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Description of document: **Correspondence in the Anchorage Office of the United States Department of the Interior, Minerals Management Service (MMS), Alaska Outer Continental Shelf Region between the MMS and Mayor Sarah Palin or the Office of the Mayor of Wasilla, Alaska, between 1996 - 2002; between the MMS and Chairman Sarah Palin of the Alaska Oil and Gas Conservation Commission between 2003 - 2004; and all correspondence between the MMS and Governor Sarah Palin or the Office of the Governor of Alaska between January 1, 2007, and September, 2008**

Requested date: 04-September-2008

Released date: 29-September-2008

Posted date: 16-October-2008

Date/date range of document: 11-January-2007 – 23-June-2008

Source of document: United States Department of the Interior,
Minerals Management Service,
Alaska Outer Continental Shelf Region
[Christine Huffaker](#)
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United States Department of the Interior



MINERALS MANAGEMENT SERVICE
Alaska Outer Continental Shelf Region
3801 Centerpoint Drive, Suite 500
Anchorage, Alaska 99503-5823

September 29, 2008

RE: Freedom of Information Act Request MMS 2008-00207

This is in response to your Freedom of Information Act (FOIA) request MMS-2008-00207 dated September 4, 2008, in which you requested copies of all correspondence in the Anchorage Office between the MMS and Mayor Sarah Palin or the Office of the Mayor of Wasilla, Alaska, between 1996 – 2002; between the MMS and Chairman Sarah Palin of the Alaska Oil and Gas Conservation Commission between 2003 – 2004; and all correspondence between the MMS and Governor Sarah Palin or the Office of the Governor of Alaska between January 1, 2007, and the present. Documents responsive to your request are being forwarded to you under separate cover.

The fee for this information is \$34.73. Enclosed are two copies of an itemized bill for the charges. Please enclose one copy with your payment. Payment should be made by check or money order, clearly marked "FOIA Fee," and made payable to the Minerals Management Service. Payment should be sent to the address on the bill within 30 days of the date on the bill.

We are please to provide this information. If you any questions, you may contact me at 907-334-5207 or be e-mail at Christine.Huffaker@mms.gov.

Sincerely,

Christine R. Huffaker
FOIA Officer
MMS Alaska OCS Region

enclosures





United States Department of the Interior

MINERALS MANAGEMENT SERVICE

Washington, DC 20240

JAN 11, 2007



The Honorable Sarah Palin
Governor of Alaska
Juneau, Alaska 98111-0001

Dear Governor Palin:

Congratulations on your election as Governor of Alaska. I am writing to inform you of the status of the Coastal Impact Assistance Program (CIAP), which was authorized under the Energy Policy Act of 2005. The CIAP is a 4-year grant program, which authorizes the distribution of funds to Outer Continental Shelf (OCS) oil and gas producing states to mitigate the impacts of OCS oil and gas activities. Funds are derived from OCS revenue receipts. The CIAP authorizes the Secretary of the Interior to distribute to producing states and coastal political subdivisions (CPS) \$250 million for each of the fiscal years (FY) 2007 through 2010. The six coastal states that qualify for CIAP funding are: Alabama, Alaska, California, Louisiana, Mississippi, and Texas.

The Minerals Management Service (MMS) began implementing CIAP using one-time only funding in FY 2006. Continued funding for the program was included in the President's FY 2007 Budget. As you know, the President's FY 2007 Budget has not yet been passed, and we are currently operating under a continuing resolution through February 15, 2007. The continuing resolution does not contain any money for CIAP implementation. Until the requested funds are appropriated, we will be unable to continue any substantive work under CIAP.

We are aware that some states may be ready to submit draft or final plans as required under the CIAP to the MMS after the first of the year. Please be aware that although the plans may be submitted, we will not be able to review or approve them without specific appropriated funds. This is a notable development because a state or CPS may not apply for grant funds without the benefit of having an approved state plan.

We appreciate your state's participation and assistance in working with us on this program to date. The delays in the program are unfortunate, but we look forward to developing a closer working relationship with you and others in your state once funds become available for program implementation. If you have any questions about this letter, please call me at (202) 208-3500 or my Chief, MMS, Office of Public Affairs, Mr. Drew Malcomb at (202) 208-3875.

Sincerely,

R. M. "Johnnie" Burton
Director

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SARAH PALIN
GOVERNOR
GOVERNOR@GOV.STATE.AK.US



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

P.O. Box 110001
JUNEAU, ALASKA 99811-0001
(907) 465-3500
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WWW.GOV.STATE.AK.US

January 12, 2007

The Honorable Dirk Kempthorne
Secretary of the Interior
U.S. Department of the Interior
1849 C Street, Northwest
Washington, DC 20240

Dear Mr. Secretary:

Thank you for the opportunity to comment on the upcoming Beaufort Sea Outer Continental Shelf (OCS) Lease Sale 202. This letter provides my "Section 19" (43 USC 1345) response regarding the size, timing, and location of the proposed sale.

I strongly support oil and gas exploration and development in Alaska as a way to increase federal and state revenues. The record demonstrates that we can develop oil and gas resources responsibly while protecting the environment for both commercial and subsistence resources.

The Beaufort Sea is very important for subsistence harvesting for the people of the North Slope Borough, and for many biological resources, including endangered and threatened species. The continued retention of the Barrow and Kaktovik Subsistence Whaling Deferral areas is important.

I fully support Lease Sale 202, as planned, and scheduled for March of 2007.

Sincerely,

A handwritten signature in cursive script, reading "Sarah Palin".

Sarah Palin
Governor

The Honorable Dirk Kempthorne

January 12, 2007

Page 2

cc: The Honorable Ted Stevens, United States Senator
The Honorable Lisa Murkowski, United States Senator
The Honorable Don Young, United States Congressman
John Katz, Director of State/Federal Relations and Special Counsel, Alaska
Office of the Governor
Marty Rutherford, Acting Commissioner, Alaska Department of Natural
Resources
Joe Balash, Special Staff Assistant, Alaska Office of the Governor

SARAH PALIN
GOVERNOR
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STATE OF ALASKA
OFFICE OF THE GOVERNOR
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February 8, 2007

Mr. John Goll, Director
Alaska Outer Continental Shelf Region
Minerals Management Service
949 East 36th Avenue, Room 308
Anchorage, AK 99508-4363

Dear Mr. Goll:

Thank you for the opportunity to review the Shell Offshore Inc. (Shell) proposed Beaufort Sea Outer Continental Shelf Lease Exploration Plan for 2007-2009. The State of Alaska fully supports Shell's efforts to conduct exploratory drilling in the Beaufort Sea.

I encourage the Minerals Management Service (MMS) and Shell to continue to work closely with the North Slope Borough, whaling representatives, and Native communities in the region to ensure that oil and gas activities are conducted in a manner to minimize conflicts with subsistence activities. As you know, subsistence whaling is an integral part of the North Slope culture and must be respected and protected.

I am very encouraged by the level of commitment of Shell in "raising the bar" to protect the offshore environment and the people who depend on it. The State of Alaska agencies are committed to working with MMS and Shell to help ensure success in offshore development and environmental protection.

Sincerely,

A handwritten signature in black ink, reading "Sarah Palin".

Sarah Palin
Governor



United States Department of the Interior

MINERALS MANAGEMENT SERVICE
Washington, DC 20240

MAR 12 2007



The Honorable Sarah Palin
Governor of Alaska
P.O. Box 110001
Juneau, Alaska 99811-0001

Dear Governor Palin:

Thank you for your January 12, 2007, letter commenting on our proposed Notice of Sale for Outer Continental Shelf Sale 202 Beaufort Sea scheduled for April 18, 2007. We have carefully considered all the background information regarding environmental effects, coastal management, and economics for this proposed sale and have decided to proceed with the sale. We are enclosing a copy of the seven lease stipulations that we propose for this sale and a copy of the final Notice of Sale.

We will offer for sale the same area offered in Sale 186 (September 2003), the initial Beaufort Sea sale in the current 5-Year Program, and Sale 195 (March 2005). Specifically, I recommend a combination of Alternative I (the entire 5-Year program area) along with deferral Alternatives III (Barrow Subsistence Whale Deferral) and V (Kaktovik Subsistence Whale Deferral) as identified in the multiple-sale final Environmental Impact Statement (FEIS) and the Environmental Assessment (EA) for Sale 202 along with the proposed mitigating measures. This is consistent with your recommendation. This combination of alternatives defers approximately 54 blocks, resulting in an offering of approximately 1,665 whole and partial blocks covering approximately 8.7 million acres. You did not recommend adoption of Alternative IV (the Nuiqsut deferral alternative) or Alternative VI (the Eastern deferral alternative). We concur and believe that Stipulation No. 5 will prevent unreasonable conflicts with the bowhead whale hunt.

In a January 8, 2007, letter from the State of Alaska Coastal Management Program, your State concurred with the Minerals Management Service determination that Sale 202 is consistent to the maximum extent practicable with the Alaska Coastal Management Program and the local district's enforceable policies.

The final Notice of Sale includes stipulations analyzed in the multiple-sale FEIS and Sale 202 EA and included in Sales 186 and 195. Based on new information, the ITL for Polar Bear Interaction that was included in Sales 186 and 195 has been replaced with the *Planning for Protection of Polar Bears* that states in part that lessees are advised to consult with the FWS and local Native communities while planning their activities and before submission of their Oil-Spill Response Plans. Polar bears were added to the list of species, included in the ITL "*Bird and Marine Mammal Protection*," that have been proposed for listing under the Endangered Species

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Act. The ITL "*Sensitive Areas To Be Considered in the Oil-Spill Response Plans*" was amended to note, in part, that coastal aggregations of polar bears during the open water/broken ice period are particularly vulnerable to the effects of an oil spill and that lessees should take this information into account when developing their OSRP's. Also, a new ITL, *Possible Listing of Polar Bear under ESA*, was added advising lessees that FWS may list polar bears as threatened species under the Endangered Species Act, and that MMS may be required to apply additional mitigation measures on OCS activities should FWS decide to list them. All other ITLs were included in Sales 186 and 195.

The financial terms and conditions offered for this sale are the same as those for Sale 195. The following terms and conditions are identical: price floor, price ceiling, royalty rate, royalty suspension volumes, minimum bids, and rental rates. The intent of these terms is to increase the number of tracts leased and to encourage early exploration and production.

Additionally, the easternmost section of the area includes four blocks that are the subject of a jurisdictional dispute between Canada and the United States. We will offer these blocks, as we did in Sale 186 and Sale 195. The Department of State concurs.

We appreciate your support and look forward to working with you and the State of Alaska to assure that the benefits of OCS leasing and development activities will continue to accrue to the State and the Nation in an environmentally safe manner. We will work closely with the State, the North Slope Borough and communities and tribes, the oil and gas industry, and other concerned parties to ensure the effective mitigation of potential adverse impacts on the Alaskan environment.

Sincerely,

A handwritten signature in black ink, appearing to read "Johnnie Burton", written in a cursive style.

R. M. "Johnnie" Burton
Director

Enclosures

Billing Code: 4310-MR

DEPARTMENT OF THE INTERIOR

Minerals Management Service (MMS)

Outer Continental Shelf (OCS) Beaufort Sea Alaska, Oil and Gas Lease Sale 202

AGENCY: Minerals Management Service, Interior.

ACTION: Final Notice of Sale OCS Oil and Gas Lease Sale 202, Beaufort Sea

SUMMARY: The MMS will hold OCS Oil and Gas Lease Sale 202 on April 18, 2007, in accordance with provisions of the OCS Lands Act (43 U.S.C. 1331-1356, as amended), the implementing regulations (30 CFR Part 256), and the OCS Oil and Gas Leasing Program for 2002-2007.

DATES: Lease Sale 202 is scheduled to be held on April 18, 2007, at the Wilda Marston Theatre, Z. J. Loussac Public Library, 3600 Denali Street, Anchorage, Alaska. Public reading will begin at 9:00 a.m. All times referred to in this document are local Anchorage, Alaska times, unless otherwise specified.

ADDRESSES: A package containing the Final Notice of Sale (NOS) and several supporting and essential documents referenced herein are available from:

Alaska OCS Region

Information Resource Center

Minerals Management Service

3801 Centerpoint Drive, Suite 500

Anchorage, Alaska 99503-5823

Telephone: (907) 334-5200 or 1-800-764-2627

These documents are also available on the MMS Alaska OCS Region's website at www.mms.gov/alaska.

BID SUBMISSION DEADLINE: Bidders will be required to submit bids to the MMS at the Alaska OCS Region Office, 3801 Centerpoint Drive, Suite 500, Anchorage, Alaska 99503, by 10 a.m. on the day before the sale, Tuesday, April 17, 2007. If bids are mailed, the envelope containing all of the sealed bids must be marked as follows:

Attention: Mr. Fred King

Contains Sealed Bids for Sale 202

If bids are received later than the time and date specified above, they will be returned unopened to the bidders. Bidders may not modify or withdraw their bids unless the Regional Director, Alaska OCS Region receives a written modification or written withdrawal request prior to 10 a.m., Tuesday, April 17, 2007. Should an unexpected event such as an earthquake or travel restrictions be significantly disruptive to bid submission, the Alaska OCS Region may extend the Bid Submission Deadline. Bidders may call (907) 334-5200 for information about the possible extension of the Bid Submission Deadline due to such an event.

Four blocks in the easternmost Beaufort Sea area are subject to claims by both the United States and Canada. This Notice refers to this area as the Disputed Portion of the Beaufort Sea. The section on Method of Bidding identifies the four blocks and describes the procedures for submitting bids for them.

AREA OFFERED FOR LEASING: The MMS is offering for leasing all whole and partial blocks listed in the document "Blocks Available for Leasing in OCS Oil and Gas Lease Sale 202" included in the Final NOS 202 package. All of these blocks are shown on the following Official Protraction Diagrams (which may be purchased from the Alaska OCS Region):

NR 05-01, Dease Inlet, revised September 30, 1997

NR 05-02, Harrison Bay North, revised September 30, 1997

NR 05-03, Teshekpuk, revised September 30, 1997

NR 05-04, Harrison Bay, revised September 30, 1997

NR 06-01, Beechey Point North, approved February 1, 1996

NR 06-03, Beechey Point, revised September 30, 1997

NR 06-04, Flaxman Island, revised September 30, 1997

NR 07-03, Barter Island, revised September 30, 1997

NR 07-05, Demarcation Point, revised September 30, 1997

NR 07-06, Mackenzie Canyon, revised September 30, 1997

Official block descriptions are derived from these diagrams; however, not all blocks included on a diagram are being offered. To ascertain which blocks are being offered and the royalty suspension provisions that apply, you must refer to the document "Blocks Available for Leasing in OCS Oil and Gas Lease Sale 202." The Beaufort Sea OCS Oil and Gas Lease Sale 202 Locator Map is also available to assist in locating the blocks relative to the adjacent areas. The Locator Map is for use in identifying locations of blocks but is not part of the official description of blocks available for lease. Some of the blocks may be partially encumbered by an existing lease, or transected by administrative lines such as the Federal/State jurisdictional line. Partial block descriptions are derived from Supplemental Official OCS Block Diagrams and OCS Composite Block Diagrams, which are available upon request at the address, phone number, or internet site given above.

STATUTES AND REGULATIONS: Each lease issued in this lease sale is subject to the OCS Lands Act of August 7, 1953, 67 Stat. 462; 43 U.S.C. 1331 et seq., as amended (92 Stat. 629),

hereinafter called "the Act"; all regulations issued pursuant to the Act and in existence upon the effective date of the lease; all regulations issued pursuant to the statute in the future which provide for the prevention of waste and conservation of the natural resources of the OCS and the protection of correlative rights therein; and all other applicable statutes and regulations.

LEASE TERMS AND CONDITIONS: For leases resulting from this sale the following terms and conditions apply:

Initial Period: 10 years.

Minimum Bonus Bid Amounts: \$37.50 per hectare, or a fraction thereof, for all blocks in Zone A and \$25.00 per hectare, or a fraction thereof, for all blocks in Zone B. Refer to the final Notice of Sale, Beaufort Sea Sale 202, April 2007 map and the *Summary Table of Minimum Bids, Minimum Royalty Rates, and Rental Rates* shown below.

Rental Rates: The Lessee shall pay the Lessor, on or before the first day of each lease year which commences prior to a discovery in paying quantities of oil or gas on the leased area, a rental at the rate shown below in the *Summary Table of Minimum Bids, Minimum Royalty Rates, and Rental Rates*. During the time period in which a lease is classified as producible, i.e., following a discovery in paying quantities, but before royalty-bearing production begins, a rental of \$13 per hectare applies in both zones and is paid at the end of each lease year until the start of royalty-bearing production.

Minimum Royalty Rates: The Lessee shall pay the Lessor, at the expiration of each lease year which commences after the start of royalty-bearing production, a minimum royalty of \$13 per hectare, or fraction thereof, with credit applied for actual royalty paid during the lease year. If actual royalty paid exceeds the minimum royalty requirement, then no minimum royalty payment is due.

Royalty Rates: A 12 1/2 percent royalty rate will apply for all blocks.

Summary Table of Minimum Bids, Minimum Royalty Rates, and Rental Rates

Terms (values per hectare or fraction thereof)	Zone A	Zone B
Royalty Rate	12 ½% fixed	12 ½% fixed
Minimum Bonus Bid	\$37.50	\$25.00
Minimum Royalty Rate	\$13.00	\$13.00
Rental Rates:		
Year 1	\$ 7.50	\$ 2.50
Year 2	\$ 7.50	\$ 3.75
Year 3	\$ 7.50	\$ 5.00
Year 4	\$ 7.50	\$ 6.25
Year 5	\$ 7.50	\$ 7.50
Year 6	\$12.00	\$10.00
Year 7	\$17.00	\$12.00
Year 8	\$22.00	\$15.00
Year 9	\$30.00	\$17.00
Year 10	\$30.00	\$20.00

Royalty Suspension Areas: Royalty suspension provisions apply to first oil production.

Royalty suspensions on the production of oil and condensate, prorated by lease acreage and subject to price thresholds, will apply to all blocks. Royalty suspension volumes (RSV) are based on 2 zones, Zone A and Zone B, as depicted on the Map. More specific details regarding royalty suspension eligibility, applicable price thresholds and implementations are included below as well as in the document "Royalty Suspension Provisions, Sale 202" in the Final NOS 202 package.

ROYALTY SUSPENSION PROVISIONS: In accordance with applicable regulations at 30 CFR 260, the following royalty suspension provisions apply to leases issued as a result of Beaufort Sea Oil and Gas Lease Sale 202. The zones in which blocks are indicated on the Block List and the map included in the Notice of Sale package are available from the MMS OCS Alaska Region office.

These Royalty Suspension Provisions apply to Oil Production. In addition, refer to 30 CFR 218.151 and applicable parts of 260.120-260.124 for regulations on royalty suspensions and rental obligations that will apply to your lease.

1. A lease in the Beaufort Sea, depending on surface area and zone, will receive a royalty suspension volume (RSV) as follows:

Lease Size Hectares	Zone A Million Barrels RSV	Zone B Million Barrels RSV
Less than 771	10	15
771 to less than 1541	20	30
1541 or more	30	45

2. The RSV applies only to liquid hydrocarbon production, i.e., oil and condensates. Natural gas volumes that leave the lease are subject to original lease-specified royalties. The market value of natural gas will be determined by MMS's Minerals Revenue Management (MRM) office. The MRM will value the natural gas from Sale 202 based on its potential uses and applicable market characteristics at the time the gas is produced.
3. Each lessee must pay royalty on production of oil that might otherwise receive royalty relief (in 30 CFR Part 260) for any calendar year during which the actual New York Mercantile Exchange (NYMEX) annual price of oil exceeds the "ceiling" price threshold (adjusted for inflation) for oil in that year. Such production will be deducted from the remaining RSV.



United States Department of the Interior

MINERALS MANAGEMENT SERVICE
Washington, DC 20240



MAR 13 2007

Mr. Raymond A. Mosley
Director, Office of the Federal Register
7th Floor, Suite 700
800 North Capitol Street, N.W.
Washington, D.C. 20001


Dear Mr. Mosley:

Enclosed are three signed copies and a Microsoft Word disk copy of the notice, "Outer Continental Shelf (OCS) Beaufort Sea Alaska, Oil and Gas Lease Sale 202—Final Notice of Sale," for publication in the Federal Register.

I hereby certify that the disk, labeled as "Sale 202 FNOS.doc," is a true copy of the signed documents.

Please notify our Federal Register Liaison Officer, Mark Lawyer, telephone (202) 208-3976, of the date that this notice will be published. If you have any questions concerning this matter, please contact me at (202) 208-3504.

Sincerely,


Ericka A. Parker
Certifying Officer

4 Enclosures

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The actual NYMEX annual price of oil is defined as the arithmetic average of the daily closing prices for the “nearby delivery month” on the NYMEX for oil (light sweet crude) in a calendar year. The actual NYMEX annual price of oil is calculated by averaging the daily closing prices of oil for each month in the year, and then averaging the 12 monthly averages.

a) The ceiling price threshold for oil in any year, say t , is determined by inflating the base year 2004 oil price of \$39 per barrel. This base year price is modified by the percentage change in the implicit price deflator as reported by the U.S. Department of Commerce, Bureau of Economic Analysis, for the interval between 2004 and year t , resulting in the adjusted oil price ceiling for year t . For example, if the deflator indicates that inflation is 1.6 percent in 2005, 2.1 percent in 2006, and 2.5 percent in 2007, then the price ceiling in calendar year 2007 would become \$41.47 per barrel for oil. Therefore, royalty on **all** oil production in calendar year 2007 would be due if the 2007 actual NYMEX oil price as calculated above exceeds \$41.47 per barrel. (See exception in item 5 below.)

b) Royalties on oil production, when the actual NYMEX annual price of oil exceeds the ceiling price in any calendar year, must be paid no later than 90 days after the end of that calendar year. (See 30 CFR 260.122(b)). Also, when the actual NYMEX annual price of oil exceeds the ceiling price in any calendar year, royalties on oil production must be provisionally paid in the following calendar year. (See 30 CFR 260.122(c)).

4. If the actual NYMEX quarterly price of oil is at or below the fixed “floor” price threshold of \$21 per barrel (the price will not be adjusted for inflation) in any calendar quarter, then oil produced during that calendar quarter would be royalty free and would not count against the lease’s remaining RSV. However, if the actual NYMEX quarterly price of oil is at or below

the floor price after the RSV has been fully used, the lessee receives no additional royalty-free production.

The actual NYMEX quarterly price of oil is defined as the arithmetic average of the daily closing prices for the “nearby delivery month” on the NYMEX for oil in the calendar quarter. The applicable calendar year quarters are January--March, April--June, July--September, and October--December. The actual NYMEX quarterly price of oil is calculated by averaging the daily closing prices of oil for each month in the quarter, and then averaging the 3 monthly averages.

