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## SALE 144/BEAUFORT SEA PROPOSED NOTICE OF SALE

The Department of the Interior's (DOI) Minerals Management Service (MMS) has issued a proposed Notice of Sale for the Beaufort Sea, Sale 144. The proposed Notice of Sale outlines the terms and conditions of the Outer Continental Shelf (OCS) lease Sale 144, Beaufort Sea, scheduled for fall of 1996.

The area analyzed in the draft EIS includes 1,879 blocks encompassing about 9.8 million acres. The area is located 3 to 140 miles off Alaska's arctic coast in water depths ranging from 7 to 10,000 feet although the majority of the area is less than 300 feet deep. The area is believed to hold substantial oil resources.

The MMS has conducted 281 environmental, social, and economic studies about the effects of offshore oil and natural gas exploration on the human and marine environment. Of these, 62 are exclusive to the Beaufort Sea Planning Area. MMS has spent more than \$16 million on studies exclusive to the area since the mid-1970's.

## SALE INFORMATION

- \* Sale 144 appears on the 1992-1997 Five-Year Program.
- \* A Call for Information and Nominations was published in the Federal Register on December 10, 1993.
- \* Five companies responded to the Call indicating specific areas of interest.
- \* General comments were received from: other federal agencies, the State of Alaska, the North Slope Borough, the Alaska Eskimo Whaling Commission, the Wilderness Society, and Greenpeace.
- \* The Area Identification was announced in the Federal Register on September 13, 1994 and included about 9.8 million acres.

\* Scoping meetings were conducted in Nuiqsut, Kaktovik, Barrow, and Anchorage, Alaska in preparation for Sale 144.

\* The draft EIS was issued on August 18, 1995. MMS conducted workshops in Kaktovik, Nuiqsut, and Barrow in late August.

\* Public hearings are scheduled for Anchorage - October 26, Nuiqsut - November 6, Kaktovik - November 7 and Barrow - November 8.

\* The proposed Notice of Sale presents a proposed decision on blocks to be offered; special mitigating measures that will be used to protect human, coastal, and marine resources in the area offered; and other terms and conditions that will apply to the leases. The Governor of Alaska is being asked for his recommendations on the size, timing and location of the proposed sale, in accordance with section 19 of the OCS Lands Act.

## LEASING HISTORY

There have been five sales in the area: Sale BF, held December 11, 1979; Sale 71, held October 13, 1982; Sale 87, held August 22, 1984; Sale 97, held March 16, 1988; and Sale 124, held June 26, 1991. The MMS has issued 631 leases in the Beaufort Sea; 57 leases remain. Lessees have drilled 28 exploratory wells.

Nine leases were determined by MMS to be producible and 21 leases are being held under unitization and are being evaluated for possible development.

## LEASE TERMS

Leases resulting from this lease sale will have initial terms of 10 years. The minimum cash bonus is \$62 per hectare (one hectare equals 2.471 acres). A fixed royalty rate of 12 1/2-percent applies to all blocks and bidding units offered in this sale. All leases awarded will have a \$13 per hectare yearly rental rate.

## STIPULATIONS

Protection of Biological Resources states that the Regional Supervisor, Field Operations (RS/FO), may require lessees to conduct a biological survey if the RS/FO identifies any biological habitats that may require additional protection. The RS/FO then may require lessees to relocate the site of operation or modify the conduct or timing of operations to protect the resources. The measure also provides protection for areas of biological significance discovered during the conduct of operations, and its adoption would provide a formal mechanism for identifying and mitigating efforts on important or unique biological populations or habits.

Orientation Program addresses the concern that uninformed workers and subcontractors could unknowingly destroy or damage the environment, be insensitive to local historical or cultural values, or unnecessarily disrupt the local economy. Raising industry workers' awareness of the environmental, social, and cultural context in which they work also may minimize conflicts between subsistence activities and gas and oil industry activities.

Transportation of Hydrocarbons addresses an area of concern related to OCS gas and oil activities - the transportation of the product from the field to shore. This stipulation requires that pipelines be used to transport oil from the leases to shore if: (1) pipeline rights-of-way can be determined and obtained, (2) laying such pipelines is technologically feasible and environmentally preferable, and (3) pipelines can be laid without a net social loss. The stipulation does not preclude offshore loading or use of tankers if the three conditions cannot be met. It informs the lessee that (1) the MMS reserves the right to require the placement of pipelines in certain designated management areas, and (2) pipelines must be designed and constructed to withstand the hazardous conditions that may be encountered in the sale area.

Industry Site-Specific Bowhead Whale Monitoring Program informs lessees that they will be required to conduct site-specific monitoring during drilling activities to determine when bowhead whales are present in the vicinity of lease operations. If the lessee obtains a Letter of Authorization (LOA), separate MMS approval is not required because the LOA monitoring requirement is adequate and meets the intent of this stipulation.

Subsistence Whaling and Other Subsistence Activities reminds lessees that all exploration and development and production operations must be conducted in a manner that minimizes any potential conflict between oil and gas operations and subsistence activities, particularly the subsistence bowhead whale hunt.

Lessees are informed that they must contact potentially affected communities to discuss potential conflicts with siting, timing, and methods of proposed operations to minimize conflicts and to make reasonable efforts to ensure that oil and gas operations are compatible with subsistence activities. The lessees are required to notify MMS of all complaints received from subsistence hunters during operations.

#### INFORMATION TO LESSEES

In addition to these stipulations, Information to Lessee clauses include the following regulatory requirements: Bird and Marine Mammal Protection, Sensitive Areas To Be Considered in Oil-Spill-Contingency Plans, Arctic Biological Task Force, Coastal Zone Management, Endangered Whales and MMS Monitoring Program, Consultation with NMFS to Protect Bowhead Whales in the Spring-Lead System, Information on Oil-Spill-Cleanup Capability, Oil-Spill-Response Preparedness, State Review of Exploration Plans and Associated Oil-Spill-Contingency Plans, Availability of Bowhead Whales for Subsistence Hunting Activities, Polar Bear Interaction, Spectacle Eider and Steller's Eider, Oil Pollution Act (OPA) of 1990, River Deltas and three administrative ITL clauses which address navigation safety, offshore pipelines, and affirmatives action.

#### MISCELLANEOUS

Copies of the proposed Notice of Sale are available from the Minerals Management Service, Alaska OCS Region, Suite 30, University Plaza Building, 949 East 36th Avenue in Anchorage, by writing to the Minerals Management, Alaska OCS Region, Suite 300, 949 East 36th Avenue, Anchorage, Alaska 99508-4302, or by calling MMS at 1-800-764-2627.

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