

The NewsRoom

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MMS to Evaluate Interest in Oil and Gas Sale in Alaska's Cook Inlet

The Minerals Management Service today issued a request for the energy industry to provide comments on their interest in energy exploration of the potentially resource rich federal waters of Cook Inlet in Alaska. MMS issued its Call for Information and Nominations for Cook Inlet Sale 199, which could provide much needed energy for use in south-central Alaska. Cook Inlet Sale 199 is tentatively scheduled for May 2006.

The Call is the first step in the leasing process and is used to gather information and nominations on natural gas and oil leasing, exploration, development and production from all interested parties. This is the beginning of an extensive and thorough decision-making process of whether or not there will be a lease sale in the area.

The federal OCS area in Cook Inlet remains relatively unexplored, with the last exploration well drilled in 1984. Cook Inlet is important for the State of Alaska and those who live in Anchorage and the Kenai Peninsula Borough, where residents and industries are in need of a stable supply of energy and fuel. This is the second Cook Inlet sale held under the 2002-2007 Five Year Plan.

"MMS's goal is to keep options open both nationwide and in the State in the search for new energy. By holding predictable sales in the federal portion of Cook Inlet we will complement the State's strong program to find the energy and raw materials to keep the State's economy growing. We hope this sale will be an added incentive for someone to bring a drill rig into Cook Inlet," said MMS Regional Director John Goll.

MMS is proposing to lease in the federal waters of Alaska's Cook Inlet between three and 30 nautical miles offshore. The area covers about 2.5 million acres extending just south of Kalgin Island to just northwest of Shuyak Island. The water depths in the area range from about 30 to 650 feet. No leasing is proposed in Shelikof Strait.

In November 2003, MMS published a single Environmental Impact Statement for both proposed Cook Inlet Sales 191 and 199. In preparation for Sale 199, scheduled for May 2006, MMS will prepare a coastal zone management consistency determination and an environmental assessment, and, if needed, a supplemental EIS. MMS will seek public comment on the environmental document which will focus on any new issues that may have arisen since the EIS was prepared. All sale proposals will be available to the public.

"This approach allows us and the public to more easily key in on any new information or issues and is a standard used by the State of Alaska and other federal agencies," said MMS Regional Director John Goll. "Our proposed sale includes a set of stipulations that we have used successfully in the past to safeguard the fishing and tourism which is so vital to the economy of the Cook Inlet area," he added.

MMS has a comprehensive regulatory program in place which covers all aspects of the industry's drilling procedures that have successfully minimized risk. Several requirements are attached to the sale to supplement these rules, including provisions for fisheries, biological resources and use of pipelines to transport any discovered production.

The MMS is evaluating a package of economic incentives for Federal leases in Cook Inlet. This includes a longer primary term of 8 years, lower minimum bid of \$10 per acre, annual rental rates of \$2 per acre and royalty suspension volumes. The RSV's would relieve royalty payments on a producing lease up to the first 30 million barrels of oil equivalent. The suspension applies to both oil and natural gas and includes price floor and ceiling thresholds.

MMS oversees an extensive multidisciplinary Environmental Studies Program for obtaining information for the prediction, management, and assessment of potential effects of offshore oil and gas exploration and development on the OCS. Currently MMS has more than 20 planned or ongoing studies applicable to Cook Inlet information needs. Information on the status of these studies can be obtained at <http://www.mms.gov/eppd/sciences/exp/profiles>. MMS cooperatively sponsors a Coastal Marine Institute with the University of Alaska Fairbanks, which is conducting several of the studies.

Comments must be received by February 10, 2005, and may be sent to the MMS Alaska OCS Region, 3801 Centerpoint Drive, Room 500 Anchorage, AK 99503; submitted via e-mail to AKEIS@mms.gov; hand delivered to the above address, or faxed to MMS at 907-334-5202. Please call MMS at 907-334-5208 or toll-free at 1-800-764-2627 if you have additional questions.

The State of Alaska receives 27% of all revenues generated as a result of federal leases that lie within 3-to-6 miles offshore the Alaska coast, and 50% of this money goes into the Alaska Permanent Fund Account.

MMS, part of the U.S. Department of the Interior, oversees 1.76 billion acres of the Outer Continental Shelf, managing offshore energy and minerals while protecting the human, marine, and coastal environments through advanced science and technology research. The OCS provides 30 percent of oil and 23 percent of natural gas produced domestically, and sand used for coastal restoration. MMS collects, accounts for, and disburses mineral revenues from Federal and American Indian lands, with fiscal year 2004 disbursements of around \$8 billion and more than \$143 billion since 1982. The Land and Water Conservation Fund, which pays for acquisition of state and federal park and recreation land, gets nearly \$1 billion a year.

Relevant Web Sites:

[MMS Main Website](#)

[Alaska OCS Region Website](#)

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[MMS: Securing Ocean Energy & Economic Value for America](#)
U.S. Department of the Interior