5. Within the same calendar year, the actual NYMEX quarterly price of oil could be equal to or less than the price floor in one or more quarters, but the actual NYMEX annual price of oil could be greater than the ceiling price. If that were to occur, and the original RSV for the lease has not been exhausted, the consequences of the actual NYMEX annual price of oil exceeding the price ceiling for the year would apply only to oil production during those quarters of the year in which the actual NYMEX quarterly price of oil is above the floor price. For example, assume that oil production from a lease is 8 million barrels in a calendar year, and the actual NYMEX annual price of oil is greater than the ceiling price. Assume further that the production of oil from that lease is 2 million barrels during a quarter of that same calendar year, and the actual NYMEX quarterly price of oil for that quarter is equal to or less than the floor price. In this situation, no royalties would be due on that quarter’s oil production, and the remaining RSV for the lease would be unchanged for that quarter. Royalties, however, would be due on the 6 million barrels of oil produced during the other 3 quarters of that year, and the RSV remaining for the lease at the end of the year would be 6 million barrels less than it was at the beginning of the year.

6. For purposes of the RSV, a Sale 202 lease that is part of an approved unit agreement can only apply allocated production from the unit against the lease's RSV if that lease is included in an approved participating area. The RSV will be applied to each lease consistent with the production allocation schedule approved by the MMS for the participating area.

Participating area means all or parts of unit tracts described and designated as a Participating Area under the unit agreement for the purposes of allocating one or more unitized substances produced from a reservoir.
7. Price thresholds apply throughout those periods (calendar year for the ceiling and quarter of the year for the floor) that commence with some RSV remaining unused.
8. A lessee must resume paying full royalties on the first day of the month following the month in which the RSV is exhausted. Lessees do not owe royalties for the remainder of the month in which the RSV is exhausted, unless the actual NYMEX annual price of oil exceeds the ceiling price threshold for that year.
9. The MMS will provide notice when the actual NYMEX annual price of oil is above the ceiling price threshold, or when the actual NYMEX quarterly price of oil is equal to or below the floor price threshold. Information on actual and threshold oil prices can be found at the MMS website (www.mms.gov/econ).
10. Minimum royalty requirements apply during RSV periods. **DEBARMENT AND SUSPENSION (Nonprocurement):** As required by the MMS, each company that has been awarded a lease must execute all copies of the lease (Form MMS-2005 (March 1986) as amended), pay by EFT the balance of the bonus bid amount and the first year's rental for each lease issued in accordance with the requirements of 30 CFR 218.155, and satisfy the bonding requirements of 30 CFR 256, Subpart I, as amended.

Also, in accordance with regulations pursuant to 43 CFR, part 42, subpart C, the lessee shall comply with the U.S. Department of the Interior's nonprocurement debarment and suspension requirements and agrees to communicate this requirement to comply with these regulations to persons with whom the lessee does business as it relates to this lease by including this term as a condition in their contracts and other transactions. Execution of the lease, which includes an Addendum specific to debarment, by each lessee constitutes notification to the MMS that each lessee is not excluded, disqualified, or convicted of a crime as described in 43 CFR 42.335, unless the lessee has provided a statement disclosing information as described in 43 CFR 42.335, and the MMS receives an exception from the U.S. Department of the Interior as described in 43 CFR 42.405 and 42.120.

STIPULATIONS AND INFORMATION TO LESSEES: The document entitled "Lease Stipulations and Information to Lessees for Oil and Gas Lease Sale 202" contains the text of the Stipulations and the Information to Lessees clauses. This document is included in the Final NOS package.

METHOD OF BIDDING: Procedures for the submission of bids in Sale 202 are described in paragraph 1 below. Procedures for the submission of bids for the four blocks in the Disputed Portion of the Beaufort Sea will differ as described in paragraph 2 below.

1. Submission of Bids. For each block bid upon, a bidder must submit a separate signed bid in a sealed envelope labeled "Sealed bid for Oil and Gas Lease Sale 202, not to be opened until 9 a.m., Wednesday, April 18, 2007." The total amount of the bid must be in whole dollars; any cent amount above the whole dollar will be ignored by MMS. Details of the information required on the bid(s) and the bid envelope(s) are specified in the document "Bid Form and Envelope" contained in the Final NOS 202 package.

2. Submission of Bids in the Disputed Portion of the Beaufort Sea. Procedures for the submission of bids on blocks 6201, 6251, 6301, and 6361 in Official Protraction Diagram NR 07-06 will differ from procedures in paragraph (1.) above as follows:

(a) Separate, signed bids on these blocks must be submitted in sealed envelopes labeled only with "Disputed Portion of the Beaufort Sea," Company Number, and a sequential bid number for the company submitting the bid(s). The envelope thus would be in the following format:

(b) Disputed Portion of the Beaufort Sea Bid

Company No: 00000

Bid No: 1

On or before April 18, 2012, the MMS will determine whether it is in the best interest of the United States either to open bids for these blocks or to return the bids unopened. The MMS will notify bidders at least 30 days before bid opening. Bidders on these blocks may withdraw their bids at any time after such notice and prior to 10:00 a.m. of the day before bid opening. If the MMS does not give notice by April 18, 2012, the bids will be returned unopened. The MMS reserves the right to return these bids at any time. The MMS will not disclose which blocks received bids or the names of bidders in this area unless the bids are opened.

RESTRICTED JOINT BIDDERS: The MMS published a list of restricted joint bidders, which applies to this sale, in the Federal Register at 71 FR 70530 on December 5, 2006. Bidders submitting joint bids must state on the bid form the proportionate interest of each participating bidder, in percent to a maximum of five decimal places, e.g. 33.33333 percent. The MMS may require bidders to submit additional documents in accordance with 30 CFR 256.46. The MMS warns bidders against violation of 18 U.S.C. 1860 prohibiting unlawful combination or

intimidation of bidders. Bidders must execute all documents in conformance with signatory authorizations on file in the Alaska OCS Region. Partnerships also must submit or have on file a list of signatories authorized to bind the partnership. Bidders are advised that MMS considers the signed bid to be a legally binding obligation on the part of the bidder(s) to comply with all applicable regulations, including paying the one-fifth bonus bid amount on all high bids. A statement to this effect must be included on each bid (see the document "Bid Form and Envelope" contained in the Final NOS 202 package).

BONUS BID DEPOSIT: Each bidder submitting an apparent high bid must submit a bonus bid deposit to MMS equal to one-fifth of the bonus bid amount for each such bid submitted for Sale 202. Under the authority granted by 30 CFR 256.46(b), the MMS **requires** bidders to use electronic funds transfer (EFT) procedures for payment of the one-fifth bonus bid deposits, following the detailed instructions contained in the document "Instructions for Making EFT Bonus Payments" included in the Final NOS 202 package. All payments must be electronically deposited into an interest-bearing account in the U.S. Treasury (account specified in the EFT instruction) by 1:00 p.m. Eastern Time the day following bid reading. Such a deposit does not constitute and shall not be construed as acceptance of any bid on behalf of the United States. If a lease is awarded, MMS requests that only one transaction be used for payment of the four-fifths bonus bid amount and the first year's rental.

Certain bid submitters [i.e., those that do NOT currently own or operate an OCS mineral lease OR those that have ever defaulted on a one-fifth bonus payment] will be required to guarantee (secure) their one-fifth bonus payment prior to the submission of bids. For those who must secure the EFT one-fifth bonus payment, one of the following options may be provided: (1) a third-party guarantee; (2) an Amended Development Bond Coverage; (3) a Letter of Credit;

or (4) a lump sum payment in advance via EFT. The EFT instructions specify the requirements for each option.

WITHDRAWAL OF BLOCKS: The United States reserves the right to withdraw any block from this sale prior to a written acceptance of a bid for the block.

ACCEPTANCE, REJECTION, OR RETURN OF BIDS: The United States reserves the right to reject any and all bids. In any case, no bid will be accepted, and no lease for any block will be awarded to any bidder, unless the bidder has complied with all requirements of this Notice, including the documents contained in the associated Final NOS Sale 202 package and applicable regulations; the bid is the highest valid bid; and the amount of the bid has been determined to be adequate by the authorized officer. The Attorney General of the United States may also review the results of the lease sale prior to the acceptance of bids and issuance of leases. Any bid submitted which does not conform to the requirements of this Notice, the OCS Lands Act, as amended, and other applicable regulations may be returned to the person submitting that bid by the Regional Director and not considered for acceptance. To ensure that the Government receives a fair return for the conveyance of lease rights for this sale, high bids will be evaluated in accordance with MMS bid adequacy procedures.

SUCCESSFUL BIDDERS: As required by MMS, each company that has been awarded a lease must execute all three copies of the lease (Form MMS-2005 (March 1986) as amended), pay by EFT the balance of the bonus bid amount and the first year's rental for each lease issued in accordance with the requirements of 30 CFR 218.155, and satisfy the bonding requirements of 30 CFR 256, Subpart I.

AFFIRMATIVE ACTION: The MMS requests that, prior to bidding, Equal Opportunity Affirmative Action Representation Form MMS 2032 (June 1985) and Equal Opportunity

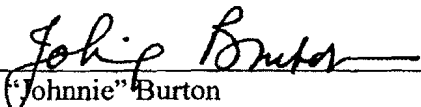
Compliance Report Certification Form MMS 2033 (June 1985) be on file in the Alaska OCS Region. This certification is required by 41 CFR 60 and Executive Order No. 11246 of September 24, 1965, as amended by Executive Order No. 11375 of October 13, 1967. In any event, prior to the execution of any lease contract, both forms are required to be on file in the Alaska OCS Region.

JURISDICTION: The United States claims exclusive maritime resource jurisdiction over the area offered. Canada claims such jurisdiction over the four easternmost blocks included in the sale area. These blocks are located in Official Protraction Diagram NR 07-06 and are block numbers 6201, 6251, 6301, and 6351. Nothing in this Notice shall affect or prejudice in any manner the position, rights or interests of the United States with respect to (1) the nature or extent of U.S. internal waters or territorial sea, (2) the U.S. Exclusive Economic Zone, (3) the U.S. continental shelf, or (4) U.S. sovereign rights or jurisdiction for any purpose whatsoever.

NOTICE OF BIDDING SYSTEMS: Section 8(a)(8) (43 U.S.C. 1337(a)(8)) of the OCS Lands Act requires that, at least 30 days before any lease sale, a Notice be submitted to Congress and published in the Federal Register. This Notice of Bidding Systems is for Sale 202, Beaufort Sea, scheduled to be held on April 18, 2007.

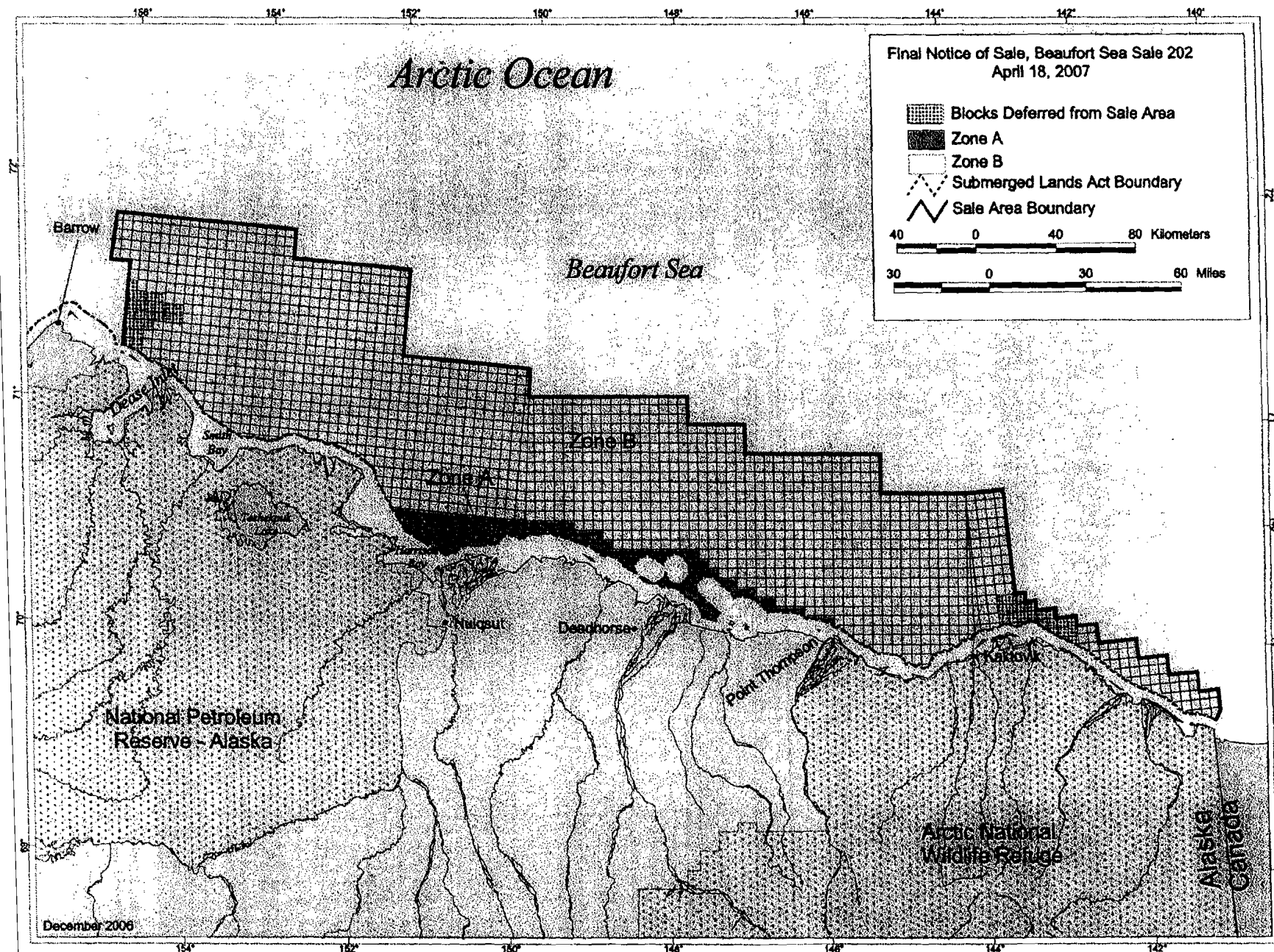
In Sale 202, all blocks are being offered under a bidding system that uses a cash bonus and a fixed royalty of 12 1/2 percent with a royalty suspension of up to 30 million barrels of oil equivalent per lease in Zone A of the sale area or with a royalty suspension of up to 45 million barrels of oil equivalent per lease in Zone B of the sale area. The amount of royalty suspension available on each lease is dependent on the area of the lease and specified in the Sale Notice. This bidding system is authorized under 30 CFR 260.110(g), which allows use of a cash bonus bid with a royalty rate of not less than 12 1/2 percent and with suspension of royalties for a

period, volume, or value of production, and an annual rental. Analysis performed by MMS indicates that use of this system provides an incentive for development of this area while ensuring that a fair sharing of revenues will result if major discoveries are made and produced.



R. M. "Johnnie" Burton
Director, Minerals Management Service

3-12-07
Date



Leasing Activities Information



U.S. Department of the Interior
Minerals Management Service
Alaska OCS Region

Lease Stipulations

Oil and Gas Lease Sale 202

Beaufort Sea

April 18, 2007

- Stipulation No. 1. Protection of Biological Resources
- Stipulation No. 2. Orientation Program
- Stipulation No. 3. Transportation of Hydrocarbons
- Stipulation No. 4. Industry Site-Specific Bowhead Whale-Monitoring Program
- Stipulation No. 5. Conflict Avoidance Mechanisms to Protect Subsistence Whaling and Other Subsistence-Harvesting Activities
- Stipulation No. 6. Pre-Booming Requirements for Fuel Transfers
- Stipulation No. 7. Lighting of Lease Structures to Minimize Effects to Spectacled and Steller's Eider

Stipulation No. 1. Protection of Biological Resources. If biological populations or habitats that may require additional protection are identified in the lease area by the Regional Supervisor, Field Operations (RS/FO), the RS/FO may require the lessee to conduct biological surveys to determine the extent and composition of such biological populations or habitats. The RS/FO shall give written notification to the lessee of the RS/FO's decision to require such surveys.

Based on any surveys that the RS/FO may require of the lessee or on other information available to the RS/FO on special biological resources, the RS/FO may require the lessee to:

- (1) Relocate the site of operations;
- (2) Establish to the satisfaction of the RS/FO, on the basis of a site-specific survey, either that such operations will not have a significant adverse effect upon the resource identified or that a special biological resource does not exist;
- (3) Operate during those periods of time, as established by the RS/FO, that do not adversely affect the biological resources; and/or
- (4) Modify operations to ensure that significant biological populations or habitats deserving protection are not adversely affected.

If any area of biological significance should be discovered during the conduct of any operations on the lease, the lessee shall immediately report such findings to the RS/FO and make every reasonable effort to preserve and protect the biological resource from damage until the RS/FO has given the lessee direction with respect to its protection.

The lessee shall submit all data obtained in the course of biological surveys to the RS/FO with the locational information for drilling or other activity. The lessee may take no action that might affect the biological populations or habitats surveyed until the RS/FO provides written directions to the lessee with regard to permissible actions.

Stipulation No. 2. Orientation Program. The lessee shall include in any exploration or development and production plans submitted under 30 CFR 250.201 a proposed orientation program for all personnel involved in exploration or development and production activities (including personnel of the lessee's agents, contractors, and subcontractors) for review and approval by the RS/FO. The program shall be designed in sufficient detail to inform individuals working on the project of specific types of environmental, social, and cultural concerns that relate to the sale and adjacent areas. The program shall address the importance of not disturbing archaeological and biological resources and habitats, including endangered species, fisheries, bird colonies, and marine mammals and provide guidance on how to avoid disturbance. This guidance will include the production and distribution of information cards on endangered and/or threatened species in the sale area. The program shall be designed to increase the sensitivity and understanding of personnel to community values, customs, and lifestyles in areas in which such personnel will be operating. The orientation program shall also include information concerning avoidance of conflicts with subsistence, commercial fishing activities, and pertinent mitigation.

The program shall be attended at least once a year by all personnel involved in onsite exploration or development and production activities (including personnel of the lessee's agents, contractors, and subcontractors) and all supervisory and managerial personnel involved in lease activities of the lessee and its agents, contractors, and subcontractors.

The lessee shall maintain a record of all personnel who attend the program onsite for so long as the site is active, not to exceed 5 years. This record shall include the name and date(s) of attendance of each attendee.

Stipulation No. 3. Transportation of Hydrocarbons. Pipelines will be required: (a) if pipeline rights-of-way can be determined and obtained; (b) if laying such pipelines is technologically feasible and environmentally preferable; and (c) if, in the opinion of the lessor, pipelines can be laid without net social loss, taking into account any incremental costs of pipelines over alternative methods of transportation and any incremental benefits in the form of increased environmental protection or reduced multiple-use conflicts. The lessor specifically reserves the right to require that any pipeline used for transporting production to shore be placed in certain designated management areas. In selecting the means of transportation, consideration will be given to recommendations of any advisory groups and Federal, state, and local governments and industry.

Following the development of sufficient pipeline capacity, no crude oil production will be transported by surface vessel from offshore production sites, except in the case of an emergency. Determinations as to emergency conditions and appropriate responses to these conditions will be made by the RS/FO.

Stipulation No. 4. Industry Site-Specific Bowhead Whale-Monitoring Program. Lessees proposing to conduct exploratory drilling operations, including seismic surveys, during the bowhead whale migration will be required to conduct a site-specific monitoring program approved by the RS/FO; unless, based on the size, timing, duration, and scope of the proposed operations, the RS/FO, in consultation with the North Slope Borough (NSB) and the Alaska Eskimo Whaling Commission (AEWC), determine that a monitoring program is not necessary. The RS/FO will provide the NSB, AEWC, and the State of Alaska a minimum of 30 but no longer than 60 calendar days to review and comment on a proposed monitoring program prior to approval. The monitoring program must be approved each year before exploratory drilling operations can be commenced.

The monitoring program will be designed to assess when bowhead whales are present in the vicinity of lease operations and the extent of behavioral effects on bowhead whales due to these operations. In designing the program, lessees must consider the potential scope and extent of effects that the type of operation could have on bowhead whales. Experiences relayed by subsistence hunters indicate that, depending on the type of operations, some whales demonstrate avoidance behavior at distances of up to 35 miles. The program must also provide for the following:

- (1) Recording and reporting information on sighting of other marine mammals and the extent of behavioral effects due to operations;
- (2) Inviting an AEWC or NSB representative to participate in the monitoring program as an observer;
- (3) Coordinating the monitoring logistics beforehand with the MMS Bowhead Whale Aerial Survey Project (BWASP);
- (4) Submitting daily monitoring results to the MMS BWASP;
- (5) Submitting a draft report on the results of the monitoring program to the RS/FO within 60 days following the completion of the operation (the RS/FO will distribute this draft report to the AEWC, the NSB, the State of Alaska, and the National Oceanic and Atmospheric Administration-Fisheries [NOAA]); and
- (6) Submitting a final report on the results of the monitoring program to the RS/FO (the final report will include a discussion of the results of the peer review of the draft report and the RS/FO will distribute this report to the AEWC, the NSB, the State of Alaska, and the NOAA Fisheries).

Lessees will be required to fund an independent peer review of a proposed monitoring plan and the draft report on the results of the monitoring program. This peer review will consist of independent reviewers who have knowledge and experience in statistics, monitoring marine mammal behavior, the type and extent of the proposed operations, and an awareness of traditional knowledge. The peer reviewers will be selected by the RS/FO from experts recommended by the NSB, the AEWC, industry, NOAA Fisheries, and MMS. The results of

these peer reviews will be provided to the RS/FO for consideration in final approval of the monitoring program and the final report, with copies to the NSB, AEWB, and the State of Alaska.

In the event the lessee is seeking a Letter of Authorization (LOA) or Incidental Harassment Authorization (IHA) for incidental take from the NOAA Fisheries, the monitoring program and review process required under the LOA or IHA may satisfy the requirements of this stipulation. Lessees must advise the RS/FO when it is seeking an LOA or IHA in lieu of meeting the requirements of this stipulation and provide the RS/FO with copies of all pertinent submittals and resulting correspondence. The RS/FO will coordinate with the NOAA Fisheries and advise the lessee if the LOA or IHA will meet these requirements.

This stipulation applies to the following blocks for the time periods listed and will remain in effect until termination or modification by the Department of the Interior, after consultation with the NOAA Fisheries and the NSB.

