



# *MMS and Alaska*

*U.S. Department of the Interior ~ Minerals Management Service  
Summer 2003*

***MISSION: The Minerals Management Service manages the minerals resources on the Outer Continental Shelf and Federal and Indian minerals revenues to enhance public and trust benefits, promote responsible use, and realize fair value.***

**In Fiscal Year 2002, MMS distributed to the State of Alaska approximately:**

- \$ 8.1 million from Federal onshore production (oil and gas)
- \$ 13.7 million from Federal Offshore lands

**In addition, since 1968 the following monies have been distributed to the State of Alaska from OCS funds—approximately:**

- \$ 29.2 million for Land and Water Conservation Fund State Grants
- \$ 66.9 million for Land and Water Conservation Fund Federal acquisitions
- \$ 10.5 million for Historic Preservation Fund Grants
- \$ 520 million from section 8(g) OCS Lands Act Amendment funds (since 1986)

## **I. Ongoing MMS Relationships with the State of Alaska**

### **MMS Alaska Region**

The Alaska Region encompasses more than a billion acres of U.S. waters and more than 6,000 miles of coastline including the Arctic Ocean, the Bering Sea, and the northern Pacific Ocean. The shoreline includes Native villages, small fishing villages, and large cities. The diversity of ecosystems in the Region is astounding, ranging from temperate rain forests to Arctic deserts.

**Alaska Region Capabilities--A Unique Resource in Alaska:** The Alaska MMS Region is one of the smallest "major" agencies in Alaska, but has developed a critical mass of professionals that other Federal, and even State, agencies turn to for assistance to accomplish their program missions. The expertise located in the Regional office is unique: no State or Federal agency in Alaska has such a wide-range cadre of experts all in one place for energy development. MMS is

known throughout Alaska for its professional expertise in geology, engineering, biology, and oil and gas leasing. MMS's sharing of its expertise is a benchmark of good and efficient government and true public service. The Region can respond quickly to questions because of staff familiarity with Alaska subjects.

A proactive approach has been taken to present MMS leasing, environment, and evaluation methods to other Governments seeking to enhance their resource development capabilities and modernize their regulatory oversight. MMS Arctic expertise is being shared with other Arctic countries in association with the Arctic Council and its working groups, the Russia/United States/Norway Arctic Offshore Oil and Gas Regulatory Project (RUNARC); the Sakhalin/Alaska Working Group's Environmental Management for Offshore Oil and Gas Project; and the International Conference on Arctic Margins (ICAM).

The Alaska OCS Region has held 18 offshore oil and sales, and two reoffering sales, in Alaska since 1976, contributing approximately \$6.5 billion in bonus, lease rental, and royalty receipts to the United States treasury. Leasing has occurred in the unique and diverse environments of the Beaufort, Chukchi, and Bering Seas, Cook Inlet, and the Gulf of Alaska. The *Northstar* Federal/State unit located in the Beaufort Sea generates the only OCS production in the Alaska Region.

**MMS Employees in Alaska:** The MMS Alaska OCS Region Office has 83 employees with an annual payroll of about \$7.2 million. Salaries in this Region average about \$87 thousand and are distributed back into the State's economy.

In addition to work-related activities, Alaska Region staff take part in a multitude of community service activities throughout the year including the annual Creek Cleanup; Anchorage Chamber of Commerce's "School-Business Partnership;" Campbell Elementary Science Fair; and Outdoor Week. The Alaska staff is involved in a myriad of charitable organizations and donate hundreds of hours annually to groups such as the Boy/Girl Scouts; Campfire; soccer leagues; hockey leagues; various PTA's; and church organizations.

### **Environmental Studies Research Efforts**

MMS has an extensive Environmental Studies Program (ESP) that supplies the scientific and technical information needed to support MMS decision making. The purpose of the ESP is to define the information needs and implement scientific studies to assist in predicting and managing potential effects of OCS activities on the human, marine, and coastal environment. Since the inception of the ESP in 1973, MMS has sponsored more than 950 research projects of which \$733 million has been directed towards diverse areas of study including physical, chemical, and biological oceanography; atmospheric studies; marine mammals, fisheries, turtle and seabird studies; and studies of the sociology and economic factors and impacts related to OCS and marine mineral activities. Through Fiscal Year (FY) 2002, the MMS ESP has funded studies totaling about \$276 million in the Alaska Region.

