

MMS Alaska OCS Region

News Release

For Immediate Release-
March 25, 2003

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MMS SEEKS INTEREST IN EXPLORING FRONTIER AREAS OF NORTON BASIN AND CHUKCHI SEA-HOPE BASIN FOR OIL AND GAS

The Minerals Management Service is asking companies about their interest in exploring the frontier areas of Norton Sound and the Chukchi Sea-Hope Basin for oil and gas. MMS seeks to foster exploration in these largely unexplored areas of the Alaska Outer Continental Shelf. Two separate Calls for Information and Nominations appear in the *Federal Register* today. They are both seeking expressions of interest and information – one regarding areas in the Norton Basin and the other areas in the Chukchi Sea-Hope Basin. These requests for interest are the first step in an 18-month process that the MMS proposed in its current 5-Year Program for Federal OCS tracts in frontier areas

“The areas off Western Alaska, although largely unexplored, may contain substantial natural gas resources that could be used for local communities, as well as export. However, the high economic costs of development due to the distance from any infrastructure make it a challenging area to lease,” said MMS Alaska Regional Director John Goll. “Our objective through the “special interest” process is to encourage exploration in frontier OCS areas that might contain oil and gas for potential use in local communities as well as to meet national energy needs.”

Norton Basin: Sale 188, Norton Basin, is included in the MMS 5-Year Program and is now tentatively scheduled for fall 2004. The Call for the Norton Basin is similar to the one published last year. The area identified in the Call is located offshore Alaska in Norton Sound and the northern Bering Sea, west and south of the Seward Peninsula, and covers about 25 million acres ranging from three to approximately 320 miles offshore. Water depths in the area range from 25 feet to approximately 650 feet.

MMS estimates that conventionally recoverable natural gas may range from zero to 8.7 trillion cubic feet (mean 2.7 TCF). Estimates are small for oil – ranging from zero to 200 million barrels (mean less than 100 million barrels). The ranges reflect the 95% and 5 % probabilities.

Chukchi Sea-Hope Basin: Sale 193, Chukchi Sea and Hope Basin, is included in the MMS 5-Year Plan and is tentatively scheduled for fall 2004. The area identified in the Call is located offshore Alaska in the Chukchi Sea between Point Barrow south to Cape Krusenstern. The Chukchi Sea area covers about 34 million acres and extends from about 10 to 200 miles offshore. Water depths range from 32 feet to approximately 230 feet. A small portion of the northeast corner of the area slightly west of Point Barrow drops to a depth of approximately

3,000 feet. The Hope Basin portion of the Call area covers about 6.5 million. The area extends offshore from about three to 110 miles in water depths ranging from about 32 feet to 230 feet.

MMS estimates that conventionally recoverable resources in the Chukchi Sea range between 8.6 to 25 billion barrels of oil (mean 15.5 billion barrels), and 13.6 to 154 trillion cubic feet of gas (mean 60.1 TCF). In Hope Basin, the estimates range between zero to 300 million barrels of oil (mean 100 million barrels) and 0 to 11.1 TCF of gas (mean 3.4 TCF). The ranges reflect the 95% and 5 % probabilities.

General Information: The Calls for Information and Nominations, published in the Federal Register on March 25, 2003, seeks comments on these proposals from industry and the public. As a necessary part of this "special interest" process, MMS requests that industry nominate small, very specific areas where they are willing to commit to exploration. MMS will use the information received from the Call to make the decision whether to proceed with leasing. If no industry interest is forthcoming this year, MMS will postpone the sales and reissue the Calls next year, as applicable to each sale area. This process will continue throughout the 2002-2007 5-Year Program until sufficient interest to hold a sale is expressed. For the Chukchi Sea-Hope Basin area, up to two sales could be held during this 5-Year Program. For the Norton Basin area, only one sale could be held during this period.

If a company is interested, MMS will ask it to identify the area of interest. MMS would then proceed through the steps to hold a sale, including an environmental review, in the general area of interest.

For these frontier areas, MMS is considering offering economic incentives for this sale similar to the type offered recently in the Proposed Notice of Sale for Beaufort Sea Sale 186.

In addition to identifying specific blocks to be included in a possible lease sale, comments are sought about particular economic terms and conditions of a sale, geologic, environmental, biological, archaeological, or social and economic conditions and other information that might bear on potential leasing and development in the area.

Nominations and comments must be received by June 23, 2003. You may submit comments in three ways: by mail to the Regional Supervisor, Leasing & Environment, Alaska OCS Region, Minerals Management Service, 949 East 36th Avenue, Room 308, Anchorage, AK 99508-4363, in person to the above address, or directly via the website at www.mms.gov/alaska.

For more information about the proposed sale or the Call, contact MMS Alaska Region at 907-271-6070, toll-free at 1-800-764-2627, or via e-mail at akwebmaster@mms.gov.

MMS is the Federal agency in the U.S. Department of the Interior that manages the nation's oil, natural gas, and other mineral resources on the Federal outer continental shelf. The agency also collects, accounts for, and disburses mineral revenues from Federal and American Indian leases. These revenues totaled more than \$6 billion in 2002 and nearly \$127 billion since the agency's creation in 1982. Annually, nearly \$1 billion from those revenues go into the Land and Water Conservation Fund for the acquisition and development of state and Federal park and recreation lands.

Additionally, 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.

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