



United States Department of the Interior



MINERALS MANAGEMENT SERVICE
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Memorandum

To: Regional Supervisor, Field Operations

From: *Adrius*
Regional Supervisor, Leasing and Environment

Subject: National Environmental Policy Act NEPA Review of Shell Offshore Inc.'s
Exploration Plan

The Office of Leasing and Environment has completed environmental review of the activities proposed in the Shell Offshore Inc. (Shell) Exploration Plan (EP). Per Council on Environmental Quality (CEQ) regulations at 1501.3 and 1508.9, we have prepared an Environmental Assessment (EA) to determine whether the proposed action requires preparation of an Environmental Impact Statement (EIS) and to assist MMS planning and decisionmaking. Preparation of an EA is consistent with the Department of the Interior Manual (516 DM 15). Based on our analysis, we have determined that Shell's proposed operations would not significantly affect the quality of the human environment (40 CFR 1508.27) and will not cause "undue or serious harm or damage to the human, marine, or coastal environment." We have determined that the preparation of an EIS is not required. The EA and Finding of No Significant Impact (FONSI) are attached.

Shell submitted both hard copy and electronic versions of the EP and supporting documentation. We noted some differences in the versions. The EP is the same in both the hard copy and electronic versions. The electronic version of the Environmental Report (ER) appears to be an earlier version of the hard copy. The hard copy includes approximately 1 page of additional text and 6 pages of pictures and descriptions of the support craft. The additional materials reflect recommendations made by MMS during the completeness review of the draft EP. Upon review, we determined that the differences between the two versions of the ER do not affect or change the scope of the proposed activities and that the differences are not substantive. Our NEPA review considers all updated and relevant information as provided by Shell, as well as additional information determined necessary to prepare the EA.

Our analysis of the potential effects of the proposed action assumes that all aspects of the proposed activities occur as described in the EP and that Shell's proposed activities will comply with all other statutory and regulatory requirements, lease stipulations, conditions of permits, and conditions of approval of the EP as outlined below. If these aspects of the proposed action are not met, our ER and FONSI would no longer be applicable. Additional NEPA review of the modified proposed activities would be needed.

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- Shell Oil Discharge Prevention and Contingency Plan (ODPCP) will be completed and approved, and include specific protection of sensitive biological resources per Lease Stipulation 1. In particular, the ODPCP will acknowledge aggregations of polar bears at coastal bone piles, for example at Kaktovik and Cross Island, as sensitive resources and will provide plans to protect those areas in the event of an oil spill.
- The OCS Sale 195 Lease Stipulation 4 requires operators to conduct a site specific bowhead whale monitoring program during the conduct of exploratory drilling operations during specific periods and depending on the drilling location. The stipulation requires that daily monitoring results be reported to the MMS. The stipulation also requires that the monitoring program must be reviewed and approved each year before exploratory drilling can commence.

The applicable dates when monitoring is required will depend on the drilling location and the whale migration periods as listed in Lease Stipulation 4. No exploratory drilling activities can be conducted from August 1 through October 31, 2007, without an approved site-specific bowhead whale monitoring program.

As noted in Sale 195 Information to Lessee (ITL) clause (j), "Lessees are further advised that the RS/FO has the authority and intends to limit or suspend any operations, including preliminary activities, as defined under 30 CFR 250.201, on a lease whenever bowhead whales are subject to a threat of serious, irreparable, or immediate harm to the species." Should information obtained from MMS Bowhead Whale Aerial Survey Project (BWASP) or Shell's monitoring program indicate that there is a threat of serious, irreparable, or immediate harm to the species; the RS/FO will take action to protect the species. The ITL further notes that the MMS and the National Marine Fisheries Service (NMFS) will establish procedures to coordinate results from monitoring surveys required by Lease Stipulation 4 and NMFS' Incidental Harassment Authorization (IHA) to determine if modification to lease operations are necessary. To administer this responsibility, the MMS will develop a coordination plan with Shell, NMFS, Alaska Eskimo Whaling Commission (AEWC), and North Slope Borough (NSB) to assure that information from Shell's monitoring program, BWASP, subsistence hunting activities, and conflict avoidance programs are available on a daily basis.