Spring Migration Area: April 1 through June 15

OPD: NR 05-01, Dease Inlet. Blocks included:

6102-6111	6302-6321	6508-6523	6717-6723
6152-6167	6354-6371	6560-6573	
6202-6220	6404-6423	6610-6623	
6252-6270	6455-6473	6659-6673	

OPD: NR 05-02, Harrison Bay North: Blocks included:

6401-6404	6501-6506	6601-6609	6701-6716
6451-6454	6551-6556	6651-6659	

Central Fall Migration Area: September 1 through October 31

OPD: NR 05-01, Dease Inlet. Blocks included:

6102-6111	6354-6371	6610-6623	6856-6873
6152-6167	6404-6423	6659-6673	6908-6923
6202-6220	6455-6473	6706-6723	6960-6973
6252-6270	6508-6523	6756-6773	7011-7023
6302-6321	6560-6573	6806-6823	7062-7073
			7112-7123

OPD: NR 05-02, Harrison Bay North. Blocks included:

6401-6404	6601-6609	6801-6818	7001-7023
6451-6454	6651-6659	6851-6868	7051-7073
6501-6506	6701-6716	6901-6923	7101-7123
6551-6556	6751-6766	6951-6973	

OPD: NR 05-03, Teshekpuk. Blocks included:

6015-6024 6067-6072

OPD: NR 05-04, Harrison Bay. Blocks included:

6001-6023	6157-6173	6309-6324	6461-6471
6052-6073	6208-6223	6360-6374	6513-6519
6106-6123	6258-6274	6410-6424	6565-6566

OPD: NR 06-01, Beechey Point North. Blocks included:

6901-6911	6951-6962	7001-7012	7051-7062
			7101-7113

OPD: NR 06-03, Beechey Point. Blocks included:

6002-6014	6202-6220	6401-6424	6618-6624
6052-6064	6251-6274	6456-6474	6671-6674
6102-6114	6301-6324	6509-6524	6722-6724
6152-6169	6351-6374	6568-6574	6773

OPD: NR 06-04, Flaxman Island. Blocks included:

6301-6303	6451-6459	6601-6609	6751-6759
6351-6359	6501-6509	6651-6659	6802-6809
6401-6409	6551-6559	6701-6709	6856-6859

Eastern Fall Migration: August 1 through October 31

OPD: NR 06-04, Flaxman Island. Blocks included:

6360-6364	6560-6574	6760-6774	6961-6974
6410-6424	6610-6624	6810-6824	7013-7022
6460-6474	6660-6674	6860-6874	7066-7070
6510-6524	6710-6724	6910-6924	7118-7119

OPD: NR 07-03, Barter Island. Blocks included:

6401-6405	6601-6605	6801-6803	7012-7013
6451-6455	6651-6655	6851-6853	7062-7067
6501-6505	6701-6705	6901-6903	7113-7117
6551-6555	6751-6753	6962-6963	

OPD: NR 07-05, Demarcation Point. Blocks included:

6016-6022	6118-6125	6221-6226	6324-6326
6067-6072	6169-6175	6273-6276	

OPD: NR 07-06, Mackenzie Canyon. Blocks included:

6201	6251	6301	6351
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Stipulation No. 5. Conflict Avoidance Mechanisms to Protect Subsistence Whaling and Other Subsistence-Harvesting Activities. Exploration and development and production operations shall be conducted in a manner that prevents unreasonable conflicts between the oil and gas industry and subsistence activities (including, but not limited to, bowhead whale subsistence hunting).

Prior to submitting an exploration plan or development and production plan (including associated oil-spill contingency plans) to MMS for activities proposed during the bowhead whale migration period, the lessee shall consult with the directly affected subsistence communities, Barrow, Kaktovik, or Nuiqsut, the North Slope Borough (NSB), and the Alaska Eskimo Whaling Commission (AEWC) to discuss potential conflicts with the siting, timing, and methods of proposed operations and safeguards or mitigating measures which could be implemented by the operator to prevent unreasonable conflicts. Through this consultation, the lessee shall make every reasonable effort, including such mechanisms as a conflict avoidance agreement, to assure that exploration, development, and production activities are compatible with whaling and other subsistence hunting activities and will not result in unreasonable interference with subsistence harvests.

A discussion of resolutions reached during this consultation process and plans for continued consultation shall be included in the exploration plan or the development and production plan. In particular, the lessee shall show in the plan how its activities, in combination with other activities in the area, will be scheduled and located to prevent unreasonable conflicts with subsistence activities. Lessees shall also include a discussion of multiple or simultaneous operations, such as ice management and seismic activities, that can be expected to occur during operations in order to more accurately assess the potential for any cumulative affects. Communities, individuals, and other entities who were involved in the consultation shall be identified in the plan. The RS/FO shall send a copy of the exploration plan or development and production plan (including associated oil-spill contingency plans) to the directly affected communities and the AEWC at the time they are submitted to the MMS to allow concurrent review and comment as part of the plan approval process.

In the event no agreement is reached between the parties, the lessee, the AEWC, the NSB, the National Oceanic and Atmospheric Administration - Fisheries (NOAA), or any of the subsistence communities that could be affected directly by the proposed activity may request that the RS/FO assemble a group consisting of representatives from the subsistence communities, AEWC, NSB, NOAA Fisheries, and the lessee(s) to specifically address the conflict and attempt to resolve the issues before making a final determination on the adequacy of the measures taken to prevent unreasonable conflicts with subsistence harvests. Upon request, the RS/FO will assemble this group if the RS/FO determines such a meeting is warranted and relevant before making a final determination on the adequacy of the measures taken to prevent unreasonable conflicts with subsistence harvests.

The lessee shall notify the RS/FO of all concerns expressed by subsistence hunters during operations and of steps taken to address such concerns. Lease-related use will be restricted when the RS/FO determines it is necessary to prevent unreasonable conflicts with local subsistence hunting activities.

In enforcing this stipulation, the RS/FO will work with other agencies and the public to assure that potential conflicts are identified and efforts are taken to avoid these conflicts.

Subsistence whaling activities occur generally during the following periods:

August to October: Kaktovik whalers use the area circumscribed from Anderson Point in Camden Bay to a point 30 kilometers north of Barter Island to Humphrey Point east of Barter Island. Nuiqsut whalers use an area extending from a line northward of the Nechelik Channel of the Colville River to Flaxman Island, seaward of the Barrier Islands.

September to October: Barrow hunters use the area circumscribed by a western boundary extending approximately 15 kilometers west of Barrow, a northern boundary 50 kilometers north of Barrow, then southeastward to a point about 50 kilometers off Cooper Island, with an eastern boundary on the east side of Dease Inlet. Occasional use may extend eastward as far as Cape Halkett.

Stipulation No. 6 - Pre-Booming Requirements for Fuel Transfers. Fuel transfers (excluding gasoline transfers) of 100 barrels or more occurring 3 weeks prior to or during the bowhead whale migration will require pre-booming of the fuel barge(s). The fuel barge must be surrounded by an oil-spill-containment boom during the entire transfer operation to help reduce any adverse effects from a fuel spill. This stipulation is applicable to the blocks and migration times listed in the stipulation on Industry Site-Specific Bowhead Whale-Monitoring. The lessee's oil-spill-contingency plans must include procedures for the pre-transfer booming of the fuel barge(s).

Stipulation No. 7. Lighting of Lease Structures to Minimize Effects to Spectacled and Steller's Eider. In accordance with the Biological Opinion for the Beaufort Sea Lease Sale 186 issued by the U.S. Fish and Wildlife Service (FWS) on October 22, 2002, and FWS's subsequent amendment of the Incidental Take Statement on September 21, 2004, lessees must adhere to lighting requirements for all exploration or delineation structures so as to minimize the likelihood that migrating spectacled or Steller's eiders will strike these structures.

Lessees are required to implement lighting requirements aimed at minimizing the radiation of light outward from exploration/delineation structures to minimize the likelihood that spectacled or Steller's eiders will strike those structures. These requirements establish a coordinated process for a performance based objective rather than pre-determined prescriptive requirements. The performance based objective is to minimize the radiation of light outward from exploration/delineation structures. Measures to be considered include but need not be limited to the following:

- Shading and/or light fixture placement to direct light inward and downward to living and work structures while minimizing light radiating upward and outward;
- Types of lights;
- Adjustment of the number and intensity of lights as needed during specific activities.
- Dark paint colors for selected surfaces;

- Low reflecting finishes or coverings for selected surfaces; and
- Facility or equipment configuration.

Lessees are encouraged to consider other technical, operational and management approaches to reduce outward light radiation that could be applied to their specific facility and operation.

If further information on bird avoidance measures becomes available that suggests modification to this lighting protocol is warranted under the Endangered Species Act to implement the reasonable and prudent measures of the Biological Opinion, MMS will issue further requirements, based on guidance from the FWS. Lessees will be required to adhere to such modifications of this protocol. The MMS will promptly notify lessees of any changes to lighting required under this stipulation.

These requirements apply to all new and existing Outer Continental Shelf oil and gas leases issued between the 156° W longitude and 146° W longitude for activities conducted between May 1 and October 31. The MMS encourages operators to consider such measures in areas to the east of 146° W longitude because occasional sightings of eiders that are now listed have been made there and because such measures could reduce the potential for collisions of other, non-ESA listed migratory birds that are protected under the Migratory Bird Treaty Act.

Nothing in this protocol is intended to reduce personnel safety or prevent compliance with other regulatory requirements (e.g. U.S. Coast Guard or Occupational Safety and Health Administration) for marking or lighting of equipment and work areas.

Lessees are required to report spectacled and/or Steller's eiders injured or killed through collisions with lease structures to the Fairbanks Fish and Wildlife Field Office, Endangered Species Branch, Fairbanks, Alaska at (907) 456-0499. We recommend that you call that office for instruction on the handling and disposal of the injured or dead bird.

Lessees must provide MMS with a written statement of measures that will be or that have been taken to meet the objective of this stipulation. Lessees must also include a plan for recording and reporting bird strikes that occur during approved activities to the MMS. This information must be included with an Exploration Plan when the EP is submitted for regulatory review and approval pursuant to 30 CFR 250.201. Lessees are encouraged to discuss their proposed measures in a pre-submittal meeting with the MMS and FWS.



United States Department of the Interior

MINERALS MANAGEMENT SERVICE
Washington, DC 20240



APR 30 2007

The Honorable Sarah Palin
Governor of Alaska
Juneau, Alaska 99811-0001

Dear Governor Palin:

Thank you for your input into the Proposed Final Outer Continental Shelf (OCS) Oil and Gas Leasing Program for 2007–2012. The schedule of potential oil and natural gas lease sales it proposes will help the Nation meet its future energy needs by providing access to available areas of the OCS that have oil and natural gas resource potential and are of interest to industry. The program (enclosed) balances the need for domestic resources with protection of the human, marine, and coastal environments, and recognizes the concerns of affected states and localities.

The Minerals Management Service (MMS) appreciates the State of Alaska's participation throughout the process of preparing this new program. In formulating the proposed final program, we considered your comments received on our August 25, 2006, proposal, particularly your support of offering a portion of the North Aleutian Basin. A separate discussion of the comments received from the State of Alaska, local governments, and native organizations is also enclosed. In addition, all comments received on the August 2006 proposal are summarized in Appendix A of the enclosed document.

The proposed final program includes a total of 21 sales in 8 OCS planning areas, including 8 sales in 4 Alaska OCS planning areas. The proposed final program includes newly available acreage in the North Aleutian Basin off Alaska and expanded acreage in other Alaska planning areas. With the exception of the acreage off Virginia, areas of the OCS that continue to be subject to long-running congressional moratoria and executive withdrawal are excluded. The MMS believes that the Alaska sales can benefit the energy supply for the State as well as help the Nation meet its energy goals.

The President's January 9, 2007, modification of the withdrawal allows leasing consideration in the North Aleutian Basin; and with your concurrence, we included the area in the proposed final program. We must be sure that leasing will not threaten the fisheries that are the foundation of the region's economy and way of life. If leasing is ultimately proposed for these waters, it will only be conducted with stringent environmental safeguards and coordination with the State of Alaska and other affected stakeholders.

The Secretary of the Interior has directed the MMS to work closely and cooperatively with the State of Alaska, Aleutians East Borough (AEB), and others in the area during the leasing process for the sales. Particularly, we look forward to identifying appropriate studies, having the AEB participate in preparation of the EIS, assessing mitigation needs, and developing stipulations to protect social and environmental concerns, especially the valuable fisheries and subsistence uses

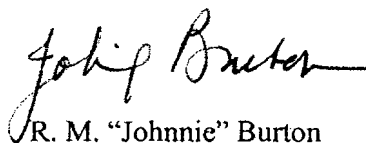
of the area. We will work closely with you, the local Boroughs and tribes, and other Federal Agencies, as well as provide significant and appropriate opportunities for public participation and comment before any oil and gas leasing and development takes place in this area. Because coordination with affected States is an important aspect of OCS leasing, your input will be extremely valuable in shaping the terms and conditions of the proposed Alaska OCS offerings. We appreciate your expressed support for the modification of the withdrawal and opportunity to consider the area for leasing.

The Proposed Final Outer Continental Shelf Oil and Gas Leasing Program for 2007-2012 is the third and final proposal developed by the Minerals Management Service in preparing a new 5-year OCS leasing program to succeed the current one that expires on June 30, 2007. The final Environmental Impact Statement prepared for this program has been sent to you under separate cover.

We have submitted the proposed final program and our responses to the comments of state and local governments to the President and Congress as required by the OCS Lands Act. After a period of 60 days, the Secretary of the Interior may approve the new 5-year leasing program to take effect on July 1, 2007.

We look forward to continuing to work with you as we implement the new program.

Sincerely,

A handwritten signature in black ink, appearing to read "Johnnie Burton", with a stylized flourish at the end.

R. M. "Johnnie" Burton
Director

Enclosures

cc: OCS Policy Committee Member

Discussion of State of Alaska and Alaska Local Government and Native Organization Comments

The then-Governor of Alaska, Frank H. Murkowski, submitted a letter dated November 22, 2006, that commented on the proposed program. Letters also were received from 40 local or tribal entities during the comment period on the proposed program. Issues and recommendations that relate to the proposed program (size, timing, and location of leasing) and the decisionmaking process are summarized and discussed below. Others are addressed in the final Environmental Impact Statement.

State of Alaska and Local/Tribal Entities

Comment: Governor Murkowski supported the proposed leasing programs in the Beaufort and Chukchi Seas, including the 25-mile buffer in the Chukchi Sea. He encouraged the MMS to work with the native communities to minimize conflicts with subsistence whaling. The North Slope Borough and Alaska Eskimo Whaling Commission (AEWC) opposed activities in these two areas and City of Kaktovik opposed the Beaufort Sea sales. However, if there were sales proposed, these entities wanted two areas deferred in the Beaufort Sea and the 25-mile buffer in the Chukchi Sea.

Discussion: The proposed final program continues to propose two sales in the Beaufort Sea and includes two deferrals areas (Barrow and Kaktovik) to avoid operations in areas known to be important to subsistence whaling as identified by the native communities and the AEWC. These areas have been deferred at the lease sale stage during the current 5-year program. The current Governor, Sarah Palin, expressed her support for leasing in her Section 19 comments to Beaufort Sea Sale 202. The 3 sales in the Chukchi Sea include the 25-mile buffer.

Comment: Governor Murkowski supported the special interest sales in the Cook Inlet, but was disappointed that such sales were not proposed for Hope and Norton Basins. The Kenai Peninsula and Kodiak Island Boroughs and City of Kenai supported inclusion of Cook Inlet.

Discussion: The proposed final program includes up to two special interest sales in the Cook Inlet. In response to the August 2005, Request for Information, industry did not indicate sufficient interest in any Alaska planning areas other than the four included in the draft proposed, proposed, and proposed final programs to warrant inclusion in this program.

Comment: Governor Murkowski stated his continued support for leasing in the North Aleutian Basin, in an area restricted to that offered in Sale 92, held in 1985, as he recommended in earlier comments, and renewed his request that the President lift the withdrawal of this planning area to allow scheduling of lease sales. He also reiterated the need to minimize conflicts with fishing activities and resources and encouraged the MMS to seriously consider the concerns of local governments. Seventeen local or tribal government organizations, generally near the proposed

sale area, submitted resolutions in support of environmentally sound oil and gas activities in this area. Eleven were opposed, primarily located in the northern end of the planning area, away from the proposed sale area.

Discussion: The proposed final program continues to propose leasing in the North Aleutian Basin, in the Sale 92 area only as supported by the then-Governor and majority of the local entities. On January 9, 2007, the President modified the 1998 executive withdrawal to allow the Secretary to consider leasing the North Aleutian Basin. The current Governor issued a press release in support of leasing consideration in this area following the President's modification of the withdrawal.

In order to have time to complete the necessary studies, environmental analyses, and reviews, and to continue the extensive consultation activity begun during the 5-year process, as requested by the state and local and tribal entities, the proposed final program proposes one sale in 2011, instead of two as in the draft proposed and proposed programs.



United States Department of the Interior

MINERALS MANAGEMENT SERVICE
Washington, DC 20240



JUL 27 2007

Honorable Sarah Palin
Governor of Alaska
Juneau, Alaska 99811-0001

Dear Governor Palin:

In accordance with section 19 of the Outer Continental Shelf Lands Act, we are enclosing for your review and comment a copy of the proposed Notice of Sale (PNOS) for OCS Oil and Gas Lease Sale 193, Chukchi Sea, tentatively scheduled for February 6, 2008. We are also enclosing a copy of the lease stipulations we propose to adopt for this sale.

Sale 193 is the first lease sale to be held in the Chukchi Sea Planning Area since 1991. The Notice of Availability of the draft Environmental Impact Statement (EIS) for Sale 193 was published on October 16, 2006. The Proposed Action analyzed in the draft EIS is the same area depicted for the Chukchi Sea sale in the 2002–2007 5-Year Program. Along with the Proposed Action, a No Sale Alternative and two deferral alternatives (Corridor I and Corridor II) are analyzed in the draft EIS. Public hearings on the draft EIS were held in Chukchi communities during November 2006 and in Anchorage in December 2006.

The Notice of Availability of the final EIS for Sale 193 was published on June 14, 2007. A 30-day comment period was provided. As in the draft EIS, the MMS analyzed the Proposed Action (Alternative I), a No Lease Sale alternative (Alternative II), and two deferral alternatives (Alternatives III and IV) in the final EIS for Sale 193.

In the PNOS, we have decided to recommend proposed Alternative IV in the FEIS as the Proposed Action excluding an area comprising approximately 795 whole or partial blocks (Corridor II Deferral) along the coastward edge of the sale area. This alternative was developed as a result of the 1987 Biological Opinion for the Chukchi Sea as recommended by the National Marine Fisheries Service and from scoping comments. The 1987 Biological Opinion primarily focused on the spring lead system for protecting migrating bowhead whales. The EIS analysis concluded that the deferral would reduce potential impacts to endangered and threatened species, including the bowhead whale and other whales; reduce threats to marine and coastal birds because of their concentration in the deferral area; and reduce visual resource effects by moving the potential platform locations farther offshore. This alternative offers 5,354 whole or partial blocks, comprising approximately 29.7 million acres, and was reduced by 6 blocks since the Secretary's 25-mile buffer was adopted in the Final 5-Year Program for 2007–2012.



Section 19 of the OCS Lands Act requires the Secretary to accept your recommendations regarding the size, timing and location of the proposed sale if he determines that they provide for a reasonable balance between the national interest and the well being of Alaska citizens. If you believe that changes in the size, timing or location of the proposed sale are necessary to protect the interests of the State of Alaska, please provide your comments in writing during the 60-day comment period to Ms. Renee Orr, Chief, Leasing Division, MMS, 381 Elden Street, Herndon, Virginia 20170.

Should you or your staff want to discuss the proposed sale, please call me at (202) 208-3500, or contact Mr. John Goll, Regional Director, at (907) 271-6010 to arrange a meeting before the end of the 60-day comment period. Your written comments, however, will be given as much consideration as any personal consultation.

Sincerely,

A handwritten signature in black ink, appearing to read "Walter Cruickshank".

Walter Cruickshank
Acting Director

Enclosures

3,953.03 acres were transferred from the Department of Energy to the Department of the Interior, through a Letter of Transfer dated July 12, 2007. This notice of establishment of the Refuge is required within 30 days of that transfer by section 3177(d) of the "Refuge Act."

FOR FURTHER INFORMATION CONTACT: Steve Berendzen, (303) 289-0350.

Dated: July 18, 2007.

Sharon R. Rose,
Acting Regional Director, Region 6, Denver,
Colorado.

[FR Doc. 07-3773 Filed 8-2-07; 8:45 am]

BILLING CODE 4310-55-M

DEPARTMENT OF THE INTERIOR

Bureau of Land Management

[ID-220-1220-MA]

Notice of Temporary Closure/ Restriction Order of Castle Rocks State Park and Castle Rocks Inter- Agency Recreation Area Near Almo, ID

AGENCY: Bureau of Land Management,
Interior.

ACTION: Notice.

SUMMARY: The Bureau of Land Management announces the temporary closure/restriction order of certain public lands in Cassia County. This closure/restriction order prohibits bolting and placement of fixed anchors to rocks, and overnight camping. This is to allow further time to analyze a fixed anchor management plan, and to protect cultural resources, soils, wildlife, and vegetation that may be impacted by campers.

DATES: A temporary closure/restriction order of this area expired on June 1, 2007. The order published today will again prohibit bolting and placement of fixed anchors to rocks, and overnight camping.

Effective Date: This closure/restriction order is effective on August 3, 2007 and shall remain effective until August 4, 2008.

FOR FURTHER INFORMATION CONTACT: Dennis Thompson, Burley Field Office, 200 South 15 East, Burley, ID 83318. Telephone (208) 677-6641.

SUPPLEMENTARY INFORMATION: The public lands affected by this closure/restriction order are all lands administered by the BLM within T. 15 S., R. 24 E., Sec. 8, Boise Meridian. This area is known as Castle Rocks State Park and Castle Rocks Inter-Agency Recreation Area. A closure/restriction order including time periods will be posted near the entry point at the Castle

Rocks Ranch House and at the BLM Office located at 200 South, 15 East, Burley, Idaho.

Authority: This notice is issued under the authority of the 43 CFR 8364.1. Violations of this closure/restriction order are punishable by imprisonment not to exceed 12 months, and/or a fine not to exceed \$1,000, and may be subject to the enhanced fines at 18 U.S.C. 3571.

Persons who are administratively exempt from the closure/restriction order contained in this notice include: Any Federal, State, or local officers or employees acting within the scope of their official duty, members of any organized rescue or fire-fighting force in the performance of their official duty, and any person holding written authorization from the BLM.

Kenneth E. Miller,
Burley Field Office Manager.

[FR Doc. E7-15080 Filed 8-2-07; 8:45 am]

BILLING CODE 4310-GG-P

DEPARTMENT OF THE INTERIOR

Minerals Management Service

Outer Continental Shelf (OCS), Chukchi Sea Oil and Gas Lease Sale 193

AGENCY: Minerals Management Service (MMS), Interior.

ACTION: Availability of the Proposed Notice of Sale.

SUMMARY: The MMS announces the availability of the Proposed Notice of Sale for Oil and Gas Lease Sale 193 in the Chukchi Sea. This Notice is published pursuant to 30 CFR 256.29(c) as a matter of information to the public. With regard to oil and gas leasing on the OCS, the Secretary of the Interior, pursuant to section 19 of the OCS Lands Act, provides the affected States the opportunity to review the Proposed Notice. The Proposed Notice sets forth the proposed terms and conditions of the sale, including minimum bids, royalty rates, and rentals.

DATES: Comments of the size, timing, and location of the proposed Sale 193 are due from the State of Alaska within 60 days after its receipt of the Proposed Notice of Sale. The Final Notice of Sale will be published in the **Federal Register** at least 30 days prior to the date of bid opening. Bid opening is currently scheduled for February 6, 2008.

