



NEWS

U.S. DEPARTMENT OF THE INTERIOR

Office of the Secretary

For Immediate Release: November 1, 2001

Contact: Mark Pfeifle

202-208-6416

First Alaska Offshore Energy Flows Today

– Alaska energy works to strengthen national security and stabilize prices for American families –

(WASHINGTON) – Interior Secretary Gale Norton and her senior advisor for Alaska affairs, Drue Pearce, announced today that the first oil from federal waters off Alaska was produced today at the BP Exploration Northstar project. Northstar became the first outer continental shelf development project since federal offshore leasing began in 1976 off Alaska.

“In the aftermath of the Sept. 11 terrorist attacks, Americans charged our government to strengthen national security. This is a positive step in that direction,” Secretary Norton said. “True national security must expand conservation programs, reduce our dependence on foreign oil from evil dictators, such as Saddam Hussein, and create new jobs – all while protecting the environment.”

This important project is calculated to produce 175 million barrels of oil – enough energy to fuel nearly 1 million American automobiles for six years, Secretary Norton said.

The project underwent an exhaustive review by both the State of Alaska and the U.S. Minerals Management Service.

“The successful completion of the Northstar project proves that by working together, federal and state governments and the energy industry can combine protection of the environment with cutting edge technology to bring America’s energy resources safely to market,” Pearce said. “We celebrate this addition to the U.S. energy supply and are pleased with the Department’s involvement.”

The Northstar pipeline is the first buried subsea pipeline in the Arctic to be used for full-time production. The pipeline is buried 7-11 feet below the seafloor to avoid ice impacts. Northstar also uses some innovative features to protect the environment.

State-of-the-art pipeline monitoring systems assure pipeline integrity. Three systems monitor the entire offshore portion of the Northstar pipeline. One system can detect leaks as small as one barrel per day. A second system constantly monitors the internal pressure of the pipeline. A third monitors the volume of oil as it enters the pipeline at the production island and as it arrives at Pump Station 1 onshore. Data from these systems are fed into computers that would alert operators to shut down the pipeline if an unusual pressure or volume reading is detected. Remotely operated valves at both ends of the pipeline would stop the flow of oil.

The Northstar oil and gas pipelines are made of a super-tough but flexible steel. The pipe was vigorously tested in a special stress-testing laboratory where it was exposed to bending stresses up to three times greater than anything predicted for the actual Beaufort Sea conditions.

The Northstar project is a federal-state unit located about 12 miles northwest of Prudhoe Bay in the Alaskan Beaufort Sea and includes three federal and five state leases. About 16 percent of the Northstar reserves are allocated to federal leases and would represent approximately \$120 million in federal royalty in future years. The federal leases are also within the OCS boundaries that entitle the state of Alaska to receive 27 percent of federal revenues. BP holds a 98 percent working interest in the field. Murphy Oil Corporation holds a 2 percent working interest.

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 outer continental shelf in federal offshore waters. The agency also collects, accounts for and disburses mineral revenues from federal and Indian leases. These revenues totaled nearly \$8 billion last year and more than \$110 billion since the agency was created 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.

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