**MMS Study Planning:** The MMS provides the State of Alaska; North Slope Borough; other local governments; Native Tribes and organizations; environmental groups; industry; and others with its Draft Alaska Annual Studies Plan for input, review, and comment each year. After the Alaska draft Studies Plan has been reviewed by the MMS Scientific Committee, the Alaska Region issues a Final Alaska Studies Plan

**MMS Study Implementation:** Alaska Region staff scientists in the Environmental Studies Section implement funded scientific studies through a variety of contracts; interagency agreements; in-house expertise; and in some cases, cooperative agreements with qualified sources.

**MMS Information Transfer and Dissemination:** Periodically, the MMS Alaska OCS Region Environmental Studies Program will host public Information Transfer Meetings to provide environmental assessment staff; interested constituents; Federal; Tribal; State and local agencies an opportunity to hear presentations on ongoing environmental studies. The 9<sup>th</sup> Information Transfer Meeting (ITM) was held on March 10-12, 2003. Thirty-eight Principal Investigators gave technical presentations on recently completed or ongoing MMS-sponsored studies. Following the ITM, a smaller, more focused Information Update Meeting was held in Barrow, Alaska on March 14. The IUM was designed to include topics of primary interest to citizens and organizations in arctic coastal communities, and included presentations by MMS, industry, and North Slope Borough scientists. The Alaska Region supports a variety of other information transfer activities. All environmental studies are completed with submission of a final report and eventual publication of peer-reviewed journal articles. The Alaska ESP disseminates reports to the public, libraries, coastal communities, and other interested parties.

**Local Coordination--MMS Bowhead Whale Aerial Survey Project:** Each year, MMS provides the State of Alaska and the North Slope Borough copies of the MMS in-house Bowhead Whale Aerial Survey Project (BWASP) Management Plan and Draft Final Reports for their review. In addition, the BWASP coordinates with the Alaska Eskimo Whaling Commission (AEWC) and offers opportunities for key stakeholders to observe aerial survey operations.

MMS also coordinates and shares BWASP survey observations with concurrent industry bowhead aerial surveys designed to meet National Marine Fisheries Service requirements and understandings of the industry/AEWC bowhead whale Conflict Avoidance Agreement.

Many other studies, including MMS social and economic research projects, coordinate closely with local stakeholders during design, conduct, and information dissemination phases.

### **Cooperative Research Efforts**

**MMS/University of Alaska Fairbanks (UAF) Coastal Marine Institute:** In 1993, MMS, in cooperation with the UAF, developed the Coastal Marine Institute (CMI) concept to take advantage of high quality, scientific expertise at local levels. Under a 5-year Cooperative Agreement, the MMS commits up to \$1,000,000 per year for scientific studies to be conducted by the CMI, if the CMI can obtain matching funds. UAF administers the Alaska CMI. In recognition of the quality science contributed to the OCS Program, the cooperative agreement

was renewed a second time in 2002. The MMS, State of Alaska, and the University participate in the CMI Technical Steering Committee which reviews research proposals and helps to assure mission relevance and scientific quality.

### **FY 2003 Planned New Studies:**

In response to additional information needs related to the FY 2002-2007 Outer Continental Shelf Oil & Gas Leasing Program, FY 2003 new studies will address a variety of priority information needs, including:

- Beaufort Sea Nearshore Currents
- Analysis of Variation in Abundance of Arctic Cisco in the Colville River
- Locating Overwintering Fish Habitat, Colville River/Beaufort Sea
- Sea Ice Modeling for Nearshore Beaufort and Chukchi Seas
- Update of Environmental Information for Cook Inlet, Chukchi/Hope Basin and Norton Basin Planning Areas
- Mapping and Characterization of Recurring Spring Leads and Landfast Ice in the Beaufort Sea
- Protocol to Deflect Migrating Bowhead Whales Away from an Oil Spill
- Development of Remote Sensing Survey Techniques for Marine Mammals and Birds in the Arctic
- Monitoring Key Marine Mammals: Lower Cook Inlet
- Distribution and Abundance of Harbor Seals
- Mitigation of Industry Operations on Drift Net Fishing
- Social and Economic Assessment of Major Oil Spill Litigation
- Continuation of Arctic Nearshore Impact Monitoring in Development Area (ANIMIDA)
- Determining Archaeological Potential of Buried Terrestrial Land Forms in the Beaufort Sea, Phase I