SUPPLEMENTARY INFORMATION: The Proposed Notice of Sale for Sale 193 and a "Proposed Sale Notice Package" containing information essential to potential bidders may be obtained by

mail from the Alaska OCS Region, Information Resource Center, Minerals Management Service, 3801 Centerpoint Drive, Suite 500, Anchorage, Alaska 99503-5823; telephone: (907) 334-5200 or 1-800-764-2627. Certain documents may be viewed and downloaded from the MMS Web site at <http://www.mms.gov/alaska>.

Dated: July 27, 2007.

Walter D. Cruickshank,
Acting Director, Minerals Management
Service.

[FR Doc. E7-15079 Filed 8-2-07; 8:45 am]

BILLING CODE 4310-MR-P

DEPARTMENT OF THE INTERIOR

National Park Service

Notice of Emergency Approval of a 6 Month Study Package; 60-Day Notice of Intent To Inform the Public of This Collection of Information; National Park Service's Evaluation of Pilot Interventions To Increase Healthful Physical Activity in Parks

AGENCY: Department of the Interior,
National Park Service.

ACTION: Notice and request for
comments.

SUMMARY: Under provisions of the Paperwork Reduction Act of 1995 and 5 CFR Part 1320, Reporting and Record Keeping Requirements, the National Park Service (NPS) has requested and received emergency approval on the collection of information: NPS' Evaluation of Pilot Interventions to Increase Healthful Physical Activity in Parks (OMB #1024-0253). The NPS invites public comments on the emergency approval of this currently approved collection.

DATES: Public comments on the proposed Information Collection Request (ICR) will be accepted on or before October 2, 2007.

ADDRESSES: Send comments to: Dr. James Gramann, NPS Social Science Program, 1201 Eye St., NW. (2300), Washington, DC 20005; or by e-mail at igramann@tamu.edu, or by fax at 979/845-4792. Also, you may send comments to Leonard Stowe, NPS Information Collection Clearance Officer, 1849 C St., NW. (2605), Washington, DC 20240, or by e-mail at leonard_stowe@nps.gov.

FOR FURTHER INFORMATION CONTACT: Diana Allen, NPS Rivers, Trails and Conservation Assistance Program, 11 N. 4th St., St. Louis, Missouri 63102; phone: (314) 655-1625; fax: (314) 655-1646; e-mail: Diana_Allen@nps.gov.

UNITED STATES
DEPARTMENT OF THE INTERIOR
MINERALS MANAGEMENT SERVICE

Outer Continental Shelf
Proposed Notice of Sale
Chukchi Sea
Oil and Gas Lease Sale 193

With regard to oil and gas leasing on the Outer Continental Shelf, the Secretary of the Interior, pursuant to section 19 of the Outer Continental Shelf Lands Act, provides the affected States the opportunity to review the proposed Notice of Sale. The following is a proposed Notice of Sale for Sale 193 in the offshore waters of the Chukchi Sea.



Acting Director, Minerals Management Service

JUL 27 2007

Date

DEPARTMENT OF THE INTERIOR

Minerals Management Service (MMS)

Outer Continental Shelf (OCS) Chukchi Sea Alaska, Oil and Gas Lease Sale 193

AGENCY: Minerals Management Service, Interior.

ACTION: Proposed Notice of Sale. OCS Oil and Gas Lease Sale 193, Chukchi Sea

SUMMARY: The MMS proposes to hold OCS Oil and Gas Lease Sale 193 on February 6, 2008, in accordance with provisions of the OCS Lands Act (43 U.S.C. 1331-1356, as amended), the implementing regulations (30 CFR Part 256), and the OCS Oil and Gas Leasing Program 2007 -2012.

DATES: Lease Sale 193 is tentatively scheduled to be held on February 6, 2008, at the Wilda Marston Theatre, Z. J. Loussac Public Library, 3600 Denali Street, Anchorage, Alaska. Public reading will begin at 9:00 a.m. All times referenced in this document are local Anchorage, Alaska times, unless otherwise specified.

ADDRESSES: A package containing the Proposed Notice of Sale and several supporting and essential documents referenced herein are available from:

Alaska OCS Region
Information Resource Center
Minerals Management Service
3801 Centerpoint Drive, Suite 500
Anchorage, Alaska 99503-5823
Telephone: (907) 334-5200 or 1-800-764-2627

These documents are also available on the MMS Alaska OCS Region's webpage at www.mms.gov/alaska.

BID SUBMISSION DEADLINE: Bidders will be required to submit bids to MMS at the Alaska OCS Region Office, 3801 Centerpoint Drive, Suite 500, Anchorage, Alaska 99503, by 10 a.m. on the day before the sale, Tuesday, February 5, 2008. The MMS will further specify procedures for bid submission in the Final Notice of Sale, which will be published no later than 30 days prior to the Bid Opening date.

PROPOSED SALE AREA: The MMS proposes to offer for bid in this sale all of the acreage in the area of the Chukchi Sea identified on the map included as part of this Notice.

LEASE TERMS AND CONDITIONS: The following lease terms and condition are proposed:

Initial Period: 10 years.

Minimum Bonus Bid Amounts: \$25.00 per hectare, or a fraction thereof, for all blocks. Refer to the Proposed Notice of Sale, Chukchi Sea Sale 193 map and the *Summary Table of Minimum Bids, Minimum Royalty Rates, and Rental Rates* shown below.

Rental Rates: The Lessee shall pay the Lessor, on or before the first day of each lease year which commences prior to a discovery in paying quantities of oil or gas on the leased area, a rental at the rate shown below in the *Summary Table of Minimum Bids, Minimum Royalty Rates, and Rental Rates*. During the time period in which a lease is classified as producible, i.e., following a discovery in paying quantities, but before royalty-bearing production begins, a rental of \$13 per hectare or fraction thereof applies and is paid at the end of each lease year until the start of royalty-bearing production.

Minimum Royalty Rates: After the start of royalty-bearing production and notwithstanding any royalty suspension which may apply, the Lessee shall pay the Lessor, a minimum royalty of \$13 per hectare, or fraction thereof, to be paid at the expiration of each lease year with credit applied for actual royalty paid during the lease year. If actual royalty paid exceeds the minimum royalty requirement, then no minimum royalty payment is due.

Royalty Rates: A 12 1/2 percent royalty rate will apply for all blocks.

Summary Table of Minimum Bids, Minimum Royalty Rates, and Rental Rates

Terms (values per hectare or fraction thereof)	
Royalty Rate	12 1/2% fixed
Minimum Bonus Bid	\$25.00
Minimum Royalty Rate	\$13.00
Rental Rates:	
Year 1	\$ 2.50
Year 2	\$ 3.75
Year 3	\$ 5.00
Year 4	\$ 6.25
Year 5	\$ 7.50
Year 6	\$10.00
Year 7	\$12.00
Year 8	\$15.00
Year 9	\$17.00
Year 10	\$20.00

Royalty Suspension: Royalty suspension, prorated by lease acreage and subject to price thresholds, will apply to all blocks. In accordance with applicable regulations at 30 CFR 260, the following royalty suspension provisions will apply to leases issued as a result of Chukchi Sea Oil and Gas Lease Sale 193. In addition to these Royalty Suspension Provisions, please refer to 30 CFR 218.151 and applicable parts of 260.120-260.124 for regulations on royalty suspensions and rental obligations that will apply to your lease.

1. A lease in the Chukchi Sea, depending on surface area, will receive a royalty suspension volume (RSV) as follows:

Lease Size (Hectares)	RSV (Million Barrels of Oil Equivalent)
Less than 771	10
771 to less than 1541	20
1541 or more	30

2. Natural gas must be measured in accordance with 30 CFR Part 203.73.
3. Each lessee must pay royalty on production that might otherwise receive royalty relief (in 30 CFR Part 260) for any calendar year during which the actual New York Mercantile Exchange (NYMEX) annual price for the light sweet crude oil or natural gas exceeds the threshold price (\$39 per barrel oil or \$6.50 per million BTU gas, adjusted for inflation) in that year. Such production will be deducted from the remaining RSV. The actual NYMEX annual price for the commodity is defined as the arithmetic average of the daily closing prices for the "nearby delivery month" on the NYMEX in a calendar year. The actual NYMEX annual price for the commodity is calculated by averaging the commodity daily closing prices for each month in the year, and then averaging the 12 monthly averages.
 - a) The threshold price in any year, say year t , is determined by inflating the base year 2004 price of \$39 per barrel oil or \$6.50 per million BTU (MMBTU) gas. This base year price is modified by the percentage change in the implicit price deflator as reported by the U.S. Department of Commerce, Bureau of Economic Analysis, for the interval between 2004 and year t , resulting in the adjusted threshold price for year t . For example, if the deflator indicates that inflation is 1.6 percent in 2005, 2.1 percent in 2006, 2.5 percent in 2007, and 2.5 percent for 2008 then the threshold price in calendar year 2008 would become \$42.50 per barrel for oil and \$7.08 per MMBTU for gas. Therefore, royalty on oil production in calendar year 2008 would be due if the 2008 actual NYMEX oil price as calculated above exceeds \$42.50 per barrel. The royalty on gas production in calendar year 2008 would be due if the 2008 actual NYMEX gas price as calculated above exceeds \$7.08 per MMBTU.
 - b) Royalties on production, when the actual NYMEX annual price of the commodity exceeds the threshold price in any calendar year, must be paid no later than 90 days after the end of that calendar year. (See 30 CFR 260.122(b)). Also, when the actual

NYMEX annual price of the commodity exceeds the threshold price in any calendar year, royalties on production must be provisionally paid in the following calendar year. (See 30 CFR 260.122(c)).

4. For purposes of the RSV, a Sale 193 lease that is part of an approved unit agreement can only apply allocated production from the unit against the lease's RSV if that lease is included in an approved participating area. The RSV will be applied to each lease consistent with the production allocation schedule approved by the MMS for the participating area. Participating area means all or parts of unit tracts described and designated as a Participating Area under the unit agreement for the purposes of allocating one or more unitized substances produced from a reservoir.
5. A lessee must resume paying full royalties on the first day of the month following the month in which the RSV is exhausted. Lessees do not owe royalties for the remainder of the month in which the RSV is exhausted, unless the actual NYMEX annual price of the commodity exceeds the threshold price for that year. This same threshold price for that entire year applies to that part of production which exhausts the remaining RSV.
6. The MMS will provide notice when the actual NYMEX annual price of the commodity is above the threshold price. Information on actual and threshold prices can be found at the MMS website (www.mms.gov/econ).

DEBARMENT AND SUSPENSION (Nonprocurement): As required by the MMS, each company that has been awarded a lease must execute all copies of the lease (Form MMS-2005 (March 1986) as amended), pay by electronic funds transfer (EFT) the balance of the bonus bid amount and the first year's rental for each lease issued in accordance with the requirements of 30 CFR 218.155, and satisfy the bonding requirements of 30 CFR 256, Subpart I, as amended.

Also, in accordance with regulations pursuant to 43 CFR, part 42, subpart C, the lessee shall comply with the U.S. Department of the Interior's nonprocurement debarment and suspension requirements and agree to communicate this requirement to comply with these regulations to persons with whom the lessee does business as it relates to this lease by including this term as a condition to enter into their contracts and other transactions. Execution of the lease, which includes an Addendum specific to debarment, by each lessee constitutes notification to the MMS that each lessee is not excluded, disqualified, or convicted of a crime as described in 43 CFR 42.335, unless the lessee has provided a statement disclosing information as described in 43 CFR 42.335, and the MMS receives an exception from the U.S. Department of the Interior as described in 43 CFR 42.405 and 42.120.

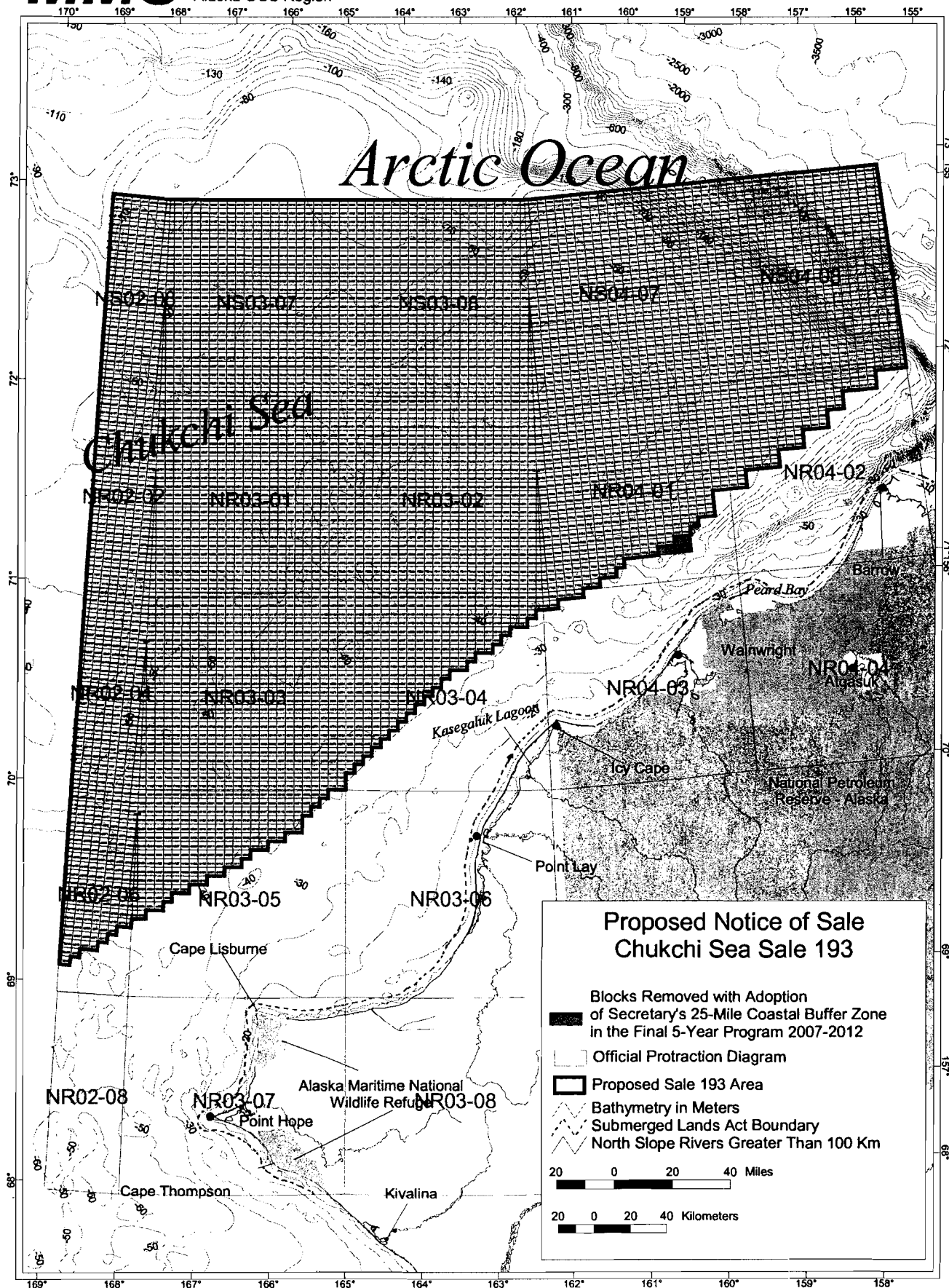
STIPULATIONS AND INFORMATION TO LESSEES: The documents entitled "Proposed Lease Stipulations" and "Proposed Information to Lessees" for Oil and Gas Lease Sale 193 contains the text of the proposed Stipulations and the Information to Lessees clauses. These documents are included in the Proposed Notice of Sale Package.

BONUS BID DEPOSIT: Each bidder submitting an apparent high bid must submit a bonus bid deposit to the MMS equal to one-fifth of the bonus bid amount for each such bid. Under the authority granted by 30 CFR 256.46(b), MMS requires bidders to use electronic funds transfer procedures for payment of one-fifth bonus bid deposits for Lease Sale 193. Such payment will be due by 1:00 p.m. Eastern Time the day following bid reading. In addition, certain bid submitters [i.e., those that are NOT currently an OCS mineral lease record title holder or designated operator OR those that have ever defaulted on a one-fifth bonus bid payment (EFT or otherwise)] will be required to guarantee (secure) their one-fifth bonus bid payment prior to the submission of bids. Detailed bid deposit procedures for the final NOS for Sale 193 will be found within the "Instructions for Making EFT Bonus Payments" document on the MMS website.

UPCOMING MILESTONES: This Proposed Notice of Sale was sent to the Governor of Alaska on the day after the date it was signed. The Governor of Alaska has 60 days to comment on the size, timing, and location of the proposed sale, as required by Section 19 of the OCS Lands Act (43 U.S.C. 1345). After the Assistant Secretary for Land and Minerals Management receives the Governor's comments, a decision will be made on the Final Notice of Sale. The Department of the Interior reserves the right to revise the areas proposed for bidding and associated terms and conditions described in this Proposed Notice. If the Assistant Secretary decides to proceed with the sale, a Final Notice of Sale for Chukchi Sea Sale 193 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 will also be available at that time from the MMS Alaska OCS Region at the address given in this document under "Addresses" and on our website at www.mms.gov/alaska. The Final Notice of Sale Package will contain all sale terms and conditions and detailed instructions to bidders.

MMS

U.S. Department of the Interior
Minerals Management Service
Alaska OCS Region



Leasing Activities Information



U.S. Department of the Interior
Minerals Management Service
Alaska OCS Region

Proposed Lease Stipulations Oil and Gas Lease Sale 193 Chukchi Sea February 6, 2008

- Stipulation 1. Protection of Biological Resources
- Stipulation 2. Orientation Program
- Stipulation 3. Transportation of Hydrocarbons
- Stipulation 4. Industry Site-Specific Monitoring Program for Marine Mammals Subsistence Resources
- Stipulation 5. Conflict Avoidance Mechanisms to Protect Subsistence Whaling and Other Marine Mammal Subsistence-Harvesting Activities
- Stipulation 6. Pre-Booming Requirements for Fuel Transfers
- Stipulation 7. Measures to Minimize Effects to Spectacled and Steller's Eiders during Exploration Activities

Stipulation No. 1. Protection of Biological Resources. If previously unidentified biological populations or habitats that may require additional protection are identified in the lease area by the Regional Supervisor, Field Operations (RS/FO), the RS/FO may require the lessee to conduct biological surveys to determine the extent and composition of such biological populations or habitats. The RS/FO shall give written notification to the lessee of the RS/FO's decision to require such surveys.

Based on any surveys that the RS/FO may require of the lessee or on other information available to the RS/FO on special biological resources, the RS/FO may require the lessee to:

- (1) Relocate the site of operations;
- (2) Establish to the satisfaction of the RS/FO, on the basis of a site-specific survey, either that such operations will not have a significant adverse effect upon the resource identified or that a special biological resource does not exist;
- (3) Operate during those periods of time, as established by the RS/FO, that do not adversely affect the biological resources; and/or

- (4) Modify operations to ensure that significant biological populations or habitats deserving protection are not adversely affected.

If any area of biological significance should be discovered during the conduct of any operations on the lease, the lessee shall immediately report such finding to the RS/FO and make every reasonable effort to preserve and protect the biological resource from damage until the RS/FO has given the lessee direction with respect to its protection.

The lessee shall submit all data obtained in the course of biological surveys to the RS/FO with the locational information for drilling or other activity. The lessee may take no action that might affect the biological populations or habitats surveyed until the RS/FO provides written directions to the lessee with regard to permissible actions.

Stipulation No. 2. Orientation Program. The lessee shall include in any exploration or development and production plans submitted under 30 CFR 250.211 and 250.241 a proposed orientation program for all personnel involved in exploration or development and production activities (including personnel of the lessee's agents, contractors, and subcontractors) for review and approval by the Regional Supervisor, Field Operations. The program shall be designed in sufficient detail to inform individuals working on the project of specific types of environmental, social, and cultural concerns that relate to the sale and adjacent areas. The program shall address the importance of not disturbing archaeological and biological resources and habitats, including endangered species, fisheries, bird colonies, and marine mammals and provide guidance on how to avoid disturbance. This guidance will include the production and distribution of information cards on endangered and/or threatened species in the sale area. The program shall be designed to increase the sensitivity and understanding of personnel to community values, customs, and lifestyles in areas in which such personnel will be operating. The orientation program shall also include information concerning avoidance of conflicts with subsistence activities and pertinent mitigation.

The program shall be attended at least once a year by all personnel involved in onsite exploration or development and production activities (including personnel of the lessee's agents, contractors, and subcontractors) and all supervisory and managerial personnel involved in lease activities of the lessee and its agents, contractors, and subcontractors.

The lessee shall maintain a record of all personnel who attend the program onsite for so long as the site is active, not to exceed 5 years. This record shall include the name and date(s) of attendance of each attendee.

Stipulation No. 3 – Transportation of Hydrocarbons. Pipelines will be required: (a) if pipeline rights-of-way can be determined and obtained; (b) if laying such pipelines is technologically feasible and environmentally preferable; and (c) if, in the opinion of the lessor, pipelines can be laid without net social loss, taking into account any incremental costs of pipelines over alternative methods of transportation and any incremental benefits in the form of increased environmental protection or reduced multiple-use conflicts. The lessor specifically reserves the right to require that any pipeline used for transporting production to shore be placed in certain designated management areas. In selecting the means of transportation, consideration will be given to recommendations of any Federal, state, and local governments and industry.

Following the development of sufficient pipeline capacity, no crude oil production will be transported by surface vessel from offshore production sites, except in the case of an emergency. Determinations as to emergency conditions and appropriate responses to these conditions will be made by the Regional Supervisor, Field Operations.

Stipulation No. 4 – Industry Site-Specific Monitoring Program for Marine Mammal Subsistence Resources.

A lessee proposing to conduct exploration operations, including ancillary seismic surveys on a lease, during the periods and within the subsistence use areas related to bowhead whale, beluga whale, ice seals, walrus, and polar bears and their migrations and subsistence hunting as specified below, will be required to conduct a site-specific monitoring program approved by the Regional Supervisor, Field Operations (RS/FO); unless, based on the size, timing, duration, and scope of the proposed operations, the RS/FO, in consultation with appropriate agencies and co-management organizations, determines that a monitoring program is not necessary. Organizations currently recognized by the National Marine Fisheries Service (NMFS) and the U.S. Fish and Wildlife Service (FWS) for the co-management of the marine mammals resources are the Alaska Eskimo Whaling Commission, the Alaska Beluga Whale Committee, the Alaska Eskimo Walrus Commission, the Ice Seal Commission, and the Nanuk Commission. The RS/FO will provide the appropriate agencies and co-management organizations a minimum of 30 but no longer than 60 calendar days to review and comment on a proposed monitoring program prior to approval. The monitoring program must be approved each year before exploratory drilling operations can be commenced.

