

MMS Conditionally Approves Shell's Exploration Plan for Beaufort Sea

Shell Required to Meet Stringent Environmental and Consultation Requirements

ANCHORAGE – The Department of the Interior's Minerals Management Service (MMS) has approved, with conditions, Shell Offshore, Inc.'s Exploration Plan to explore two leases in the Beaufort Sea.

The two leases were obtained by Shell Offshore, Inc. during Beaufort Sea oil and gas lease sales 195 and 202 in 2005 and 2007. The sales were included in the 2002-2007 five year oil and gas leasing program and are not affected by the recent court decision on the current leasing program, which sent the 2007-2012 program back to MMS for additional analysis under section 18 of the Outer Continental Shelf Lands Act.

Shell proposes to drill two exploration wells during the July-October 2010 open water drilling season. The drilling operations would be conducted using the *M/V Frontier Discoverer*, a modern drillship retrofitted and ice reinforced for operations in arctic OCS waters.

Shell's plans include a mid-drilling season break in activities and removal of the drillship from the area to accommodate fall subsistence bowhead whaling by the Native Villages of Kaktovik and Nuiqsut. Specifically, all operations would be suspended beginning August 25, 2010, and all vessels would proceed from the project area to the northwest during the whale hunts, or would leave the Beaufort Sea entirely. Activities may be resumed after completion of the subsistence hunts and extend through October 31, 2010, depending on ice and weather.

Prior to any drilling activities taking place, the plan must be consistent with the Alaska Coastal Zone Management Program and Shell must obtain an approved Application for Permit to Drill from the MMS. Shell must also meet the air and water quality rules by the Environmental Protection Agency, and Marine Mammal Protection Act requirements of the U.S. Fish and Wildlife Service and National Marine Fisheries Service.

"The Minerals Management Service is committed to responsibly developing offshore energy resources," said MMS Director Liz Birnbaum. "Now that we have approved Shell's plan and reached this important milestone, we will continue to work with Shell to ensure that all activities are conducted in a safe and environmentally responsible manner."

Shell's plan is limited to the far western area of Camden Bay, including the use of one drillship with one tending ice management vessel. The two leases are about 16 and 23 miles north of Point Thompson, Alaska.

The Beaufort Sea is estimated to contain 8.22 billion barrels of oil and 27.64 trillion cubic feet of natural gas (undiscovered technically recoverable mean estimate).

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