In addition to the above listed new starts for FY 2003, the overall Alaska ESP entails about 50 ongoing studies. A complete description of these studies is found in the FY 2003 Alaska Final Annual Studies Plan that can be accessed via the internet at: [www.mms.gov](http://www.mms.gov).

### **Monitoring Studies**

As required under Section 20 of the Outer Continental Shelf Lands Act, MMS monitors in the ongoing or past oil and gas activities to determine if there have been any long term changes in the productivity or quality of the potentially affected environment. Included are:

- *Bowhead Whale Aerial Survey Project (BWASP)*

- *Arctic Nearshore Impact Monitoring in Development Area (ANIMIDA)*
- *Alaska Marine Mammals Tissue Archival Project*
- *Seabird Samples as Resources for Marine Environmental Assessment*
- *Environmental Sensitivity Index Shoreline Classification in the Beaufort Sea*
- *Human Activities Database, Beaufort Sea*
- *Synthesis and Collection of Meteorological Data in the Nearshore Beaufort Sea*
- *Historical Changes in Trace Metals and Hydrocarbons, Beaufort Sea Inner Shelf*
- *Alaska Frozen Tissue Collection and Electronic Database*
- *Alaska Sea Ice Atlas*
- *Correction Factor for Ringed Seal Surveys in Northern Alaska*

### **Oil Spill Studies**

Some recent or ongoing oil spill related research:

- *Estimation of OCS Oil spill Risk from Alaska North Slope, Trans Alaska Pipeline, and Arctic Canada Spill Data Sets*
- *Statistical approach to Oil Spill Occurrence Estimators for the Beaufort/Chukchi Sea OCS*
- *Kinetics and Mechanisms of Slow PAH Desorption from Lower Cook Inlet and Beaufort Sea Sediments*
- *Petroleum Hydrocarbon Degrading Microbial Communities in Beaufort Sea Sediments*
- *MMS Oil Weathering Model*
- *Workshop on Sea Ice Modeling for Nearshore Beaufort and Chukchi Seas*

### **Integration of Local/Traditional Knowledge**

Over the years, local/traditional knowledge has been frequently used in helping to design studies and to assure appropriate objectives. Examples include components of the recently initiated multi-year Arctic Nearshore Impact Monitoring in Development Area (ANIMIDA) study and other ongoing studies such as:

- *Bowhead Whale Feeding in the Eastern Alaskan Beaufort Sea*
- *Quantitative Description of Potential Impacts of OCS Activities on Bowhead Whale Hunting/Subsistence*
- *Alaskan Marine Mammal Tissue Archive*
- *Satellite Tracking of Eastern Chukchi Sea Beluga Whales in the Beaufort Sea and Arctic Ocean*
- *Collection of Traditional Knowledge of the Alaskan North Slope*
- *Ringed Seal Monitoring*
- *Exxon Valdez Oil Spill, Cleanup, and Litigation: A Collection of Social-Impacts Information*
- *Long Term Consequences of the Exxon Valdez Oil Spill for Coastal Communities of Southcentral Alaska (Recently completed OCS Study MMS 2001-032)*

The MMS has incorporated traditional knowledge into its environmental impact statements (EIS)

and mitigation measures. The MMS used traditional knowledge in EIS's for Sales 144, 170 and Liberty Development Plan DEIS, and the current Beaufort Sea Multiple Sale FEIS for Sale 186.