The monitoring program will be designed to assess when bowhead and beluga whales, ice seals, walrus, and polar bears are present in the vicinity of lease operations and the extent of behavioral effects on these marine mammals due to these operations. In designing the program, the lessee must consider the potential scope and extent of effects that the type of operation could have on these marine mammals. Experiences relayed by subsistence hunters indicate that, depending on the type of operations, some whales demonstrate avoidance behavior at distances of up to 35 mi. The program must also provide for the following:

- (1) Recording and reporting information on sighting of the marine mammals of concern and the extent of behavioral effects due to operations;
- (2) Coordinating the monitoring logistics beforehand with the MMS Bowhead Whale Aerial Survey Project (BWASP) and other mandated aerial monitoring programs;
- (3) Invite a local representative to be determined by consensus of the appropriate co-management organizations to participate as an observer in the monitoring program;
- (4) Submitting daily monitoring results to the RS/FO;
- (5) Submitting a draft report on the results of the monitoring program to the RS/FO within 60 days following the completion of the operation. The RS/FO will distribute this draft report to the appropriate agencies and co-management organizations; and
- (6) Submitting a final report on the results of the monitoring program to the RS/FO. The final report will include a discussion of the results of the peer review of the draft report. The RS/FO will distribute this report to the appropriate agencies and co-management organizations.

The lessee will be required to fund an independent peer review of a proposed monitoring plan and the draft report on the results of the monitoring program for bowhead whales. The lessee may be required to fund an independent peer review of a proposed monitoring plan and the draft

report on the results of the monitoring program for other co-managed marine mammal resources. This peer review will consist of independent reviewers who have knowledge and experience in statistics, monitoring marine mammal behavior, the type and extent of the proposed operations, and an awareness of traditional knowledge. The peer reviewers will be selected by the RS/FO from experts recommended by the appropriate agencies and co-management resource organizations. The results of these peer reviews will be provided to the RS/FO for consideration in final approval of the monitoring program and the final report, with copies to the appropriate agencies and co-management organizations.

In the event the lessee is seeking a Letter of Authorization (LOA) or Incidental Harassment Authorization (IHA) for incidental take from NMFS and/or FWS, the monitoring program and review process required under the LOA or IHA may satisfy the requirements of this stipulation. The lessee must advise the RS/FO when it is seeking an LOA or IHA in lieu of meeting the requirements of this stipulation and provide the RS/FO with copies of all pertinent submittals and resulting correspondence. The RS/FO will coordinate with the NMFS and/or FWS and will advise the lessee if the LOA or IHA will meet these requirements.

The MMS, NMFS, and FWS will establish procedures to coordinate results from site-specific surveys required by this stipulation and the LOA's or IHA's to determine if further modification to lease operations are necessary.

This stipulation applies to the areas and time periods listed below. This stipulation will remain in effect until termination or modification by the Department of the Interior after consultation with appropriate agencies.

Subsistence Whaling and Marine Mammal Hunting Activities by Community

Barrow: Spring bowhead whaling occurs from April to June; Barrow hunters hunt from ice leads from Point Barrow southwestward along the Chukchi Sea coast to the Skull Cliff area; fall whaling occurs from August to October in an area circumscribed by a western boundary extending approximately 10 miles west of Barrow, a northern boundary 30 miles north of Barrow, then southeastward to a point about 30 miles off Cooper Island, with an eastern boundary on the east side of Dease Inlet. Occasional use may extend eastward as far as Smith Bay and Cape Halkett. Beluga whaling occurs from April to June in the spring leads between Point Barrow and Skull Cliff; later in the season, belugas are hunted in open water around the barrier islands off Elson Lagoon. Walrus are harvested from June to September from west of Barrow southwestward to Peard Bay. Polar bear are hunted from October to June generally in the same vicinity used to hunt walrus. Seal hunting occurs mostly in winter, but some open-water sealing is done from the Chukchi coastline east as far as Dease Inlet and Admiralty Bay in the Beaufort Sea.

Wainwright: Bowhead whaling occurs from April to June in the spring leads offshore of Wainwright; with whaling camps sometimes are as far as 10 to 15 miles from shore. Wainwright hunters hunt beluga whales in the spring lead system from April to June but only if no bowheads are in the area. Later in the summer, from July to August, belugas can be hunted along the coastal lagoon systems. Walrus hunting occurs from July to August at the southern edge of the retreating pack ice. From August to September walrus

can be hunted at local haulouts with the focal area from Milliktagvik north to Point Franklin. Polar bear hunting occurs primarily in the fall and winter around Icy Cape, at the headland from Point Belcher to Point Franklin, and at Seahorse Island.

Point Lay: Because Point Lay's location renders it unsuitable for bowhead whaling, beluga whaling is the primary whaling pursuit. Beluga whales are harvested from the middle of June to the middle of July. The hunt is concentrated in Naokak and Kukpowruk Passes south of Point Lay where hunters use boats to herd the whales into the shallow waters of Kasegaluk Lagoon where they are hunted. If the July hunt is unsuccessful, hunters can travel as far north as Utukok Pass and as far south as Cape Beaufort in search of whales. When ice conditions are favorable, Point Lay residents hunt walrus from June to August along the entire length of Kasegaluk Lagoon, south of Icy Cape, and as far as 20 miles offshore. Polar bear are hunted from September to April along the coast rarely more than 2 miles offshore.

Point Hope: Bowhead whales are hunted from March to June from whaling camps along the ice edge south and southeast of the point. The pack-ice lead is rarely more than 6 to 7 miles offshore. Beluga whales are harvested from March to June in the same area used for the bowhead whale hunt. Beluga whales can also be hunted in the open water later in the summer from July to August near the southern shore of Point Hope close to the beaches, as well as areas north of the point as far as Cape Dyer. Walrus is harvested from May to July along the southern shore of the point from Point Hope to Akoviknak Lagoon. Point Hope residents hunt polar bear primarily from January to April and occasionally from October to January in the area south of the point and as far out as 10 miles from shore.

Stipulation No. 5 – Conflict Avoidance Mechanisms to Protect Subsistence Whaling and Other Marine Mammal Subsistence-Harvesting Activities. Exploration and development and production operations shall be conducted in a manner that prevents unreasonable conflicts between the oil and gas industry and subsistence activities (including, but not limited to, bowhead whale and other marine mammal subsistence hunting). This stipulation applies to leases in the following blocks for offshore exploration, development, and production activities, and applies to all leases for associated activities, such as vessel and aircraft traffic that transit the listed blocks, or that occur nearshore in support of those leases.

NR02-06, Chukchi Sea:

6624, 6625, 6674, 6675, 6723 – 6725, 6773 – 6775, 6822, 6823, 6872

NR03-02, Posey:

6872, 6873, 6918 – 6923, 6967 – 6973, 7016 – 7023, 7063 – 7073, 7112 – 7123

NR03-03, Colbert

6674, 6723, 6724, 6771 – 6774, 6820 – 6824, 6869 – 6874, 6918 – 6924, 6966 – 6974, 7015 – 7024, 7064 – 7074, 7113 – 7124

NR03-04, Solivik Island

6011 – 6023, 6060 – 6073, 6109 – 6122, 6157 – 6171, 6206 – 6219, 6255 – 6268, 6305 – 6317, 6354 – 6365, 6403 – 6414, 6453 – 6462, 6502 – 6511, 6552 – 6560, 6601 – 6609,

6651 – 6658, 6701 – 6707, 6751 – 6756, 6801 – 6805, 6851 – 6854, 6901 – 6903, 6951, 6952, 7001

NR03-05, Point Lay West

6014 – 6024, 6062 – 6073, 6111 – 6122, 6160 – 6171, 6209 – 6221, 6258 – 6269, 6307 – 6317, 6356 – 6365, 6406 – 6414, 6455 – 6462, 6503 – 6510, 6552 – 6558, 6602 – 6606, 6652 – 6655, 6702, 6703

NR04-01, Hanna Shoal

6223, 6267 – 6273, 6315 – 6323, 6363 – 6373, 6411 – 6423, 6459 – 6473, 6507 – 6523, 6556 – 6573, 6605 – 6623, 6654 – 6671, 6703 – 6721, 6752 – 6771, 6801 – 6819, 6851 – 6868, 6901 – 6918, 6951 – 6968, 7001 – 7010, 7051 – 7059, 7101 – 7107, ,

NR04-02, Barrow

6003 – 6022, 6052 – 6068, 6102 – 6118, 6151 – 6164, 6201 – 6214, 6251 – 6262, 6301 – 6312, 6351 – 6359, 6401 – 6409, 6451 – 6456, 6501 – 6506, 6551, 6552, 6601, 6602

NR04-03, Wainwright

6002 – 6006, 6052, 6053

NS04-08, (Unnamed)

6816 – 6822, 6861 – 6872, 6910 – 6922, 6958 – 6972, 7007 – 7022, 7055 – 7072, 7104 – 7122

Prior to submitting an exploration plan or development and production plan (including associated oil-spill response plans) to the MMS for activities proposed during the bowhead whale migration period and the critical times and locations listed below for other marine mammals, the lessee shall consult with the North Slope Borough, and with directly affected subsistence communities (Barrow, Point Lay, Point Hope, or Wainwright) and co-management organizations to discuss potential conflicts with the siting, timing, and methods of proposed operations and safeguards or mitigating measures that could be implemented by the operator to prevent unreasonable conflicts. Organizations currently recognized by the National Marine Fisheries Service (NMFS) and the U.S. Fish and Wildlife Service (FWS) for the co-management of the marine mammals resources are the Alaska Eskimo Whaling Commission, the Alaska Beluga Whale Committee, the Alaska Eskimo Walrus Commission, the Ice Seal Commission, and the Nanuk Commission. Through this consultation, the lessee shall make every reasonable effort, including such mechanisms as a conflict avoidance agreement, to assure that exploration, development, and production activities are compatible with whaling and other marine mammal subsistence hunting activities and will not result in unreasonable interference with subsistence harvests.

A discussion of resolutions reached during this consultation process and plans for continued consultation shall be included in the exploration plan or the development and production plan. In particular, the lessee shall show in the plan how its activities, in combination with other activities in the area, will be scheduled and located to prevent unreasonable conflicts with subsistence activities. The lessee shall also include a discussion of multiple or simultaneous operations, such as ice management and seismic activities, that can be expected to occur during operations in order to more accurately assess the potential for any cumulative effects. Communities, individuals, and other entities who were involved in the consultation shall be identified in the

plan. The Regional Supervisor, Field Operations (RS/FO) shall send a copy of the exploration plan or development and production plan (including associated oil-spill response plans) to the directly affected communities and the appropriate co-management organizations at the time the plans are submitted to the MMS to allow concurrent review and comment as part of the plan approval process.

In the event no agreement is reached between the parties, the lessee, NMFS, FWS, the appropriate co-management organizations, and any communities that could be directly affected by the proposed activity, may request that the RS/FO assemble a group consisting of representatives from the parties to specifically address the conflict and attempt to resolve the issues before the RS/FO makes a final determination on the adequacy of the measures taken to prevent unreasonable conflicts with subsistence harvests.

The lessee shall notify the RS/FO of all concerns expressed by subsistence hunters during operations and of steps taken to address such concerns. Activities on a lease may be restricted if the RS/FO determines it is necessary to prevent unreasonable conflicts with local subsistence hunting activities.

In enforcing this stipulation, the RS/FO will work with other agencies and the public to assure that potential conflicts are identified and efforts are taken to avoid these conflicts.

Subsistence-harvesting activities occur generally in the areas and time periods listed below.

Subsistence Whaling and Marine Mammal Hunting Activities by Community

Barrow: Spring bowhead whaling occurs from April to June; Barrow hunters hunt from ice leads from Point Barrow southwestward along the Chukchi Sea coast to the Skull Cliff area; fall whaling occurs from August to October in an area circumscribed by a western boundary extending approximately 10 miles west of Barrow, a northern boundary 30 miles north of Barrow, then southeastward to a point about 30 miles off Cooper Island, with an eastern boundary on the east side of Dease Inlet. Occasional use may extend eastward as far as Smith Bay and Cape Halkett. Beluga whaling occurs from April to June in the spring leads between Point Barrow and Skull Cliff; later in the season, belugas are hunted in open water around the barrier islands off Elson Lagoon. Walrus are harvested from June to September from west of Barrow southwestward to Peard Bay. Polar bear are hunted from October to June generally in the same vicinity used to hunt walrus. Seal hunting occurs mostly in winter, but some open-water sealing is done from the Chukchi coastline east as far as Dease Inlet and Admiralty Bay in the Beaufort Sea.

Wainwright: Bowhead whaling occurs from April to June in the spring leads offshore of Wainwright; with whaling camps sometimes are as far as 10 to 15 miles from shore. Wainwright hunters hunt beluga whales in the spring lead system from April to June but only if no bowheads are in the area. Later in the summer, from July to August, belugas can be hunted along the coastal lagoon systems. Walrus hunting occurs from July to August at the southern edge of the retreating pack ice. From August to September walrus can be hunted at local haulouts with the focal area from Milliktagvik north to Point

Franklin. Polar bear hunting occurs primarily in the fall and winter around Icy Cape, at the headland from Point Belcher to Point Franklin, and at Seahorse Island.

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Stipulation No. 6 – Pre-Booming Requirements for Fuel Transfers. Fuel transfers (excluding gasoline transfers) of 100 barrels or more will require pre-booming of the fuel barge(s). The fuel barge must be surrounded by an oil-spill-containment boom during the entire transfer operation to help reduce any adverse effects from a fuel spill. The lessee's oil-spill-response plans must include procedures for the pre-transfer booming of the fuel barge(s).

Stipulation No. 7 – Measures to Minimize Effects to Spectacled and Steller's Eiders during Exploration Activities. This stipulation would minimize the likelihood that Steller's and spectacled eiders would strike drilling structures and provide additional protection to listed eiders using the Ledyard Bay Spectacled Eider Critical Habitat Area and the Spring Lead System. These measures address lighting of lease structures/vessels and any exploration/delineation drilling activities proposed to occur within the Ledyard Bay Critical Habitat Area and the Spring Lead System during times listed eiders are present.

A) General conditions: The following conditions apply to all exploration activities.

1) A lessee Exploration Plan must include a plan for recording and reporting bird strikes. All bird collisions (with vessels, aircraft, or structures) shall be documented and reported within 3 days to MMS. Minimum information will include species, date/time, location, weather, and, if a vessel is involved, its operational status when the strike occurred. Bird photographs are not required, but would be helpful in verifying species. Lessees are advised that the USFWS does not recommend recovery or transport of dead or injured birds due to avian influenza concerns.

2) Exploration program support vessels will minimize operations that require high-intensity work lights, especially within the 20-m bathymetric contour. High-intensity lights will be turned off in inclement weather; however, navigation lights, deck lights, and interior lights could remain on for safety.

3) An Oil Spill Response Vessel must be on-site when a rig is actively drilling within the Spring Lead System (April 15-June 10) or the Ledyard Bay Critical Habitat Area (July 1-November 15).

4) Exploration program vessels working in or actively drilling in the Spring Lead System (April 15-June 10) or Ledyard Bay Critical Habitat Area (June 11-November 15) will have ready access to wildlife hazing equipment (including at least 3 *Breco* buoys or similar devices). This equipment could be on-board, be on an on-site OSRV, or be in Point Lay or Wainwright so long as it is kept readily accessible to oil-spill response personnel that are trained in its use.

5) Aircraft supporting drilling operations will avoid operating below 1,500 feet ASL over the Spring Lead System (April 15-June 10) or Ledyard Bay Critical Habitat Area (July 1-November 15) to the maximum extent practicable. If weather prevents attaining this altitude, aircraft will use pre-designated flight routes at the outer margin of the Ledyard Bay Critical Habitat Area. Pre-designated flight routes will be established by the lessee and MMS, in collaboration with the USDO, FWS, during review of the Exploration Plan. Route or altitude deviations for emergencies or human safety shall be reported within 24 hours to MMS.

B) Drill Structure Lighting Protocol: Lessees must adhere to lighting requirements for all exploration or delineation structures so as to minimize the likelihood that migrating marine and coastal birds will strike these structures. Lessees are required to implement lighting requirements aimed at minimizing the radiation of light outward from exploration/delineation structures to minimize the likelihood that birds will strike those structures. These requirements establish a coordinated process for a performance-based objective rather than pre-determined prescriptive requirements. The performance-based objective is to minimize the radiation of light outward from exploration/delineation structures. Measures to be considered include but need not be limited to the following:

- Shading and/or light fixture placement to direct light inward and downward to living and work structures while minimizing light radiating upward and outward;
- Types of lights;
- Adjustment of the number and intensity of lights as needed during specific activities;
- Dark paint colors for selected surfaces;
- Low-reflecting finishes or coverings for selected surfaces; and
- Facility or equipment configuration.

Lessees are encouraged to consider other technical, operational and management approaches that could be applied to their specific facility and operation to reduce outward light radiation. These requirements apply to all Chukchi Sea OCS Lease Sale 193 activities conducted between April 15 and November 15 of each year.

Nothing in this protocol is intended to reduce personnel safety or prevent compliance with other regulatory requirements (e.g., U.S. Coast Guard or Occupational Safety and Health Administration) for marking or lighting of equipment and work areas.

- C) **Exploratory Drilling Operations:** For the purpose of protecting listed eiders, the spring lead system is defined as the Ledyard Bay Critical Habitat Area as well as the area landward from an imaginary line extending from the outer corner of the Critical Habitat Area (70°20'00"N x 164°00'00"W) extending northeast to the southeastern-most corner of the Lease Sale 193 Sale Area (71°39'35"N x 156°00'00"W) and the area landward of an imaginary line drawn between Point Hope and the other outer corner of the Ledyard Bay Critical Habitat Area (69°12'00"N x 166°13'00" W).

1) Spring Lead System

Vessels associated with drilling operations should avoid operating within the spring lead system to the maximum extent practicable. The following condition applies to any exploratory and delineation drilling operations proposed to occur in the Spring Lead System (April 15-June 10).

- a) Lessees are required to provide information regarding their operations within the spring lead system upon request of MMS. MMS may request information regarding number of vessels and their dates/points of entry into and exit from the spring lead system.

2) Ledyard Bay Critical Habitat Area

Except for emergencies or human/navigation safety, vessels associated with exploration drilling operations will minimize travel within the Ledyard Bay Critical Habitat Area (Figure 1, Appendix C of the EIS) to the maximum extent practicable. Exploration vessel travel within the Ledyard Bay Critical Habitat Area for emergencies or human/navigation safety shall be reported within 24 hours to MMS.

The following condition applies to any exploratory and delineation drilling operations proposed to occur in the Ledyard Bay Critical Habitat Area (July 1–November 15).

- a) The drill rig and support vessels must enter the Ledyard Bay Critical Habitat Area from the northwest and proceed directly to the drill site. Support vessels will remain in close proximity to the drill rig while providing support and exit the drill rig vicinity to the northwest until out of the Critical Habitat Area. Deviations from this routing shall be reported within 24 hours to MMS.

SARAH PALIN
GOVERNOR
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STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

October 1, 2007

The Honorable Dirk Kempthorne
Secretary of the Interior
United States Department of the Interior
1849 C Street, Northwest
Washington, DC 20240

Dear Mr. Secretary:

Thank you for the opportunity to comment on the upcoming Chukchi Sea Outer Continental Shelf (OCS) Lease Sale 193. This letter provides my comments on Lease Sale 193 as authorized by Section 19 of the OCS Lands Act regarding the size, timing, and location of the proposed sale.

I support Lease Sale 193, with the inclusion of the Corridor II Deferral. This deferral was identified as the proposed Alternative IV in the Final Environmental Impact Statement for Lease Sale 193 published on June 14, 2007. The Chukchi Sea is very important for subsistence harvesting for the people of the North Slope Borough, and for many biological resources, including endangered and threatened species. Establishing this deferral area is important for the health of the residents and the resources. The record demonstrates that we can develop oil and gas resources responsibly while protecting the environment for both commercial and subsistence resources. The state supports the Corridor II Deferral for the lease sale as it offers the best balance between environmental protection and development of our nation's oil and gas resources.

There are differing views on the effects of oil and gas activities, as demonstrated in the North Slope Borough's September 21, 2007 letter. I encourage the Minerals Management Service to continue working with the North Slope Borough to incorporate local knowledge and identify additional studies necessary to address potential impacts from oil and gas exploration and development activities in the Chukchi Sea.

I support oil and gas exploration and development in Alaska and in the Alaska OCS, and recognize the importance of new oil and gas discoveries to the nation. However, I strongly support changes to the federal law to provide states and coastal communities with a fair percentage of direct revenues from royalties, bonus bids, and rental fees derived from all OCS activities off their coast, not just those generated within

The Honorable Dirk Kempthorne

October 1, 2007

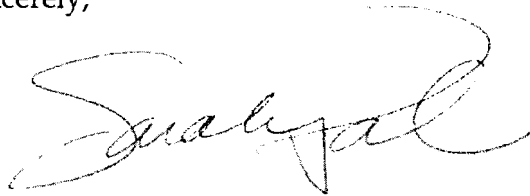
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three to six miles from the coast. It is unreasonable for the nation to expect sustained support from state and local governments whose institutions and communities are affected by OCS development without providing fair compensation for those risks and impacts.

Under separate cover, you will be receiving the state's response to the Minerals Management Service consistency determination required under the Alaska Coastal Management Program.

I appreciate the opportunity to comment on Lease Sale 193.

Sincerely,

A handwritten signature in dark ink, appearing to read 'Sarah Palin', with a large, sweeping flourish at the end.

Sarah Palin
Governor

cc: The Honorable Ted Stevens, United States Senator
The Honorable Lisa Murkowski, United States Senator
The Honorable Don Young, United States Congressman
John Katz, Director of State/Federal Relations and Special Counsel, Alaska Office of the Governor
Joe Balash, Special Staff Assistant, Alaska Office of the Governor
Tom Irwin, Commissioner, Alaska Department of Natural Resources
Denby Lloyd, Commissioner, Alaska Department of Fish and Game
Larry Hartig, Commissioner, Alaska Department of Environmental Conservation
Mr. Walter Cruikshank, Acting Director, Minerals Management Service, US Department of the Interior
Mr. John Goll, Regional Director, Minerals Management Service, US Department of the Interior
The Honorable Edward Itta, Mayor, North Slope Borough

STATE OF ALASKA

SARAH PALIN, GOVERNOR

DEPARTMENT OF NATURAL RESOURCES
OFFICE OF PROJECT MANAGEMENT AND PERMITTING
ALASKA COASTAL MANAGEMENT PROGRAM

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October 30, 2007

Minerals Management Service
Ms. Renee Orr, Chief, Leasing Division
381 Elden St., Mail Stop 4010
Herndon, VA 20170-4817

Subject: OCS Lease Sale 193, Chukchi Sea
State I.D. No. AK 0708-01OG
Final Consistency Response

Dear Ms. Orr:

The Office of Project Management & Permitting (OPMP) has completed coordinating the State's review of your proposed Federal Action for consistency with the Alaska Coastal Management Program (ACMP). OPMP has developed the attached final consistency response based on reviewers' comments.

Based on an evaluation of your activity by the Alaska Department of Natural Resources and the affected coastal resource district, OPMP *concurs* with your certification that the Federal Action is consistent with the ACMP and affected coastal district enforceable policies. This final consistency response, developed under 11 AAC 110, applies to the federal consistency determination required for the activity as per 15 CFR 930 Subpart C.

This is the *final consistency decision* for your project.

This consistency response is only for the activity as described. If you propose any changes to the approved activity, you must contact this office immediately to determine if further review and approval of the revised activity is necessary.

