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U.S. Department of the Interior
Minerals Management Service
Office of Public Affairs

NEWS RELEASE

For Release: October 18, 2004
Release: 3159

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MMS Outlines Proposed Terms for Beaufort Sea Sale 195

Following on the heels of a successful sale in September 2003, the Minerals Management Service has issued a Proposed Notice of Sale which outlines the terms for the next Federal offshore lease sale in the Beaufort Sea, tentatively scheduled for March 30, 2005. The Notice describes the potential Sale 195 area, proposed economic incentives, and requirements for protecting the environment.

The sale area includes approximately 1,800 whole or partial blocks encompassing about 9.4 million acres offshore Alaska's northern coast in the Beaufort Sea. The proposed sale area extends from the Canadian border on the east to near Barrow on the west, but excludes offshore areas near Barrow and Kaktovik used by the Inupiat for bowhead whale subsistence hunts. Throughout the sale area, MMS will require that any offshore oil and gas activity be coordinated with the Inupiat whalers during their hunt.

MMS developed six other lease stipulations to help minimize effects to the environment and to the Inupiat people from any development of the area's oil and gas resources. The stipulations include requirements for protection of biological resources and spectacled and Steller's eiders, bowhead whale monitoring, use of pipelines rather than tankers, and booming for fuel transfers.

"These stipulations supplement our regulatory regime that companies must follow to keep their activities safe and pollution free," said MMS Regional Director John Goll. "MMS will continue to work closely with the State of Alaska, the North Slope Borough and communities, the tribal governments, the Alaska Eskimo Whaling Commission, and other federal agencies and the industry whenever activity occurs to ensure that industry's excellent offshore safety record continues."

MMS estimates that the Beaufort Sea could contain about 7 billion barrels of oil and 32 trillion cubic feet of natural gas (mean estimate of conventionally recoverable resources). Any resources discovered would help boost supplies into the Trans-Alaska Pipeline. The Proposed Notice also includes proposed royalty suspensions on the production of oil and condensate, subject to price thresholds.

In February 2003, MMS completed an environmental impact statement which evaluated potential environmental effects of three proposed sales in the Beaufort Sea—Sale 186, held in September

2003; Sale 195, scheduled for March 30, 2005; and Sale 202, scheduled for March 2007. MMS prepared an Environmental Assessment for proposed Sale 195 that examined the new information and data that became available since the EIS was completed The MMS found that the potential effects of proposed Sale 195 fell within the ranges evaluated in the EIS, and found no new significant impacts.

The Proposed Notice is being sent to the Governor of Alaska, who has 60 days to comment on the size, timing, and location of the proposed sale. After addressing the Governor's comments, if the department decides to proceed with the sale, a Final Notice of Sale for Beaufort Sea Sale 195 will be published in the Federal Register at least 30 days prior to the date of the public opening of the bids. The Final Notice of Sale package will contain all sale terms, conditions, and detailed instructions to bidders. The sale is tentatively scheduled for March 30, 2005.

To request a copy of the Proposed Notice of Sale or the Environmental Assessment, write to the Minerals Management Service, via email at akwebmaster@mms.gov, or call toll-free at 1-800-764-2627. The Environmental Assessment and the Beaufort Sea Multiple Sale EIS are available on the MMS webpage at www.mms.gov/alaska.

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 $8 billion in 2002 and nearly $135 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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