### **Technology Assessment and Research Program**

The Technology Assessment and Research (TA&R) Program supports research associated with operational safety and pollution prevention as well as oilspill response and cleanup capabilities. The program was established in the 1970's to ensure that industry operations on the OCS incorporated the use of the Best Available and Safest Technologies (BAST) subsequently required through the 1978 OCSLA amendments. The TA&R Program is comprised of two functional research activities: Operational Safety and Engineering Research (OSER) and Oil Spill Response Research (OSRR).

The program operates through contracts with universities, private firms, and government laboratories to assess safety-related technologies and to perform necessary applied research. Participation in jointly funded projects with industry, other Federal and States agencies, and international regulatory organizations has become the primary funding mechanism, in view of the overlap of issues and challenges, as well as a broader recognition that participation in these joint projects is the most effective and efficient means to leverage available funds. Since its inception, the program has funded nearly 500 research projects addressing the broad scope of operations, equipment, and technologies employed in offshore oil and natural gas exploration, development, production, and transportation activities.

Although specific funding levels attributable to individual states are indeterminable because of the various fund sharing arrangements utilized in the program, TA&R Projects of particular interest to Alaska include:

***Ohmsett Cold Water Dispersant Effectiveness Experiments B MAR, Inc.*** (#476, New 2003) - MMS evaluated the effectiveness of using Corexit 9527 dispersant on five different types of Alaskan Crude oils, with a range of properties in cold water and wave conditions. These experiments were successfully in February 2003 at Ohmsett - The National Oil Spill Response Test Facility. The crude oils used in the dispersant experiments (Alaska North Slope, Endicott, Northstar and Pt. McIntyre) are from the same "lot" of oil that was obtained for the *Mid-Scale Burn Experiments to Determine the Limits to In-Situ Burning in Broken Ice* (#452). MMS has added a fifth crude oil, Middle Ground Shoals from Cook Inlet to the dispersant experiments. The crude oils for both experiments will be evaluated in fresh and to the same weathered point. The Ohmsett tests were significant because they demonstrate that Corexit 9527 is effective in dispersing crude oils in cold water and verify the results from laboratory, small-scale, and previous Ohmsett experiments.

***Construction and Maintenance of Ice Islands: Current Practice and Future Research B Centre for Cold Ocean Resources Engineering*** (#468, New 2003). The objectives of this project are two fold: 1.) to identify current state-of-the-art/practice in the design, construction and use of ice islands and 2.) to identify areas in which future research efforts may be directed in order to improve their integrity and to increase the efficiency of construction and maintenance of ice islands as platforms for offshore oil and gas operations.

***Mid-Scale Tests to Determine the Limits to In-Situ-Burning in Broken Ice*** B S. L. Ross Environmental Research, Ltd. (#452, Completed March 2003). The purpose of this research project is to investigate the minimum ignitable thickness, combustion rate, effects of waves and residue amount for crude oils burned in situ in cold water and broken ice conditions. The burn experiments were successfully conducted from October 21- November 1, 2002 at the BP Fire Training Ground, Prudhoe Bay, AK. The crude oils used in the burn experiments were Alaska North Slope, Endicott, NorthStar and Pt. McIntyre. The crude oils for the burn experiments were tested in fresh and to the same weathered point for each oil. These same crude oils will be used in the cold water dispersant experiments, conducted in February 2003 at Ohmsett. Results from the experiments will be used to verify the results from laboratory and small-scale tests. The draft final report has been submitted to MMS for review and comments. When both sets of experiments (burns in broken ice and the 2003 cold water dispersant experiments) are complete, MMS will have a direct documented comparison of how each crude oil responds to burning and to the use of dispersants.

***Using Dispersants to Test and Evaluate the Effectiveness of Dispersants in Cold Water and Broken Ice*** B S.L. Ross Environmental Research, Ltd. (#450, Projected Completion July 2003). The MMS and Exxon Mobil Research and Engineering Co. participated in a series of research experiments to evaluate the effectiveness of Corexit 9500 and Corexit 9527 dispersants on Hibernia and Alaska North Slope (ANS) crude oils in cold water/broken ice conditions. The experiments were successfully conducted between February 25 and March 14, 2002 at Ohmsett. The Ohmsett tests were significant because they demonstrate that Corexit 9500 and Corexit 9527 are effective in dispersing Hibernia and ANS crude oils in cold water and verify the results from laboratory and small-scale tests. (AK)