By copy of this letter, I am informing the U.S. Environmental Protection Agency and other federal and state agencies of OPMP's finding.

If you have any questions regarding this process, please contact either myself at (907) 269- 7474, or via email at: ben.greene@alaska.gov, or Randy Bates at 907-465-8797 or via email at randy.bates@alaska.gov

U.S. Minerals Management Service, Proposed OCS Lease Sale 193, Chukchi Sea
State I.D. No. AK 0708-01OG
Final Consistency Response

October 30, 2007

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/s/

Ben A. Greene, PhD
Oil, Gas & Energy Projects Manager
Alaska Coastal Management Program
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Talis Colberg, Attorney General
Karleen Jackson, Commissioner, Health and Social Services
Emil Notti, Commissioner, Commerce, Community & Economic Development

Cc: Mike Nizich, Office of the Governor
John Katz, Office of the Governor, Washington, D.C.
Ed Fogels, Director, Department of Natural Resources, OPMP/ACMP
Randy Bates, Deputy Director, Department of Natural Resources, OPMP/ACMP
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Mark Fink, Division of Sport Fish, ADFG
Breck Tostevin, Senior Assistant Attorney General, Department of Law

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Brad Smith, NOAA
Craig Perham; Louise Smith; Larry Bright; Scott Schliebe, USFWS
Jeanne Hanson, Larry Peltz, NMFS
James Helfinstine, USCG
Ted Rockwell, Dianne Soderlund, Bryan Herczeg, EPA
Bob Schneider; BLM
The Honorable Edward Itta, Mayor, North Slope Borough
The Honorable Nathaniel Olemaun, Jr., Mayor, City of Barrow
The Honorable Elizabeth Hollingsworth, Mayor, City of Atkasuk
The Honorable Austin Swan Sr., Mayor, City of Kivalina
The Honorable Leo Ferreira, 3rd, President Native Village of Point Lay (Fax # **833-2528**)
The Honorable Alzred Oomittuk, Vice Mayor, City of Point Hope
The Honorable John Hopson Mayor, City of Wainwright
The Honorable George Kingik Mayor, City of Point Hope
Johnny Aiken; Tom Lohman; Gordon Brower; Karla Kolash; Bessie O'Rourke; Layla Hughes; Robert Suydam, North Slope Borough
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Nancy Wainwright
Eleanor Huffines, The Wilderness Society
Pamela A. Miller, Northern Alaska Environmental Center
Mike Frank, Trustees for Alaska
Glenn Gray
Nikos Pastos, Alaska's 'Big Village' Network
Faith Gemmill, Resisting Environmental Destruction On Indigenous Lands (REDOIL)

U.S. Minerals Management Service, Proposed OCS Lease Sale 193, Chukchi Sea
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**ALASKA COASTAL MANAGEMENT PROGRAM
FINAL CONSISTENCY RESPONSE
CONCURRENCE**

DATE ISSUED: *October 30, 2007*

PROJECT TITLE: *OCS Oil & Gas Lease Sale 193, Chukchi Sea*

STATE ID. NO.: *AK 0708-01OG*

PROJECT DESCRIPTION AND SCOPE OF THE PROJECT SUBJECT TO CONSISTENCY REVIEW: The activity subject to this review is a proposed oil and gas lease sale in federal waters of the Chukchi Sea. The sale area encompasses approximately 5,360 whole and partial blocks covering approximately 29.7 million acres in the Chukchi Sea Planning Area. The proposed notice of sale defers from leasing an area consisting of 795 whole or partial blocks, comprising approximately 4.3 million acres (Corridor II Deferral) along the coastward edge of the sale area. This alternative was developed as a result of the 1987 Biological Opinion for the Chukchi Sea as recommended by the National Marine Fisheries Service (NMFS) and from scoping comments. The 1987 Biological Opinion primarily focused on the spring lead system for protecting migrating bowhead whales. The EIS analysis concluded that the deferral would reduce potential impacts to endangered and threatened species, including the bowhead whale and other whales; reduce threats to marine and coastal birds because of their concentration in the deferral area; and reduce visual resource effects by moving the potential platform locations farther offshore. This alternative offers 5,354 whole or partial blocks, comprising approximately 29.7 million acres, and was reduced by 6 blocks since the Secretary's 25-mile buffer was adopted in the Final 5-Year Program for 2007-2012. The proposed notice of sale includes 7 stipulations as lease-specific mitigating measures and 24 Information to Lessees (ITL) clauses. The MMS has scheduled proposed Lease Sale 193 for February 06, 2008.

Sale 193 would be the fifth Outer Continental Shelf (OCS) oil and gas lease sale offering portions of the Chukchi Sea Planning Area. The four previous oil and gas lease sales, in 1988 and 1991, resulted in the issuance of 483 leases, with a primary term of 10 years. All leases have been relinquished. Sale 193 would be the first lease sale to be held in the Chukchi Sea Planning Area since 1991. The Notice of Availability of the draft Environmental Impact Statement (EIS) for Sale 193 was published on October 16, 2006. The Proposed Action analyzed in the draft EIS is the same area depicted for the Chukchi Sea sale in the 2002-2007 5-Year Program. The MMS analyzed the potential environmental impacts of Sale 193, the first of three proposed Chukchi Sea lease sales (to be held in 2008, 2010, and 2012) in the current 5-Year OCS Program. The

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Final Environmental Impact Statement for the Chukchi Sea Planning Area¹ analyzes the potential effects of OCS Oil and Gas Lease Sale 193. A Notice of Intent to prepare an Environmental Impact Statement for Sale 193 was published in September 2005. The MMS held scoping meetings from January 23, 2006 through March 9, 2006. The Notice of Availability for the draft EIS was published on October 16, 2006. The MMS received written comments and held public meetings with the appropriate Alaska communities. A final EIS has been prepared and filed with the Environmental Protection Agency.

The proposed notice of sale, final environmental impact statement, description of the lease sale process, text of the mitigating measures in the form of Lease Stipulations and ITL clauses, and the MMS's analysis of the proposed action's and the hypothesized scenario's consistency with the enforceable policies of the ACMP (Alaska, 2006) and the affected coastal district (NSB, 1988) are available online on the Minerals Management Service website at: www.mms.gov/alaska.

SCOPE OF PROJECT TO BE REVIEWED: The CZMA 306(d)(14) provides for public participation in reviews of federal consistency determinations, and provides that if a State receives a consistency determination from a federal agency it cannot waive the review.

- *Note: Based on the OPMP Director's decision regarding designated areas for the scope of this consistency review (distributed to review participants on September 11, 2007), the statewide Subsistence-use and Natural Hazards Statewide Standards are included in this review.*

All individual oil and gas exploration and/or production projects resulting from this lease sale will undergo project-specific ACMP review.

CONSISTENCY STATEMENT: The OPMP *concurs* with the consistency determination submitted by Walter D. Cruickshank, Acting Director, Minerals Management Service (MMS). The OPMP received comments on the Minerals Management Service's proposed OCS Lease Sale 193 in the Chukchi Sea from:

1. The North Slope Borough Coastal Management District
2. State of Alaska, Department of Environmental Conservation
3. State of Alaska, Department of Natural Resources, Office of Habitat Management & Permitting
4. Northern Alaska Environmental Center

AFFECTED COASTAL RESOURCE DISTRICT: North Slope Borough Coastal Resource District

AUTHORIZATIONS: No permits are required for the proposed Lease Sale.

¹ See: [http://www.mms.gov/alaska/ref/EIS%20EA/Chukchi feis Sale193/feis 193.htm](http://www.mms.gov/alaska/ref/EIS%20EA/Chukchi%20feis%20Sale193/feis%20193.htm)

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Please note that, in addition to their consistency review, State agencies with permitting responsibilities will evaluate this proposed federal action according to their specific permitting authorities. Agencies will issue permits and authorizations only if they find the proposed project complies with their statutes and regulations in addition to being consistent with the coastal program. An agency may deny a permit or authorization even though the ACMP concurs with your consistency certification. Authorities outside the ACMP may result in additional permit/lease conditions. If a requirement set out in the project description (per 11 AAC 110.260) is more or less restrictive than a similar requirement in a resource agency authorization, the applicant shall comply with the more restrictive requirement. Applicants may not use any State land or water without Department of Natural Resources (DNR) authorization. Please be advised that although OPMP concurs with your certification that the federal action is consistent to the maximum extent practicable with the ACMP, the Minerals Management Service is still required to meet all applicable State and federal laws and regulations. Your consistency finding may include reference to specific laws and regulations, but this in no way precludes the MMS's responsibility to comply with other applicable laws and regulations.

ENFORCEMENT: Pursuant to 11 AAC 110.260(e) and 110.445(e), if after receiving this final consistency response, the applicant fails to implement an adopted alternative measure, or if the applicant undertakes a project modification not incorporated into the final determination and not reviewed under 11 AAC 110.800-11 AAC 110.820, State resource agency may take enforcement action according to the resource agency's statutory and regulatory authorities, priorities, available resources, and preferred methods.

ADVISORIES: The OPMP strongly recommends that the MMS adopt the following six advisories by incorporating them into appropriate existing LS193 Information to Lessees (ITL) clauses:

Advisories # 1-4 were developed from comments received from the Alaska Department of Environmental Conservation; Advisories # 5 & 6 were developed to address comments received from the NSB and the DNR/OHMP:

1. **Protection of Biological Resources:** Lessees are advised that surveys for protection of biological resources must be completed prior to the start of operations, in conjunction with local/native knowledge of these resources, in order to assure compliance with 18 AAC 75.425(e)(3)(J) for the protection of environmentally sensitive areas.
2. **Orientation Program:** Lessees are advised that additional training on Alaska oil spill prevention standards may be necessary to meet the requirements of the Alaska regulations at 18 AAC 75.020 and 18 AAC 75.445(j).
3. **Transportation of Hydrocarbons:** Lessees are advised that the requirements at 18 AAC 75, Article 1 must be met for projects on Alaska's OCS. Additionally, lessees should be advised that their plans may need to meet the financial responsibility requirements of 18 AAC 75, Article 2; the requirements for response to oil spills as per

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18 AAC 75, Article 3; and the oil discharge prevention and contingency plan (c-plan) requirement of 18 AAC 75, Article 4.

- 4. Pre-booming Requirements for Fuel Transfers:** Lessees are advised that pre-booming requirements for transfers of fuel, crude oil, persistent product, and oily ballast are applicable to ALL vessels in Alaska waters.

Comments received from the North Slope Borough and from the ADNRR, Office of Habitat Management and Permitting objected to the MMS's consistency certification and cited a lack of baseline scientific data regarding uses and movements of whales, fish, birds and other species through the lease sale area, particularly in spring as grounds for finding this lease sale inconsistent with statewide standards of the ACMP. For example, the Energy Facilities standard at 11 AAC 112.230 (a)(12) requires facilities and support infrastructure be sited to allow for the free passage and movements of fish and wildlife with due consideration for historic migratory patterns. The OHMP determined that a lack of adequate data documenting uses and movements by wildlife within the boundaries of the proposed sale area precludes demonstration of consistency. The NSB similarly cited the Energy Facilities standard at 11 AAC 112.230 and stated that "*Subsection (a)(14) of this standard requires siting of facilities in areas of least biological productivity, diversity, and vulnerability and where water effluents and spills can be controlled or contained. [MMS's] consistency determination has not demonstrated that it meets the requirements of this part of the standard. The lack of baseline data about areas of biological productivity, diversity and vulnerability makes it impossible to meet this subsection of this standard.*"

In adjudicating these comments, the OPMP noted that a lease sale, in of itself, does not authorize exploration or development. Similarly, issuance of a lease does not authorize any exploration or development/production activities, nor does it authorize placement of facilities or infrastructure. These activities would be described in a subsequent site-specific Outer Continental Shelf (OCS) Plan submitted to the MMS and to the State of Alaska that would be subject to an individual (and more focused) consistency review by the state. Thus, the process leading toward OCS exploration, development and production involves phased reviews under the provisions of 15 CFR 930.36(d).

As has been the State's general policy when reviewing areawide lease sales and disposals of large tracts of land, speculation concerning future development activities that would be subject to independent permitting requirements is not necessary at the time a lease sale or disposal decision is made.

Notwithstanding the above statements, the OPMP believes that the NSB and the OHMP raised legitimate concerns with their comments. Specifically, they identified that additional information needs may be required in order to determine consistency for future exploration and development activities and plans with the Energy Facilities and the Subsistence statewide standards of the

ACMP. To address these concerns, and to recognize such information needs, the OPMP designed two additional advisories. Thus, the OPMP strongly recommends that the MMS adopt the following advisories by incorporating them into the existing LS193 Information to Lessees (ITL) clause #9, Coastal Zone Management, in order to advise successful Lessees of the following:

5. **Alaska Coastal Management Program Applicability:** MMS and Lessees are advised that activities conducted by the lessee, its agents, contractors, and subcontractors on OCS leases issued as a result of this sale, are subject to the applicable enforceable policies of the Alaska Coastal Management Program (ACMP) including:
 - a) ADEC requirements for OCS activities as specified at 11 AAC 110.010(e);
 - b) all ACMP statewide standards at 11 AAC 112;
 - c) coastal district enforceable policies developed and approved under 11 AAC 114; and
 - d) additional review according to the federal CZMA “effects test” at 15 C.F.R 930 and 11 AAC 110.015 for activities that are subject to federal consistency requirements (i.e., a federal agency activity or a listed federal license or permit activity). This “effects test” states that such activities are subject to applicable state standards and applicable district enforceable policies if the project is within the coastal zone, or that activity is located outside the coastal zone but the impacts of that activity would affect the uses or resources within the coastal zone. This federal “effects test” is also applicable to activities that occur within a designated area, or that are located outside a designated area but the impacts of the activity would affect the uses or resources of the designated area.
6. **Alaska Coastal Management Program Reviews—Potential Requirement for additional baseline data:** Lessees are advised that activities conducted on OCS leases issued as a result of this sale may be subject to a consistency review under the ACMP. Lessees are further advised that baseline data and information, much of which is currently missing or unavailable, may be required before such an ACMP review could be successfully conducted for a proposed activity. This may be required in order for the lessee to successfully certify that the proposed activity is consistent with the enforceable policies of the ACMP. Specifically, information that may be necessary to evaluate compliance with the ACMP enforceable policies includes:
 - Fishing grounds
 - Spawning grounds
 - Other biologically productive or vulnerable habitats
 - Marine mammal rookeries and hauling out grounds
 - Corridors of fish and wildlife movement, including information on historic migratory patterns
 - Areas of least biological productivity, diversity and vulnerability
 - Areas where effluents and spills can be controlled or contained.

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The MMS and lessees need to be aware that an ACMP review for an activity conducted on OCS leases issued as a result of this sale may require the applicant, the MMS or another entity to conduct scientific studies before an ACMP review of the proposed project or activity could be successfully completed.

SUMMARY OF NSB ELEVATION REQUEST AND DISCUSSION OF OCTOBER 24, 2007 ELEVATION

MEETING: Pursuant to 11 AAC 110.600, the North Slope Borough Coastal District (NSB) requested an elevation of the Office of Project Management and Permitting's (OPMP) proposed concurrence response of MMS's OCS Lease Sale 193, Chukchi Sea to the DNR Commissioner. The elevation request was timely received and submitted in writing. The elevation meeting was held in Anchorage on October 24, 2007 from 1:30 to 3:30 p.m.

Elevation Issues

The OPMP issued its proposed response concurring with MMS's consistency determination without any alternative measures on October 2, 2007. The NSB contends that Sale 193 is not consistent with the following state standards:

1. Natural Hazards standard (11 AAC 112.210)
2. Energy Facilities standard (11 AAC 112.230)
3. Subsistence standard (11 AAC 112.270)
4. Transportation standard (11 AAC 112.280)
5. Habitats standard (11 AAC 112.300)
6. Air, Land, and Water Quality standard (11 AAC 112.310)

The NSB is primarily concerned about the effects of lease sale activities on subsistence uses, resources and habitats. The NSB asserts that the lack of sufficient baseline data for the Chukchi Sea makes it impossible to determine that Sale 193 is consistent with the ACMP.

In the NSB's October 23, 2007 'Summary of Elevation Issues' paper and in the NSB's comments at the elevation meeting, the NSB proposes including two alternative measures in the consistency response as well as establishing a borough-state "*OCS task force*." These proposals and a summary of the commissioners' responses² are discussed below.

1. **NSB proposed alternative measure A** – "*The lease sale shall incorporate the deferral area identified in Corridor I of EIS Alternative III.*" Reliance on a 20-year old biological opinion to select Corridor II deferral area is inappropriate, is contrary to the current recommendation of the agency that issued the opinion, and ignores known dramatic changes in the region.

DNR Commissioner's response to proposed alternative measure A – The commissioner does not find it appropriate to include the proposed alternative measure A; the ACMP

² See attached DNR commissioner's Finding of Fact and Decision document for the full text of the decision document.

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proposed consistency response details how Sale 193 is consistent with ACMP enforceable policies.

The commissioner's Decision document notes that as has been the State's general policy when reviewing area-wide lease sales and disposals of large tracts of land, speculation concerning future development activities that would be subject to independent permitting requirements is not necessary at the time a lease sale or disposal decision is made.

The commissioner's decision document further notes that the October 2, 2007 proposed consistency response—although an independent action—supports and remains consistent with Governor Palin's comments under Section 19 of the OCS Lands Act regarding Sale 193. In those comments, Governor Palin expresses her support for the Corridor II Deferral for Sale 193, stating that "...it offers the best balance between environmental protection and development of our nation's oil and gas resources." However, with that letter, she also recognizes differing views, specifically the NSB's, and encourages the MMS "... to continue working with the North Slope Borough to incorporate local knowledge and identify additional studies necessary to address potential impacts from oil and gas exploration and development activities in the Chukchi Sea."

2. **NSB proposed alternative measure B** – *"Lessees shall consult with the State of Alaska and North Slope Borough to determine the extent and duration of baseline studies that will be required before an ACMP review can be conducted for any proposed exploration or development project. The goal would be to establish a mechanism for collecting pre-activity site- and resource-specific baseline data similar to that adopted by MMS's sister Interior Department agency, the Bureau of Land Management, as conditions of NPR-A leasing."* The NSB recognizes the inclusion of Advisory 6 in the proposed consistency response, but also recognizes the advisory is not enforceable. Therefore, the NSB requests that this proposed Alternative Measure B be included to resolve data gaps.

DNR Commissioner's response to proposed alternative measure B – The commissioner does not find it appropriate to include the proposed alternative measure B. The commissioner's decision document notes that the ACMP proposed consistency response already includes a similar "advisory" (see advisories 5 and 6, above).

3. **NSB proposed task force** – The NSB requests that the State of Alaska work with the Borough to establish a borough-state task force to address issues related to the Chukchi Sale and other OCS activities in the Chukchi and Beaufort Seas. One of the priorities would be to identify studies that would be necessary before an ACMP review of an exploration or development project could be conducted.

DNR Commissioner's response to the NSB proposed task force – The commissioner

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appreciates that the NSB proposed forming a task force to address issues relating to activities in the OCS, noting that there are a number of OCS issues that need to be addressed with an end goal of establishing a shared and mutual understanding of how the State is handling and implementing ACMP consistency reviews for OCS activities. While the commissioner does not believe that formal establishment of a "task force" is appropriate, the commissioner does believe that dialogue and communication on these issues is critical for both the State and the NSB.

In evaluating the NSB's request for elevation and the issues raised, the commissioner considered, among other things, whether the NSB's comments were appropriately considered under the ACMP enforceable policies, whether the OPMP erred in finding the proposed Sale 193 consistent despite the NSB's objection and recommended inconsistent finding, and whether any proposed alternative measures addressing the above topics could minimize possible adverse impacts to subsistence uses and subsistence resources under the state standards. The commissioner considered this elevation very seriously and is grateful for the NSB's willingness to share with the DNR, as resource managers, its traditional knowledge regarding subsistence activities and bowhead whales. The DNR also appreciates the NSB's recognition of the importance of MMS's proposed lease sale activities to the State of Alaska, and the borough's willingness to talk about ways to move forward.

Commissioner's Decision

The DNR commissioner finds that the October 2, 2007 ACMP proposed consistency response is accurate and appropriate. The commissioner further finds that the information needs and ACMP review issues related to OCS activities raised by the NSB warrant further dialogue.

APPEAL: This final consistency response is a final administrative order and decision under the ACMP and for purposes of Alaska Appellate Rules 601-612. Any appeal from this decision to the superior court of Alaska must be made within thirty (30) days of the date this determination is issued.

Final Consistency Response Prepared By:

Ben A. Greene, PhD
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Office of Project Management & Permitting
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/s/

[signature]

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ACMP CONSISTENCY EVALUATION

Pursuant to the following evaluation, the federal action as proposed is consistent with applicable ACMP statewide and affected coastal resource district enforceable policies.

STATEWIDE ENFORCEABLE POLICIES

11 AAC 112.200. Coastal development

- (a) In planning for and approving development in or adjacent to coastal waters, districts and state agencies shall manage coastal land and water uses in such a manner that those uses that are economically or physically dependent on a coastal location are given higher priority when compared to uses that do not economically or physically require a coastal location.*
- (b) Districts and state agencies shall give, in the following order, priority to*
- (1) water-dependent uses and activities;*
 - (2) water-related uses and activities; and*
 - (3) uses and activities that are neither water-dependent nor water-related for which there is no practicable inland alternative to meet the public need for the use or activity.*
- (c) The placement of structures and the discharge of dredged or fill material into coastal water must, at a minimum, comply with the standards contained in 33 C.F.R. Parts 320 – 323.*

Evaluation:

(a); (b) This statewide coastal development standard gives priority to development that is water dependent or water-related and uses that may be neither of these but for which there is no feasible or prudent inland alternative to meet the public need for the use or activity. The intent of the policy is to ensure that onshore development and activities that could be placed inland do not displace activities dependent upon coastal locations. For purposes of implementation, coastal waters are defined under 11 AAC 112.990(6) as those waters, adjacent to the shoreline, that contain a measurable quantity or percentage of sea water, including sounds, bays, lagoons, ponds, estuaries and tidally influenced rivers.

The OPMP notes that a lease sale, in of itself, does not authorize exploration or development/production, nor does issuance of a lease authorize any specific activities including the placement of facilities or infrastructure. Rather, these activities would need to be described in individual site-specific Outer Continental Shelf (OCS) Plans submitted to the MMS and to the State of Alaska. OCS Plans would be subject to an individual consistency review by the state under the provisions of 15 CFR 930.36(d) [see ADVISORIES #5 and #6].

