently to give the public and the Governor sufficient time to comment on both documents. If the decision is made to hold the sale, sealed bids will be received by the Regional Director, Minerals Management Service, Alaska Outer Continental Shelf (OCS) Region, 949 East 36th Avenue in Anchorage, Alaska. Bids may be delivered in person between 8 a.m. and 4 p.m. until the bid submission deadline of 10 a.m. on the day before the sale. No bids will be accepted on the day of the sale.

OFFICIAL PROTRACTION DIAGRAMS

Official protraction diagrams (OPDs), which contain blocks or portions of blocks to be offered, may be purchased for \$2 each from the Records Manager, Minerals Management Service, Alaska OCS Region, Room 502, Library, University Plaza Building, 949 East 36th Avenue in Anchorage, or by writing to the above address.

LEASE TERMS

Leases resulting from this lease sale will have initial terms of 5 years. The minimum cash bonus is \$25 per acre. A fixed royalty rate of 12.5 percent applies to all blocks and bidding units offered in this sale. All leases awarded will have a \$3 per acre yearly rental rate.

STIPULATIONS

Protection of Biological Resources: If biological populations or habitats that may require additional protection are identified in the lease area by the Regional Supervisor, Field Operations (RS/FO), the RS/FO may require the lessee to conduct biological surveys to determine the extent and composition of such biological populations or habitat. The RS/FO shall give written notification to the lessee of the RS/FO's decision to require such surveys.

Based on any surveys which the RS/FO may require of the lessee or on other information available to the RS/FO on special biological resources, the RS/FO may require the lessee to: relocate the site of operations; establish that either such operations will not have a significant adverse effect on the resource identified or that a special biological resource doesn't exist; operate during those periods of time that do not adversely affect the biological resources, or modify operations to ensure that significant biological populations or habitats deserving protection are not adversely affected.

Orientation Program: Lessees are required to conduct an orientation program to increase employees sensitivity to specific types of environmental, social, and cultural concerns relating to OCS development and to inform them of archaeological and biological resources and habitat including endangered species, fisheries, bird colonies, and marine mammals.

Transportation of Hydrocarbons: Pipelines may be required if:

- 1) rights-of-way can be determined and obtained;
- 2) if laying such pipelines is technologically feasible and environmentally preferable; and,
- 3) if, in the opinion of the lessor, pipelines can be laid without net social loss.

INFORMATION TO LESSEES

In addition to these stipulations, Information to Lessee clauses include the following regulatory requirements: bird and mammal protection; sensitive areas to be considered in the oil-spill-contingency plans; protection of the Steller Sea Lion; coastal zone management; minimizing

potential conflicts between natural gas and oil and fishing activities; oil spill response preparedness; affirmative action; navigation safety; offshore pipelines; and protection of archaeological resources.

MISCELLANEOUS

Copies of the proposed Notice of Sale are available from the Minerals Management Service, Alaska OCS Region, Room 502, Library, University Plaza Building, 949 East 36th Avenue in Anchorage, or by writing to the Minerals Management Service, Alaska OCS Region, Room 603, 949 East 36th Avenue, Anchorage, Alaska 99508-4302, Attn: Library.

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