***Strain-Based Design of Pipelines*** B Edison Welding Institute (#434, Projected Completion Spring 2003). The objective is to develop a best practice guide for strain-based design of pipelines. The guide will cover design, assessment and testing guidelines for designers of pipelines that may experience high strains in service. Historically, pipelines have been designed to codes that are stress based. This requires a less rigorous detailed engineering analysis to meet acceptable pipeline safety. For offshore pipelines however, especially ones on deepwater and in the Arctic, an exacting site-specific analysis including loading conditions and material mechanical properties is needed to maintain the acceptable level of pipeline safety needed. This research project that will investigate how the use of strain-based design of pipelines can better assure safe and pollution free operations, especially in environmentally sensitive areas.

***International Oil and Ice Workshop*** B Alaska Clean Seas (#354, Completed January 2001). MMS was a major sponsor, along with the State of Alaska, industry and Regional Citizen Advisory Councils, of the *International Oil and Ice Workshop* held in Anchorage in April 2000. The purpose of the workshop was to provide an international forum for presentation and discussion of key environmental, operational and logistical topics associated with oil exploration and development in ice prone environments. The workshop included one day of field demonstrations of Arctic oil spill response equipment and tactics at the BPXA and Alaska Clean Seas Prudhoe

Bay facilities.

***The Use of Ice Booms for the Recovery of Oil Spills from Ice Infested Waters B Fleet Technology Limited*** (#353, Completed December 2000). The overall objective of this research contract was to study the technology in the design and use of ice booms for recovering spilled oil in ice infested waters. The objective is to obtain the operating window in which an ice boom can be deployed when towing or pulling on a broken ice field. The work will also define the likely scenarios where an ice boom could be used effectively. A presentation on this project was made at the International Oil and Ice Conference, April 2000 in Anchorage, AK. (AK)

### **Other Research of Interest**

**2000 National Assessment of Hydrocarbon Resources:** The 2000 National OCS Assessment made publicly available a systematic assessment of conventionally and economically recoverable resources for the Alaska OCS. The mean undiscovered conventionally recoverable resources on the Alaska OCS total over 24 billion barrels of oil and over 122 trillion cubic feet of natural gas for a combined total of 46.7 billion barrels of oil equivalent.

Since 1990, MMS has funded more than \$310,000 for research on the safety and integrity of arctic marine pipelines at the Center for Cold Ocean Resources Engineering, Memorial University of Newfoundland. The MMS also funded more than \$260,000 on the study of ice mechanics for offshore structures at various research institutions.

**McDowell Group** based in Juneau, Alaska is conducting a two-year study of the economic and social effects of diminishing oil and gas industry activity on Alaskan communities.

**Marine Mineral Research University of Alaska Fairbanks:** MMS is funding studies by the Marine Minerals Research Center at the University of Alaska, Fairbanks. These studies include evaluation of offshore gold reserves and their economics, development of a related Internet mineral resource database system, and appraisal of new offshore gold dredging technology. The center is also evaluating the use of offshore gravel for use by Western Alaska villages with erosion problems.

### **Other Cooperative Efforts with the State of Alaska**

**Memorandum of Understanding (MOU) on Coastal Zone Management:** An MOU between the **State of Alaska, Division of Governmental Coordination**, and the U.S. Department of the Interior, MMS (Alaska OCS Region) establishes procedures to facilitate coordination with respect to CZMA section 307 consistency determinations prior to an MMS lease sale. A separate MOU sets out the coordination procedures for seismic activities and for processing post-lease sale plans and permits. The MMS and the State plan to update these MOU's, partly because of the new NOAA regulations and changes in State CZMP implementing regulations.

**Letter of Agreement (LOA) for the Oil Pollution Act:** A 1994 Letter of Agreement with the **Department of Environmental Conservation** was signed to facilitate coordination of MMS



OPA responsibilities for response plans on State facilities in Cook Inlet. The MMS is initiating actions to update the LOA to reflect final OPA regulations and to clarify and resolve discrepancies between MMS OPA and State oil spill standards, and to expand the LOA to include North Slope facilities. Currently 17 permanent production facilities on State submerged lands are subject to the MMS OPA permit authority.