In their Final Environmental Impact Statement (FEIS) for this proposed lease sale, the MMS determined that the proposed sale with the identified stipulations and Information to Lessees (ITLs) would not result in significant adverse affects to any coastal use or resource. Future site-specific proposals would be reviewed by the State and the NSB for consistency when they are submitted for approval. The MMS or the state could, at that time, impose additional restrictions if determined to be necessary by further analysis and consultation with other federal, state, and NSB regulatory and resource agencies. As described in Section IV.A.2 of MMS's FEIS, hypothetical development along the Chukchi Sea coast that would be evaluated for consistency with this standard would include placement of offshore oil pipelines, the offshore to onshore pipeline land fall, onshore portions of pipelines that fall within the coastal zone, and construction and operation of a shore base. The shore base includes marine transportation infrastructure which would make that portion of the facility a water-dependent use and activity. Most, if

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not all, of the offshore and coastal development envisioned in the scenario would be subject to the Army Corps of Engineers' regulations, 33 CFR Parts 320-323 (see "Regulatory Protection of Water Quality" in Section IV.C.1.a of the FEIS for an overview of this process. Infrastructure subject to the Corps' permits would include construction of a berm for shoreline approaches for pipelines, trenching and burial of offshore pipelines that are within navigable waters, construction of the supply base, and placing pipelines and any associated roads onshore. None of these activities necessarily is allowed or disallowed under the provisions of the Corps' regulations.

c) Part (c) of the Coastal Development Standard requires that the placement of structures and discharge of dredged material in coastal waters comply with regulations of the Army Corps of Engineers (COE) addressing activities occurring in waters of the United States (33 CFR Sec. 320-323). While no COE permit is required for lease sales, such permits may be required for an exploration or development project. OPMP defers to the United States Corps of Engineers to interpret compliance with the referenced standards.

11 AAC 112.210. Natural hazard areas

(a) In addition to those identified in 11 AAC 112.990, the department, or a district in a district plan, may designate other natural processes or adverse conditions that present a threat to life or property in the coastal area as natural hazards. Such designations must provide the scientific basis for designating the natural process or adverse condition as a natural hazard in the coastal area, along with supporting scientific evidence for the designation.

(b) Areas likely to be affected by the occurrence of a natural hazard may be designated as natural hazard areas by a state agency or, under 11 AAC 114.250(b), by a district.

(c) Development in a natural hazard area may not be found consistent unless the applicant has taken appropriate measures in the siting, design, construction, and operation of the proposed activity to protect public safety, services, and the environment from potential damage caused by known natural hazards.

(d) For purposes of (c) of this section, "appropriate measures in the siting, design, construction, and operation of the proposed activity" means those measures that, in the judgment of the coordinating agency, in consultation with the department's division of geological and geophysical surveys, the Department of Community and Economic Development as state coordinating agency for the National Flood Insurance Program under 44 C.F.R. 60.25, and other local and state agencies with expertise,

(1) satisfy relevant codes and safety standards; or

(2) in the absence of such codes and standards;

(A) the project plans are approved by an engineer who is registered in the state and has engineering experience concerning the specific natural hazard; or

(B) the level of risk presented by the design of the project is low and appropriately addressed by the project plans.

Background: In a letter dated August 27, 2007, the North Slope Borough (NSB) requested that the Department of Natural Resources, Office of Project Management and Permitting (OPMP) expand the scope of this ACMP consistency review by designating specific natural hazard areas as part of this review.

To address this requests for areas designation, the ACMP review was stopped on August 28, 2007, on Day 26 of a 50-day review schedule as per 11 AAC 110.270(a). On September 11, 2007, the DNR/OPMP provided the NSB with its response to this areas designation request and restarted the consistency review.

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After evaluating the areas designation request against the requirements of 11 AAC 112.210, the OPMP partially granted the NSB requests for natural hazard areas designation for this consistency review as follows:

NATURAL HAZARDS AREAS DESIGNATIONS

1. The OPMP granted the NSB request to designate a permafrost natural hazard area within the coastal zone landward of ordinary high water and seaward north and east of Point Hope; the OPMP was not able to grant the NSB request for permafrost designation throughout the coastal zone seaward of ordinary high water.
2. The OPMP granted the NSB request to designate "all coastal waters; onshore areas adjacent to the Beaufort Sea located within 450 feet of the mean high water mark and onshore areas adjacent to the Chukchi Sea within 850 feet of the mean high water mark as ice hazards natural hazard areas. Ice hazards include ice ridging, shear zones, ice break-off, strudel scour, ice gouging, ice override and ice pileup."
3. The OPMP granted the NSB request to designate onshore areas within a 10-foot contour measured from mean high water of rivers and streams, and areas within the 10-foot contour of coastal waters measured from the mean high water mark as flooding hazard areas; areas within 20 feet of the mean high water mark of rivers and within 50 feet from the mean high water mark of coastal waters were designated as erosion hazard areas. "

Thus the scope of this ACMP review was changed to include the statewide natural hazard standards at 11 AAC 112.210.

Comments Received: The OPMP received the following comments specifically addressing consistency with the statewide Natural Hazards standard on or before the September 17, 2007 public comment deadline:

1. The North Slope Borough Coastal Management District objects to MMS's certification that its proposed Chukchi Sea Oil and Gas Lease Sale 193 would be consistent with *11 AAC 112.210*, a standard that requires that appropriate measures are taken in the siting, design, construction, and operation of the proposed activity to protect public safety, services, and the environment from potential damage caused by known natural hazards.

According to the NSB, a more thorough analysis of natural hazards is needed at the lease sale stage to demonstrate consistency with this standard. The NSB stated that "while site-specific information is not available in regard to precise locations of drill sites... a more in-depth analysis of hazards and their potential effects on expected project activities should be conducted." Based, in part, upon the lack of natural hazards-related baseline data; the potential for significant adverse effects to subsistence and other coastal resources and uses; and the potential for an oil spill to occur during times of poor weather or broken ice conditions when response and recovery capabilities would be exceeded, the NSB objects to the federal consistency determination for this lease sale.

Evaluation:

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a); b) Natural hazards are defined under 11 AAC 112.990(15) as natural processes or adverse conditions that present a threat to life or property in the coastal areas from flooding, earthquakes, active faults, tsunamis, landslides, volcanoes, storm surges, ice formations, snow avalanches, erosion, and beach processes. Natural hazards may also include other natural processes or adverse conditions designated by the ADNOR or by a district in a district plan.

The OPMP notes that a lease sale, in of itself, does not authorize exploration or development/production, nor does issuance of a lease authorize any specific activities including placement of facilities or infrastructure. Rather, these activities would need to be described in individual site-specific Outer Continental Shelf (OCS) Plans submitted to the MMS and to the State of Alaska. OCS Plans would be subject to individual consistency review under the provisions of 15 CFR 930.36(d) [see ADVISORIES #5 and #6]. Thus, natural hazards would be considered during review of individual projects when site-specific information is available. Development plans must describe natural hazards in the area, identify site-specific factors that might increase risks, and propose appropriate measures to reduce those risks. The MMS, in its NEPA process determined that the proposed lease sale 193 with the identified stipulations and ITLs will not adversely affect any coastal use or resource.

c); d) Parts c and d of the standard state that development may not be approved until siting, design and construction measures for minimizing property damage and loss of life have been provided. The lease sale process will result in awarding leases to oil and gas companies, and exploration and development projects will require subsequent review before those activities may be approved. During the consistency review for exploration and development projects, the activities must be found consistent with this standard. Future site-specific proposals will be reviewed by the State and the NSB for consistency when they are submitted for approval. The MMS could, at that time, impose additional restrictions if determined necessary by further analysis and consultation with other federal, state, and NSB regulatory and resource agencies.

11 AAC 112.220. Coastal access

Districts and state agencies shall ensure that projects maintain and, where appropriate, increase public access to, from, and along coastal water.

Evaluation:

Under the scenario presented in the FEIS for Oil and Gas Lease Sale 193, and according to the MMS's NEPA analyses, ancillary activities, such as high resolution seismic and geotechnical surveys to gather scientific and engineering data necessary to develop an exploration or development and production plan, which occur offshore, should have none to little effect on public access to, from, or along coastal water.

Most activity envisioned by the hypothetical scenario would be offshore and would not affect public access to coastal water. The hypothetical scenario places a shore base between Icy Point and Peard Bay, with specific reference to Point Belcher. Placement of this facility and associated elements, such as the pipeline landfalls, would be subject to the Coastal Access standard. Subsistence activities and travel between Wainwright and Barrow are the primary "public" activities in this area. As described in Section IV.C.1.1 of the EIS, the siting of onshore infrastructure can have effects on subsistence access. However, provisions of Stipulation 5, which describe conflict avoidance mechanisms, require the lessee to meet with directly affected parties and others to discuss potential conflicts from siting and to identify safeguards or other measures to reduce unreasonable conflicts. Broader or increased public access to the area could be subject to conditions imposed by the landowner, in this example a village native

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corporation. Further evaluation of activities under this Standard will occur with site-specific information provided in the OCS plans.

11 AAC 112.230. Energy facilities

(a) The siting and approval of major energy facilities by districts and state agencies must be based, to the extent practicable, on the following standards:

- (1) site facilities so as to minimize adverse environmental and social effects while satisfying industrial requirements;*
 - (2) site facilities so as to be compatible with existing and subsequent adjacent uses and projected community needs;*
 - (3) consolidate facilities;*
 - (4) consider the concurrent use of facilities for public or economic reasons;*
 - (5) cooperate with landowners, developers, and federal agencies in the development of facilities;*
 - (6) select sites with sufficient acreage to allow for reasonable expansion of facilities;*
 - (7) site facilities where existing infrastructure, including roads, docks, and airstrips, is capable of satisfying industrial requirements;*
 - (8) select harbors and shipping routes with least exposure to reefs, shoals, drift ice, and other obstructions;*
 - (9) encourage the use of vessel traffic control and collision avoidance systems;*
 - (10) select sites where development will require minimal site clearing, dredging, and construction;*
 - (11) site facilities so as to minimize the probability, along shipping routes, of spills or other forms of contamination that would affect fishing grounds, spawning grounds, and other biologically productive or vulnerable habitats, including marine mammal rookeries and hauling out grounds and waterfowl nesting areas;*
 - (12) site facilities so that design and construction of those facilities and support infrastructures in coastal areas will allow for the free passage and movement of fish and wildlife with due consideration for historic migratory patterns;*
 - (13) site facilities so that areas of particular scenic, recreational, environmental, or cultural value, identified in district plans, will be protected;*
 - (14) site facilities in areas of least biological productivity, diversity, and vulnerability and where effluents and spills can be controlled or contained;*
 - (15) site facilities where winds and air currents disperse airborne emissions that cannot be captured before escape into the atmosphere;*
 - (16) site facilities so that associated vessel operations or activities will not result in overcrowded harbors or interfere with fishing operations and equipment.*
- (b) The uses authorized by the issuance of state and federal leases, easements, contracts, rights-of-way, or permits for mineral and petroleum resource extraction are uses of state concern.*

Comments Received: The OPMP received the following comments specifically addressing consistency with the statewide Energy Facilities standard on or before the September 17, 2007 public comment deadline:

1. The North Slope Borough Coastal Management District objects to MMS's certification that its proposed Chukchi Sea Oil and Gas Lease Sale 193 would be consistent with *11 AAC 112.230*, a standard that requires that the siting and approval of major energy facilities by districts and state agencies be based, to the extent practicable, on the above listed 16 standards.

According to the NSB, "one of the most important deficiencies in [MMS's] consistency determination is the lack of adequate baseline data to demonstrate consistency with this standard, especially with regard to information gaps about the use of the lease sale area by wildlife, including

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whales and birds.”

The NSB went on to comment: “The discussion in [MMS’s consistency] determination under section (a)(1) of the [Energy Facilities] standard states that *[f]or the most part, effects to the physical, biological, and social environment are not significant...*” This general statement is not sufficient to demonstrate consistency with this standard. The NSB believes that activities predicted by MMS to result from a lease sale have the potential for significant adverse effects to the physical, biological and social environment....”

The NSB also cited the MMS’s own admission that “little is known about the distribution, abundance, behavior, and habitat use of marine mammals in the Chukchi Sea, and that the few existing studies are very dated.”

The NSB stated its opinion that “it is extremely important to gain a better understanding of these issues prior to any exploration, leasing, or development. The need for baseline data on the distribution of marine mammals in the Chukchi Sea is particularly urgent...” In comments submitted by the NSB, they also felt that “The discussion in the consistency determination for subsection (a)(11) is not sufficient to demonstrate consistency with this part of the standard. This subsection requires that facilities be sited to minimize the probability of spills or other forms of contamination that would affect biologically productive or vulnerable habitats. The discussion in the consistency determination appears to be limited to landfall sites, but this standard is not specifically limited to such sites. The lack of current baseline data about biologically productive and vulnerable habitats makes it impossible to demonstrate consistency with this part of the standard.” Similarly, the NSB found the MMS consistency evaluation for Subsection (a)(12) of the energy facilities standard that requires facilities and support infrastructure be sited to allow for the free passage and movement of fish and wildlife with due consideration for historic migratory patterns to be lacking. Again, the NSB stated that the lack of adequate baseline data “makes it impossible to demonstrate consistency with this part of the standard.”

Finally, the NSB felt that MMS’s consistency evaluation failed to demonstrate consistency with subsection (a)(14) of the energy facilities standard that requires siting of facilities in areas of least biological productivity, diversity, and vulnerability and where water effluents and spills can be controlled or contained. The NSB stated that MMS’s “consistency determination has not demonstrated that it meets the requirements of this part of the standard,” citing, again, the lack of baseline data about areas of biological productivity, diversity and vulnerability. The NSB commented that “it is nearly impossible to site facilities where spills can be controlled or contained during certain times of the year under the harsh weather and ice conditions of the Chukchi Sea.”

2. The ADNR, Office of Habitat Management and Permitting (OHMP) also reviewed and commented on the May 31, 2007 Determination of Consistency submitted by the Minerals Management Service (MMS) for the proposed Chukchi Sea Oil and Gas Lease Sale 193. The OHMP stated their judgment that “the MMS has not demonstrated the sale as proposed is consistent to the maximum extent practicable with the Alaska Coastal Management Program (ACMP) primarily through the lack of data

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regarding use and movements of whales and birds through the lease sale area, particularly in spring.” The OHMP specifically cited the Energy Facilities standard at 11 AAC 112.230 (a)(12) that requires facilities and support infrastructure be sited to allow for the free passage and movements of fish and wildlife with due consideration for historic migratory patterns. The OHMP commented that the “lack of adequate data on use and movements by wildlife within the boundaries of the sale area as proposed precludes demonstration of consistency with this section of the ACMP.”

The OHMP went on to recommend “the proposed lease sale be found consistent to the maximum extent practicable with the standards of the ACMP, provided the sale boundaries of Alternative III (Corridor I), identified in the Final Environmental Impact Statement for Chukchi Sale 193, are adopted for the proposed lease sale. The adoption of this deferral area ensures more distance between oil and gas activities and migrating wildlife will be in place to provide for free passage than in the proposed sale area. Given the lack of adequate baseline data, this deferral area errs on the side of resource protection until additional information can be gathered, after which a re-evaluation of the size of the deferral could occur, if appropriate.”

Evaluation:

The Office of Project Management and Permitting (OPMP) received coastal consistency comments addressing consistency with the statewide Energy Facilities standard for MMS’s proposed lease sale from the North Slope Borough (NSB) Coastal Management District as well as from the ADNR, Office of Habitat Management and Permitting (OHMP), wherein both the NSB and the OHMP objected to the proposals’ consistency with the Energy Facilities standard at 11 AAC 112.230.

a) This standard provides criteria for the siting and approval of major energy facilities by districts and state agencies. The statewide energy facilities standard requires that decisions on the siting and approval of energy-related facilities be based, to the extent practicable, on 16 criteria. Practicable as defined in 11 AAC 112.990(18) means feasible in light of overall project purposes after considering cost, existing technology, and logistics of compliance with the standard. *The standard also recognizes that the facilities and activities authorized by permits after the issuance of leases in the proposed sale are uses of state concern.* The OPMP notes that a lease sale, in of itself, does not authorize exploration or development/production, nor does issuance of a lease authorize any specific activities including the placement of facilities or infrastructure. Rather, these activities would need to be described in individual site-specific Outer Continental Shelf (OCS) Plans submitted to the MMS and to the State of Alaska. OCS Plans would be subject to an individual consistency review by the state under the provisions of 15 CFR 930.36(d) [see above, ADVISORIES #5 and #6]. The OPMP’s consistency evaluation of the MMS’s proposed action against each of the 16 criteria for this standard follows:

1) The MMS FEIS examined potential effects from a range of exploration, development and production activities. These effects are summarized in II.2.C.4 of the MMS’s EIS. For the most part, MMS concluded that effects to the physical, biological, and social environment are not significant or can be avoided, minimized or mitigated, as necessary.

2) The MMS’s EIS examines the effects to subsistence-harvest, the most prominent existing and adjacent use, in Section IV.C.1.1 and Section IV.C.3.1 and to sociocultural systems (social organization, institutional organization and cultural practices) in Section IV.C.1.m and Section IV.C.3.m, Particular

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attention was given to Wainwright in the analysis, the community closest to the facilities envisioned in the scenario. The analysis indicates that these effects are not significant or can be avoided, minimized, or mitigated, as necessary.

3) The co-location of the supply base, pipeline landfall, and pump station in the scenario indicates that facility consolidation is possible; development would likely take advantage of any oil and gas infrastructure developed within the NPRA to reduce overall development costs.

4) Concurrent use is not a factor as a single onshore facility is anticipated by the scenario. No facilities currently exist in the area.

5) MMS's proposed lease sale stipulations, such as No. 2, Orientation Program and No. 3, Conflict Avoidance Mechanisms, and information-to-lessee clauses, such as No. 1, Community Participation in Operations Planning, described in Section II.B.3 of the EIS, and Section VI of the EIS, Consultation and Coordination, indicate the extensive consultation and cooperation that will be required of the lessee with federal, state, and local agencies, Tribes, communities, Native Corporations, and other affected parties in the development of the proposed lease sale. Similar efforts would be part of the process for the review and approval of OCS exploration plans and development and production plans.

6) While MMS's EIS estimates the approximate size of the shore base and other infrastructure, this element cannot be further evaluated at the lease sale stage, but may be appropriately considered at the development and production plan stage when facility requirements and future activities are more precisely defined.

7) See above.

8) See above.

9) See above; Also refer to ITL clause No. 10, Information on Navigational Safety, which encourages the operator to contact the Coast Guard regarding operational restrictions on some blocks offered for lease.

10) While MMS's planning scenario considered this element in identifying Point Belcher as a potential location compared to Peard Bay, this element cannot be evaluated at the lease sale stage, but may be appropriately considered at the development and production plan stage.

11) [See also ADVISORIES #'s 5 and 6, above] MMS has stated that landfall sites would conform to this requirement. For example, oil spills pose the greatest threat of all possible effect agents; however, the analyses in Sections IV.C.1.c through IV.C.1.i and IV.C.3.c through IV.C.3.i indicate that these sites do not accentuate the potential for adverse effects in the unlikely event of an oil spill. This element cannot be evaluated at the lease sale stage, but may be appropriately considered at the development and production plan stage. However, ITL clause No. 8, Information on Sensitive Areas to be Considered in Oil Spill Response Plans, addresses this possibility.

12) [See also ADVISORIES #'s 5 and 6, above] Effects to movement of fish and wildlife are examined in MMS's EIS and evaluated for facilities in the coastal area as part of the discussion of Utility Routes and

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Facility standard and the Transportation Route and Facility Standard for facilities in coastal areas. The MMS believes these analyses indicate that this requirement can be met. Comments received from both the NSB and the DNR, OHMP expressed concern that this standard could not be met given the paucity of robust scientific knowledge and long-term datasets documenting various species' migratory routes and habitat requirements and therefore asked the OPMP to find the lease sale as proposed to be inconsistent with the ACMP.

In order to address these concerns regarding the proposals consistency with this standard, the OPMP designed Advisories #5 and #6 (restated below) that advise potential lessees that activities conducted by the lessee, its agents, contractors, and subcontractors on OCS leases issued as a result of this sale, are:

5. subject to the applicable enforceable policies of the ACMP including:
 - a) ADEC requirements for OCS activities as specified at 11 AAC 110.010(e);
 - b) all ACMP statewide standards at 11 AAC 112;
 - c) coastal district enforceable policies developed and approved under 11 AAC 114; and
 - d) additional review according to the federal CZMA "effects test" at 15 C.F.R 930 and 11 AAC 110.015 for activities that are subject to federal consistency requirements (i.e., a federal agency activity or a listed federal license or permit activity). This "effects test" states that such activities are subject to applicable state standards and applicable district enforceable policies if the project is within the coastal zone, or that activity is located outside the coastal zone but the impacts of that activity would affect the uses or resources within the coastal zone. This federal "effects test" is also applicable to activities that occur within a designated area, or that are located outside a designated area but the impacts of the activity would affect the uses or resources of the designated area; and
6. Lessees are advised that activities conducted on OCS leases issued as a result of this sale may be subject to a consistency review under the ACMP. Lessees are further advised that baseline data and information, much of which is currently missing or unavailable, may be required before such an ACMP review could be successfully conducted for a proposed activity. This may be required in order for the lessee to successfully certify that the proposed activity is consistent with the enforceable policies of the ACMP. Specifically, information that may be necessary to evaluate compliance with the ACMP enforceable policies includes:
 - a) Fishing grounds
 - b) Spawning grounds;
 - c) Other biologically productive or vulnerable habitats;
 - d) Marine mammal rookeries and hauling out grounds;
 - e) Corridors of fish and wildlife movement, including information on historic migratory patterns;
 - f) Areas of least biological productivity, diversity and vulnerability; and
 - g) Areas where effluents and spills can be controlled or contained.

The above reflects OPMP's determination that comments received from the NSB and from the OHMP have merit and that the MMS and lessees need to be aware that an ACMP review for an activity conducted on OCS leases issued as a result of this sale may require the applicant, the MMS or another entity to conduct scientific studies before an ACMP review of the proposed project or activity could be successfully completed.

13) The MMS has stated that these values have been discussed in environmental analyses. The Final Integrated Activity Plan/ Environmental Impact Statement for Northwest NPR-A (BLM, 2003) discussed

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effects to scenic resources (p. IV-282) and recreation and wilderness (p. IV-273) and wild and scenic rivers (p. IV-276). The MMS has analyzed potential effects to these resources in Section IV.C.I.n of the EIS and evaluated effects of facilities in the coastal area as part of the analysis of the Historic, Prehistoric, and Archeological Resources standard. MMS recognizes important linkage between culture and subsistence values throughout Section IV.C.I.l, IV.C.I.m, IV.C.3.m and IV.C.3.1 of the EIS and evaluated effects of facilities in the coastal area as part of the analysis of the Subsistence standard. Finally, the EIS analysis of potential effects to biological resources throughout Section IV.C.I pays particular attention to important environments, such as the polynya, Ledyard Bay, Kasegaluk Lagoon, and the Barrow Polar Bear aggregation area. As noted in Section IV.C.3, the deferral of the additional blocks offers an additional measure of protection for many of the resources by moving potential activities further offshore. Stipulation No.2, Orientation Program, is designed to inform all personnel involved in exploration and development and production activities of these values and the importance of protecting these values. These measures and analyses indicate that this criterion can be met.

14) [see discussion on criteria #12, above also refer to ADVISORIES #'s 5 and 6, above] MMS stated that its EIS analysis of potential effects to biological resources throughout Section IV.C.I pays particular attention to the effects of discharges and oil spills. ITL clause No.8, Information on Sensitive Areas to be Considered in Oil-Spill Response Plans identifies especially valuable areas for consideration in response plans. This element cannot be further evaluated at the lease sale stage, but may be appropriately considered at the development and production plan stage.