- As indicated in the EP, Shell will obtain Marine Mammal Protection Act (MMPA) authorizations from NMFS and U.S. Fish and Wildlife Service (USFWS) before commencing operations. Lease Stipulation 5 and NMFS' IHA process require that conflict avoidance measures are negotiated and agreed to between the operator and the affected communities. The final conflict avoidance agreement must be submitted to MMS for MMS to make a determination on the adequacy of measures taken to prevent unreasonable conflicts with subsistence harvests before activities can commence.

In accordance with Sale 195 Lease Stipulation 5, if necessary because no agreement on conflict avoidance measures can be reached between the parties, MMS will call a meeting with representatives from the subsistence communities, AEWC, NSB, NMFS, and Shell

to specifically address the conflict and attempt to resolve the issues before MMS and NMFS make a final determination on the measures to be taken to prevent unreasonable conflicts with subsistence harvests.

Lease Stipulation 5 also requires that Shell notify the RS/FO of all concerns expressed by subsistence hunters during operations and of steps taken to address such concerns and that the RS/FO work with agencies and the public to assure potential conflicts are identified and efforts taken to avoid conflicts.

- In accordance with Lease Stipulation 7, Shell must also develop a plan for recording and reporting bird strikes that occur during approved activities to the MMS. Bird collisions must be reported to MMS and USFWS, as described in Lease Stipulation 7.

Shell must submit a final lighting configuration plan that demonstrates how lighting on the two drilling units will be adjusted downward and/or shielded to minimize radiated light and reduce potential for bird collisions. This plan should include a discussion on Shell's plans to use strobe lights to detract birds from the drilling structures. The MMS will provide a copy of the final plan to the USFWS.

- Shell will collect meteorological and oceanographic data pursuant to 30 CFR 250.282.
- The EP will be deemed consistent with the State of Alaska Coastal Management Program or consistency is conclusively presumed before commencement of activities.

We have identified additional measures to reduce the risk to threatened eiders (and other coastal and marine birds) that could be involved in collisions with aircraft or vessels. We recommend that these measures be included in the conditions of approval of the EP.

1. The MMS, FWS, and Shell should work together to develop project-specific aircraft flight route strategies. This was a conservation recommendation from the FWS October 2002 Biological Opinion and is intended to cover those times when weather prevents following a flight altitude restriction.
2. All exploration program vessels should minimize operations that require high-intensity work lights, especially within the 20-meter bathymetric contour. High-intensity lights should be turned off, if possible, in inclement weather or periods of darkness; however, navigation, deck lights, and interior lights may remain on for safety. The intent of this measure is to reduce the risk of coastal and marine birds striking vessels.
3. An avian specialist or personnel qualified or trained in bird identification should be stationed aboard the exploration program vessels to monitor for and report bird collisions. All bird collisions should be reported, especially during darkness or inclement weather. A summary of monitoring activities and collisions should be submitted annually to MMS. This measure would help document the potential benefit of implementing the lighting protocols required under Stipulation 7.

Stipulation 7 was intended to avoid or minimize the risk that migrating birds, including threatened eiders, would collide with exploration structures.

In addition, we request that Shell provide the results of their acoustic monitoring and that the report identify the results from each specific activity. The results should be reviewed before MMS approves an APD for drilling during the 2007 bowhead migration. This will allow MMS to determine if the proposed monitoring and mitigation is adequate for the sound levels that are actually occurring and whether additional acoustic monitoring is needed. According to NMFS, August 25th is when many bowhead whales begin to migrate into the project area. Additional specifications of the acoustic monitoring program will be determined during the NMFS' annual Open-water Meeting.

Attachments