**Joint Federal/State Pipeline Office:** The MMS is an active member in the joint Federal/State Pipeline Office (JPO) that will facilitate coordination of MMS pipeline responsibilities with other JPO members and provide JPO members better access to MMS technical research. The MMS, with BLM, has been involved in advising on regulatory requirements and procedures for processing a natural gas pipeline right-of-way for transporting North Slope natural gas.

**Section 205 Cooperative Audit Agreement:** Under the Federal Oil and Gas Royalty Management Act, MMS has had an agreement with the State of Alaska since 1985 to conduct audits of Federal royalty payments on section 8(g) leases lying offshore the State.

## II. Major Issues of Interest to the State of Alaska

**Final OCS 5-Year Program for 2002-2007:** The 2002-2007 5-Year Program includes three sales in the Beaufort Sea (Sale 186 (2003), Sale 195 (2005), and Sale 202 (2007), two in Cook Inlet (Sale 191 (2004) and Sale 199 (2006), two in Chukchi Sea/Hope Basin (Sale 193 (2004 or later) and Sale 203 (2007)); and one in Norton Basin, (Sale 188 (2004 or later)).

**Beaufort Sea Sales in 2003, 2005, and 2007:** Sale 186 is scheduled for the Beaufort Sea in September 2003. A multiple-sale draft EIS was issued on June 19, 2002. The 90-day comment period ended on September 20, 2002. The Final EIS, the Proposed Notice of Sale, the Coastal Zone Consistency Determination, and the letter requesting the Governor's comments on Sale 186 were released on February 20, 2003. The final EIS evaluates all three Beaufort Sea sales. The Proposed Notice of Sale also includes proposed royalty suspensions on the production of oil and condensate, subject to price threshold. After addressing the Governor's comments, if the Department decides to proceed with the sale, MMS will publish a Final Notice of Sale for Sale 186 in the Federal Register (expected in August 2003). The Final Notice of Sale package will contain all sale terms, conditions, and detailed instructions to bidders. The Sale is tentatively scheduled for September 24, 2003. Sale 186 would be the eight OCS oil and gas lease sale in the Beaufort Sea. The State of Alaska has annual areawide sales on the North Slope and in the Beaufort Sea. Currently 42 OCS leases are active in the Beaufort Sea. The *Northstar* Federal/State unit located in the Beaufort Sea generates the only OCS production in the Alaska Region.

**Cook Inlet Sales in 2004 and 2006:** A multi-sale draft EIS was released on December 11, 2002. Public hearings were held in Anchorage, Seldovia, Homer, and Kenai/Soldotna. A Statewide phone-in hearing was held on January 28, 2003, to allow for additional comments. The MMS accepted comments until February 11, 2003, via e-mail, fax, and letter. Comments are being reviewed and addressed. The Final EIS and Proposed Notice of Sale are expected in November

2003. The sale is tentatively scheduled for May 2004. Sale 191 would be the fifth OCS sale in Cook Inlet. Royalty incentives are planned for Cook Inlet. Currently, two OCS leases remain in Cook Inlet. They are part of a Federal/State exploration unit. Cook Inlet has potential for both oil and gas; however, the south-central area of Alaska continues to grow and its demand for natural gas is rising. The Cook Inlet OCS has potential to supply natural gas to the area.

**Norton Basin Special Interest Sale:** The OCS 5-Year Program includes one sale in this area. Sale 188 introduces a new “special-interest” process designed to foster exploration in frontier OCS areas. The general approach is to query industry regarding the level of interest in proceeding with a sale that would offer only focused areas of specific interest for exploration. If there is no interest expressed, the process will be deferred for one year. A Call for Information and Nominations will be issued annually until a decision is made to proceed with the sale process. Only one sale will be held in Norton Basin during the 2002-2007 timeframe.

The second Call for Norton Basin Sale 188 was published on March 25, 2003. The 90-day comment period will close on June 23, 2003. The Call requests information on the terms and conditions of the sale, including royalty rates, lease terms, rental rates, and minimum bid requirements. Based on the comments and specific nominations received, MMS will make a decision whether to proceed with a sale. When and if a decision is made to proceed, the Region will prepare an environmental assessment on the focused areas being considered. Based on the findings in the EA, MMS will prepare an EIS or a make Finding of No Significant Impact. The earliest a sale could be held would be fall 2004. MMS plans to include royalty incentives if a sale proceeds.

The first Call was issued on January 22, 2002, and received no requests to continue the sale process. Only one OCS oil and gas lease sale has been held in Norton Basin (in 1983). All leases have expired or been relinquished. The communities in the area have expressed favorable interest for a sale if it can lead to natural gas coming to their communities.

**Chukchi Sea/Hope Basin Special Interest Sales:** The 5-year program includes two sales in this area, Sale 193 (2004) and 203 (2007). The process for these sales will follow the same “special-interest” process for the Norton Basin sale described above. The first Call for Information and Nominations was published on March 25, 2003. The 90-day comment period will end on June 23, 2003, with the earliest possible sale date being in fall 2004 if there is sufficient industry interest. Two rounds of leasing in the Chukchi Sea/Hope Basin could occur during this 5-Year program. Two sales were previously held in the Chukchi Sea (1988, 1991); all leases have been relinquished or have expired. No sales have been held in Hope Basin.

**OCS Leasing Restrictions:** The North Aleutian Planning Area (Bristol Bay) is subject to restrictions on new oil and gas leasing. On June 12, 1998, President Clinton administratively withdrew from leasing until 2012 those areas under congressional moratorium pursuant to the FY 1998 Department of the Interior Appropriations Act (sections 108-111 of Public Law 105-83). The President’s proposed budget for FY-2004 includes a provision for continuing this moratoria, including the North Aleutian Basin.

**National Petroleum Reserve-Alaska (NPR-A):** In August 2001, MMS and BLM signed a modified Memorandum of Agreement to assist each other with oil and gas work in the NPR-A and other Alaska areas. MMS agreed to assist BLM with the leasing, NEPA compliance, consistency determination, resource evaluation efforts and sale issues. BLM conducted a second sale in the Northeast Planning area in June 2002. MMS staff performed the required fair market value analysis for bid acceptance. The MMS is the lead agency preparing an EIS. MMS assisted BLM with its first Northwest Planning Area proposed sale in the NPR-A. A draft EIS was released in January 2003. Public hearings were held and the comment period ended in mid-March 2003. The comments are being analyzed and we expect the Final EIS to be published in late October 2003.

**Northstar Production Facility:** The *Northstar* prospect underlies Federal OCS and State of Alaska submerged lands in the central Beaufort Sea. The Federal and State leases have been unitized (the Northstar Unit) for common development of the resources. *Northstar* began production on October 31, 2000, and represents the first oil production from the OCS in Alaska. Production is nominally about 60,000 bpd, with 84% State and 16% Federal. The MMS and the State of Alaska are currently reevaluating the allocation of the *Northstar* resource. This reevaluation is expected to be completed in the first half of 2003.

**Liberty Project:** BP Exploration (Alaska) *Liberty* Development Project is located entirely on the OCS in the central Beaufort Sea within the barrier islands, about five miles east of BP's Endicott Production Facilities. *Liberty* may contain about 120 million barrels of oil. Since it is located in the 8(g) zone, the State would receive 27 percent of any revenue from the project. The MMS evaluated the proposed *Liberty* Development and Production Plan submitted by BP in 1998. On January 7, 2002, BP announced that they were “shelving the project” as originally proposed—construction of a manmade drilling and production facility on a gravel island 5 miles offshore in Foggy Island Bay within the central Beaufort Sea with an associated subsea production pipeline. BP is presently evaluating several development options to develop *Liberty*. The MMS published the final EIS in May 2002 for the original project so the analysis would be potentially useful if BP submits another development plan.

**McCovey Unit:** The *McCovey Unit* is a joint Federal/State of Alaska exploration unit composed of three Federal and four State of Alaska offshore leases in the Beaufort Sea. The federal leases are currently under a suspension of operations. Encana, in partnership with Chevron Texaco and ConocoPhillips, drilled an exploratory well during the winter of 2002-2003. The well was plugged and abandoned on February 9, 2003. No drilling results have been announced. EnCana has 180 days to either start another well or obtain an extension to the Suspension of Operations in order to maintain the Federal leases in the Unit beyond their primary term.

**Cosmopolitan:** The joint Federal/State of Alaska *Cosmopolitan Unit* is located north of Anchor Point, Alaska, in Cook Inlet. The unit includes two federal OCS leases and eight State of Alaska leases. ConocoPhillips drilled the Hansen #1 exploration well from an onshore surface location into a State offshore lease. The Hansen well was approved under a State application and began drilling operations in October of 2001. No MMS permits or approvals were required to drill the Hansen well. The surface and bottom-hole locations were on State lands. The well was completed and tested in March of 2002. The well was completed and tested in March of 2002. A

second well was planned for the spring of 2003.

**Alaska v United States Original No. 128:** On November 26, 1999, the State of Alaska filed a Motion for Leave to File A Complaint initiating a new original action in the U. S. Supreme Court to quiet title to submerged lands in Southeast Alaska. The claim covers three areas in Southeast Alaska. First, all tidelands and submerged lands beneath navigable waters and within the boundaries of the Tongass National Forest; second, tidelands and submerged lands within the Glacier Bay National Park and Preserve; and third all submerged lands which lie landward of the coastline and a series of closing lines, no more than 10 nautical miles each, connecting the islands of the Alexander Archipelago and submerged lands within three nautical miles of the coastline and those closing lines. Within these claims are OCS "enclaves" between the mainland and the islands and OCS lands seaward of the mainland and any islands. The MMS has jurisdiction over all of these OCS lands. The U.S. Supreme Court has accepted this case and appointed a Special Master to make recommendations. Trial is tentatively scheduled in Anchorage in the summer of 2004.

**Government-to-Government Coordination with Alaska Native Villages:** MMS consults with any potentially affected federally recognized Alaska Native tribes during OCS activities. Alaska Interior agencies developed a policy on Government-to-Government relations with Alaska Native Tribes to guide the consultation process with the tribes in a culturally sensitive manner on policies and decisions that may potentially affect a federally recognized Tribe in Alaska.

#### **Internship for Native Student Training and Education Program -- INSTEP**

In 2000, MMS took the lead to work with the University of Alaska Anchorage to set up a program to make it easier for Alaska Natives and American Indian students in Alaska to participate in summer internships with DOI agencies. Collaboration between the UAA Native Student Services and Alaska Native Studies and the Department of the Interior led to the development of INSTEP. The program combined a ten-week work experience for three credits with a three-credit course on Alaska Natives and Federalism developed for INSTEP at UAA.

The program's primary objective is to provide professional experience within a Federal agency to Alaska Native and American Indian students in Alaska. Interns get an inside view of government operations and responsibilities toward management of Federal resources. The interns were matched to agencies based on the agency's needs consistent with the student's interests, academic background, and future career goals. The program is designed to increase the Federal Government's recruitment and hiring of Alaska Natives and American Indians in Alaska.

The MMS Alaska Office in Anchorage has hosted four INSTEP students over the last three summers. Interns have worked on a Traditional Knowledge (TK) project to scan 25 years of MMS public hearing records and indexing Traditional Knowledge entries. This database allows MMS EIS writers better access to TK to include in MMS documents.

**Alaska Region Partners with the NEED Project:** The Alaska Region is working with the National Energy Education Development Project (NEED) to establish a viable teacher training program in Alaska. The NEED project provides energy-related materials for teachers and students. Training programs and teaching materials are available to teachers in the Anchorage

Borough School District. MMS also sends up to four teachers a year to the national NEED conference extensive hands-on training.

*For Information on the Minerals Management Service  
contact MMS Office of Congressional Affairs by phone at 202-208-3502  
or write Main Interior Building, Mail Stop 4230, 1849 C. Street N.W., 20240*