15) Air quality considerations are discussed in Section IV.C.I.b and IV.C.3.b of the EIS. This element cannot be further evaluated at the lease sale stage, but air quality will be appropriately considered at the exploration plan and development and production plan stages. Emissions originating from OCS sources are required to be in compliance with the Clean Air Act with implementing regulations at 40 CFR 55. Additionally, onshore sources would have to comply with Clean Air Act and Alaska Department of Environmental Conservation (ADEC) requirements.

16) This criterion is not applicable to the activities envisioned in the hypothetical scenario as neither crowded harbors nor fishing operations exist in the area of the proposed lease sale.

The OPMP reiterates that proposals for specific development projects within the Chukchi Lease Sale 193 area will be subject to further appropriate, site-specific ACMP consistency reviews under the ACMP as well as NEPA analyses before permits or approvals for such projects would be granted. State, federal and local reviews and permitting for individual exploration or development projects as they are proposed would consider all aspects of such proposals including the siting and approval of major energy facilities; natural hazards; etcetera. Development plans must describe natural hazards in the area, identify factors that might increase risks, and propose appropriate measures to reduce those risks. Specific lease stipulations (State and federal leasing processes) would further address the siting, design and construction standards for development. Future proposals for particular exploration and development projects will be reviewed by the State and the NSB for consistency when they are submitted for approval. The MMS could, at that time, impose additional restrictions if determined necessary by further analysis and consultation with federal, state, and NSB regulatory and resource agencies.

11 AAC 112.240. Utility routes and facilities

(a) Utility routes and facilities must be sited inland from beaches and shorelines unless

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- (1) the route or facility is water-dependent or water related; or
(2) no practicable inland alternative exists to meet the public need for the route or facility.
(b) Utility routes and facilities along the coast must avoid, minimize, or mitigate
(1) alterations in surface and ground water drainage patterns;
(2) disruption in known or reasonably foreseeable wildlife transit;
(3) blockage of existing or traditional access.

Evaluation:

The MMS has stated that all actions associated with ancillary activities such as vessel movements for surveys and other activities needed to plan the offshore to onshore pipeline routes are not expected to result in disruption in wildlife transit or blockage of existing and traditional routes. Infrastructure envisioned by the hypothetical scenario, described in Section IV.A.2 of the MMS's Final EIS, that would be evaluated during the Development and Production Plan stage for consistency with this standard includes emplacement of offshore oil pipelines and the offshore-to-onshore pipeline land fall and possibly the segment of the terrestrial pipeline that could affect the coastal zone. The EIS, as indicated in Table I, discusses potential effects of pipeline construction and operation including displacement of fish resources, marine and coastal birds, endangered and threatened species, other marine mammals, and terrestrial mammals. Generally, localized and temporary displacement could be expected during construction because the species avoid the area of disturbance. Long-term, widespread displacement is not expected. These effects are not significant and may be avoided, minimized and mitigated by application of lease sale stipulations and ITLs and additional measures developed in further environmental analyses for future development activities. As described above in the Coastal Access statewide standard, effects to traditional routes from pipeline emplacement are similarly avoided, minimized, and mitigated. The analysis indicates that anticipated effects are not significant and can be avoided, minimized, or mitigated. The proposed lease sale and activities envisioned by the hypothetical scenario are consistent with the Utilities Routes and Facilities standard to the maximum extent practicable. Further evaluation of activities under this Standard will occur with site specific information provided by the OCS plans.

11 AAC 112.250. Timber harvest and processing

AS 41.17 (Forest Resources and Practices Act) and the regulations adopted under that chapter with respect to the harvest and processing of timber are incorporated into the program and constitute the components of the program with respect to those purposes.

Evaluation:

Not applicable

11 AAC 112.260. Sand and gravel extraction

Sand and gravel may be extracted from coastal waters, intertidal areas, barrier islands, and spits if there is no practicable alternative to coastal extraction that will meet the public need for the sand or gravel.

Evaluation:

MMS's EIS identifies areas of high gravel content adjacent to the coast and extensive mixed sand and gravel beaches. Gravel resources would be needed for construction pads for all onshore development to protect the tundra, including airstrips, roadbeds, berms or causeways, and docks. The scenario in MMS's Final EIS for Lease Sale 193 estimated the shore supply base could require approximately 500,000 cubic meters of gravel. The Final Integrated Activity Plan/Environmental Impact Statement for Northwest NPR-A notes that sand and gravel is present in river drainages but otherwise scarce in the NPR-A. Alternative strategies have been identified including defining new borrow sites within NPR-A; barging gravel to coastal staging areas; processing bedrock; composite pads; or facilities supported on pilings. Sand and gravel, if needed, may be extracted from upland sites. In any event, decisions regarding the source of

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gravel for facilities would be made on a case-by-case basis according to site specific conditions identified in OCS development and production plans that must be approved and receive consistency certification concurrence by the State before lessees may commence activities. Substantial State regulations exist that regulate mining operations. This analysis indicates the proposed lease sale and activities envisioned by the hypothetical scenario could require sand and gravel resources and that options exist for the provision of these resources. However, further evaluation of development activities under this Standard will occur with site specific information provided by the OCS development and production plan. As such, the proposed lease sale and activities envisioned by the hypothetical scenario are consistent with the Sand and Gravel

Extraction standard to the maximum extent practicable. Gravel resources are needed for construction of docks, pads, roadbeds, berms and causeways. Under the statewide standard, sand and gravel may be extracted from coastal waters, intertidal areas, barrier islands, and spits when no feasible and prudent non-coastal alternative is available to meet the public need. Approval to extract sand and gravel from these areas would require a permit from the US. Army Corps of Engineers (USACE).

11 AAC 112.270. Subsistence

(a) A project within a subsistence use area designated by the department or under 11 AAC 114.250(g) must avoid or minimize impacts to subsistence uses of coastal resources.

(b) For a project within a subsistence use area designated under 11 AAC 114.250(g), the applicant shall submit an analysis or evaluation of reasonably foreseeable adverse impacts of the project on subsistence use as part of

(1) a consistency review packet submitted under 11 AAC 110.215; and

(2) a consistency evaluation under 15 C.F.R. 930.39, 15 C.F.R. 930.58, or 15 C.F.R. 930.76.

(c) Repealed 10/29/2004, Register 172.

(d) Except in nonsubsistence areas identified under AS 16.05.258, the department may, after consultation with the appropriate district, federally recognized Indian tribes, Native corporations, and other appropriate persons or groups, designate areas in which a subsistence use is an important use of coastal resources as demonstrated by local usage.

(e) For purposes of this section, "federally recognized Indian tribe," "local usage", and "Native corporation" have the meanings given in 11 AAC 114.990.

Background: In a letter dated August 27, 2007, the North Slope Borough (NSB) requested that the Department of Natural Resources, Office of Project Management and Permitting (OPMP) expand the scope of this ACMP consistency review by designating specific subsistence-use areas as part of this review.

To address these requests for areas designations, the ACMP review was stopped on August 28, 2007, on Day 26 of a 50-day review schedule as per 11 AAC 110.270(a). On September 11, 2007, the DNR/OPMP provided the NSB with its response to these areas designation requests and restarted the ACMP consistency review.

After evaluating the areas designation requests against the requirements of 11 AAC 112.270, the OPMP partially granted the NSB requests for subsistence-use areas designation for this consistency review as follows:

SUBSISTENCE USE AREAS DESIGNATIONS

1. The OPMP granted the NSB request to designate marine mammal (excluding Bowhead whale)

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- subsistence use areas.
2. The OPMP granted the NSB request to designate land mammal subsistence use areas.
 3. The OPMP granted the NSB request to designate waterfowl subsistence use areas.
 4. Furbearers – The OPMP granted the NSB request to designate furbearers subsistence use areas.
 5. The OPMP granted the NSB request to designate the following bowhead whale subsistence use areas:
 - Kaktovik
 - Nuiqsut
 - Barrow Fall Subsistence Use Area
 - Barrow Spring Subsistence Use Area
 - Wainwright Spring Subsistence Use Area
 6. The OPMP denied NSB requests to designate other bowhead whale subsistence use areas:
 - Wainwright Fall Subsistence Use Area
 - Point Hope Fall Subsistence Use Area
 - Point Lay Spring Subsistence Use Area
 7. The OPMP denied NSB requests to designate fish subsistence use areas.
 8. The OPMP denied NSB requests to designate gathering subsistence use areas.

Thus the scope of this ACMP review was changed to include the statewide Subsistence-use standard at 11 AAC 112. 270.

11 AAC 112.270(b) specifies that a federal consistency evaluation for a proposed activity within a designated subsistence use area shall include an analysis or evaluation of reasonably foreseeable adverse impacts of the project on subsistence uses. The OPMP communicated with the Minerals Management Service (MMS) and, in light of OPMP's letter granting a portion of the NSB request for designated areas, provided the opportunity for the MMS to amend or supplement its consistency evaluation. The MMS stated that it believes its consistency evaluation for Lease Sale 193 and supporting materials submitted for this proposed activity (including NEPA documents for LS193 and past NEPA documents accompanying previous MMS lease sale activities in both the Chukchi and Beaufort Seas adequately demonstrates consistency with the statewide subsistence standard.

Comments Received: The OPMP received the following comments specifically addressing consistency with the statewide Subsistence-use standard at 11 AAC 112. 270 on or before the September 17, 2007 public comment deadline:

1. The North Slope Borough Coastal Management District (NSB) objects to MMS's certification that its proposed Chukchi Sea Oil and Gas Lease Sale 193 would be consistent with *11 AAC 112.270*, a standard that requires that projects within designated Subsistence-use areas must avoid or minimize impacts to subsistence uses of coastal resources.

The NSB stated that "potential effects of activities resulting from a lease sale on subsistence uses and resources are of great concern to the NSB. The discussion in the [MMS's] consistency determination cites the following statement from the EIS: '*No resource or harvest area would become unavailable or undesirable for use because of noise and disturbance ...*' This statement is not supported in the EIS due to a lack of baseline data and a lack of understanding about

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subsistence uses.”

The NSB continued, “A range of foreseeable post-lease activities have the potential to make areas of the Chukchi Sea undesirable or unavailable for subsistence use. For example, exploration, development, and related transportation activities have the potential to adversely affect 5 populations of endangered whales. Oil and gas activities have been shown to deflect migrating whales offshore, presumably from more preferred to less preferred habitat. Given that MMS acknowledges that little is known about the use of the Chukchi Sea by bowhead whales, and particularly by vulnerable cow-calf pairs, the potential exists for deflections on a scale known to be possible to slow the recovery of this endangered population. Deflection of whales has also in the past made them unavailable for harvest in traditional subsistence use areas. Pursuit and harvest of these animals at greater than usual distances from shore significantly increases the already-high risk to subsistence hunters in small vessels, and raises the probability of meat spoilage, a concern to the governing International Whaling Commission. In addition, any large oil spill would certainly render vast areas of the Chukchi Sea undesirable for the harvest of subsistence resources as well as affecting the subsistence resources themselves.”

The NSB further stated that “The [MMS] consistency analysis references several mitigation measures to demonstrate consistency with this standard. Stipulation 2 requires an orientation of employees, but without additional mitigation measures, an orientation program in and of itself does not prevent conflicts with subsistence communities. Stipulation 5 addresses conflict avoidance mechanisms. This stipulation is not adequate to demonstrate consistency for several reasons. It must be recognized that Stipulation 5 as it exists today is imperfect and imprecise. It is the product of several negotiations and compromises between MMS, the NSB, Alaska Eskimo Whaling Commission (AEWC), and others over many years. The result is a measure reflecting a clear basic intent to avoid interference with subsistence, but with inadequate and inconsistent details as to the protections it offers and the consultation and appeals processes it defines. It began as a measure to address potential impacts to fall subsistence bowhead whaling in the Beaufort Sea. Its reach has been expanded to other subsistence activities, but the agencies afforded the opportunity to request or participate in a meeting possible if consultation does not produce agreement has not been expanded appropriately. No role for either the U.S. Fish and Wildlife Service or the State of Alaska, for instance, is provided for under the stipulation. MMS relies too heavily on the potential for individual offshore operators to negotiate conflict avoidance agreements (CAAs) or similar instruments to achieve mitigation of impacts to subsistence uses. The reality is that not all companies sign a conflict avoidance agreement, and that CAAs negotiated by the AEWC and operators have dealt with concerns over impacts to whaling, and not potential conflicts with the harvest of other resources.”

Evaluation:

MMS’s consistency evaluation for this proposed lease sale correctly notes that the statewide Subsistence standard requires that effects must be avoided or minimized; mitigation is not allowed. MMS’s consistency evaluation continues: “As the terms are generally used in environmental management, effects may be avoided by not taking certain actions or parts of certain actions while effects can be minimized by

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limiting the degree or magnitude of the action... in preparing the lease sale EIS, the MMS conducted an extensive investigation, including Government-to-Government consultation with Federally-recognized tribes, and public scoping meetings in Barrow, Wainwright, Point Hope, and Point Lay to identify areas in which a subsistence use is an important use of coastal resources as demonstrated by local usage. (The location-specific character of subsistence is recognized in the EIS. See pages IV-267 to -268, for example.) This information was essential in framing alternatives analyzed in the EIS, lease sale stipulations, and the Information-to-Lessee clauses.

MMS has analyzed potential effects to subsistence-harvest resources and activities in Section IV.C. 1.1 of the EIS. Effects from disturbances and noise could occur as a result of surveys, aircraft and vessel traffic, drilling, and construction activities that include onshore construction such as pipeline, road, support-base, landfall, and pump-station construction; and offshore dredging, pipeline construction, and structure placement. The EIS analysis concludes (p. IV-232) that *'for the communities of Barrow, Wainwright, Point Lay, Point Hope, and Kivalina noise and disturbance periodically could affect subsistence resources....No resource or harvest area would become unavailable or undesirable for use because of noise and disturbance....'*

The combination of regulations, a reduction in the area considered for leasing, and standard lease stipulations and information-to-lessee clauses avoids or minimizes impacts to subsistence uses of coastal resources to the maximum extent practicable. First, MMS regulations (30 CFR 250.202) require OCS plans to demonstrate that proposed activities do not unreasonably interfere with other uses of the OCS or do not cause undue or serious damage to the human, marine, or coastal environment. Second, as noted in the preceding Sale Assumptions and Scenario section, much of the offshore area vital to subsistence activities, the polynya (Spring Lead System in the Chukchi Sea), was not included for leasing. Portions of the area were deferred from leasing with the Five-Year Program. An additional area consisting of 795 whole or partial blocks, comprising approximately 4.3 million acres, was deferred from leasing with the selection of Alternative IV in the EIS as the proposed lease sale. Furthermore, conditions in the lead system, such as broken ice, effectively preclude some oil and gas activities further avoiding effects during the time of subsistence activities (EIS, p. IV-187). Finally, standard mitigation measures and information-to-lessees clauses included in the lease sale prevent unreasonable conflicts between the oil and gas industry and subsistence users. For example, Stipulation No.2, Orientation Program, includes information on avoiding conflict with subsistence activities. Stipulation No.5, Conflict Avoidance Mechanisms, states that activities on the lease may be restricted if it is necessary to prevent unreasonable conflicts with local subsistence hunting activities. ITL clause No.5, Information on the Availability of Bowhead Whales for Subsistence-Hunting Activities, advises lessees that MMS may limit operations or require that they be modified if they could result in significant effects on the availability of the bowhead whale for subsistence use. ITL clause No.6, Information on Seismic Survey Activities, advises lessees that MMS will require that any proposed seismic activity, including surveys conducted as ancillary activities, be coordinated with directly affected communities to identify potential conflicts and develop plans to avoid these conflicts."

MMS's consistency evaluation therefore concludes, "The analysis indicates that the proposed lease sale and activities envisioned by the hypothetical scenario avoid or minimize effects to subsistence resources and are therefore consistent with the statewide Subsistence standard to the maximum extent practicable."

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Note that the OPMP has added two Advisories to MMS's proposed lease sale advising potential lessees that, before it can initiate future activities on the lease, such activities would likely require ACMP review and may require additional scientific information be obtained (see above discussion under criteria #12 of the Energy Facilities standard, 11 AAC 112.230; also refer to ADVISORIES #'s 5 and 6).

The OPMP believes that its addition of two lessee advisories, #5, and #6 satisfactorily addresses the NSB's comments objecting to this proposed lease sales' consistency with the Subsistence standard.

11 AAC 112.280. Transportation routes and facilities

Transportation routes and facilities must avoid, minimize, or mitigate
(1) alterations in surface and ground water drainage patterns;
(2) disruption in known or reasonably foreseeable wildlife transit; and
(3) blockage of existing or traditional access.

Comments Received: The OPMP received the following comments specifically addressing consistency with the statewide Transportation standard at 11 AAC 112. 280 on or before the September 17, 2007 public comment deadline:

1. The North Slope Borough Coastal Management District (NSB) objects to MMS's certification that its proposed Chukchi Sea Oil and Gas Lease Sale 193 would be consistent with *11 AAC 112.280*, a standard that requires that Transportation routes and facilities must avoid, minimize, or mitigate

- (1) alterations in surface and ground water drainage patterns;
- (2) disruption in known or reasonably foreseeable wildlife transit; and
- (3) blockage of existing or traditional access.

In its comments, the NSB stated that "The federal consistency determination depends on specific stipulations to demonstrate consistency with this standard. Stipulation 4 requires a monitoring program, but without additional measures, a monitoring program does not ensure that adverse effects will be avoided, minimized or mitigated. Monitoring, without more, is not mitigation. It has the potential to *lead to* mitigation, but no matter how well conceived, implemented, or appropriately placed, monitoring does not itself mitigate adverse effects. The same deficiencies described under the subsistence standard above for Stipulation 5 regarding conflict avoidance also apply to this standard. As well, the orientation program required by Stipulation 2 does not ensure that effects to coastal resources and uses will be adequately avoided, minimized or mitigated."

Evaluation:

As described in Section IV.A.2 of the MMS's Final EIS, air and marine transportation support is an important component of the hypothetical scenario. For exploration, the scenario envisions airborne operations from the Barrow or Wainwright airports and limited support vessel operations from Barrow. Under the scenario, if development occurs, a shore-base including marine and air infrastructure would be constructed between Icy Point and Peard Bay, with particular reference to Point Belcher.

The EIS, in the sections indicated in Table I, discusses potential effects of air and marine transportation operations on fish resources, marine and coastal birds, endangered and threatened species, other marine mammals, and terrestrial mammals. Generally, localized and temporary displacement could be expected during construction as the species avoid the area of disturbance. Long-term, wide-spread displacement is

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not expected. The EIS concluded that these effects are not significant.

According to the EIS analysis, effects may be avoided, minimized and mitigated by application of lease sale stipulations and ITL clauses and additional measures developed in further environmental analyses conducted for future development activities. For example, Stipulation 4, Industry Site-Specific Monitoring Program for Marine Mammal Subsistence, is designed to assess when bowhead, beluga, walrus, and polar bears are in the vicinity of operations and if these operations cause behavioral effects, such as avoidance. This information informs follow-on strategies for avoiding, minimizing, and mitigating effects. Similarly, Stipulation 5, Conflict Avoidance Mechanisms, requires the lessee to consult with affected parties to "discuss potential conflicts with the siting, timing, and methods of proposed operations and safeguards or mitigating measures...to assure that...activities are compatible with ...marine mammal subsistence hunting activities." While specific to hunting activities, conflict may be avoided by ensuring wildlife transit is not disrupted. Stipulation 7, Measures to Minimize Effects to Spectacled and Steller's Eiders, is specifically designed to minimize the likelihood that migrating birds will strike exploration and delineation structures. Stipulation 2, Orientation Program, requires the program to "address the importance of not disturbing...biological resources and habitats, including endangered species, fisheries, bird colonies, and marine mammals and provide guidance on how to avoid disturbance." Finally ITL clause 2, Bird and Marine Mammal Protection, offers techniques for avoiding and minimizing disturbance of wildlife by vessels and aircraft. The EIS also suggests measures that may be considered in future environmental analyses for exploration plans and development and production plans. See, for example, measures suggested for Fish Resources, Section IV.C.l.d (8)(b), and Marine and Coastal Birds, Section IV.C.l.g(5)(b).

As described above under the statewide Subsistence standard, effects on traditional routes from construction and operation of the shore base are avoided or minimized. The analysis indicates that anticipated effects are not significant and can be avoided, minimized, or mitigated. The proposed lease sale and activities envisioned by the hypothetical scenario are consistent with the Transportation Routes and Facilities standard to the maximum extent practicable. Further evaluation of activities under this Standard will occur with site specific information provided by the OCS plans.

The OPMP reiterates that proposals for specific development projects, including transportation corridors within the Chukchi Lease Sale 193 area would be subject to further appropriate, site-specific consistency reviews under the ACMP as well as NEPA analyses before permits or approvals for such projects would be granted. State, federal and local reviews and permitting for individual exploration or development projects as they are proposed would consider all aspects of such proposals including the siting and approval of major energy facilities; natural hazards; etcetera. Development plans must describe natural hazards in the area, identify factors that might increase risks, and propose appropriate measures to reduce those risks. Specific lease stipulations (State and federal leasing processes) would further address the siting, design and construction standards for development. Future proposals for particular exploration and development projects will be reviewed by the State and the NSB for consistency when they are submitted for approval. The MMS could, at that time, impose additional restrictions if determined necessary by further analysis and consultation with federal, state, and NSB regulatory and resource agencies.

Note that the OPMP has added two Advisories to MMS's proposed lease sale advising potential lessees that, before it can initiate future activities on the lease, such activities would likely require ACMP review

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and may require additional scientific information be obtained (see above discussion under criteria #12 of the Energy Facilities standard, 11 AAC 112.230; also refer to ADVISORIES #'s 5 and 6).

11 AAC 112.300. Habitats

(a) Habitats in the coastal area that are subject to the program are

- (1) offshore areas;*
- (2) estuaries;*
- (3) wetlands;*
- (4) tideflats;*
- (5) rocky islands and sea cliffs;*
- (6) barrier islands and lagoons;*
- (7) exposed high-energy coasts;*
- (8) rivers, streams, and lakes and the active floodplains and riparian management areas of those rivers, streams, and lakes; and*
- (9) important habitat.*

(b) The following standards apply to the management of the habitats identified in (a) of this section:

- (1) offshore areas must be managed to avoid, minimize, or mitigate significant adverse impacts to competing uses such as commercial, recreational, or subsistence fishing, to the extent that those uses are determined to be in competition with the proposed use;*
- (2) estuaries must be managed to avoid, minimize, or mitigate significant adverse impacts to*
 - (A) adequate water flow and natural water circulation patterns; and*
 - (B) competing uses such as commercial, recreational, or subsistence fishing, to the extent that those uses are determined to be in competition with the proposed use;*
- (3) wetlands must be managed to avoid, minimize, or mitigate significant adverse impacts to water flow and natural drainage patterns;*
- (4) tideflats must be managed to avoid, minimize, or mitigate significant adverse impacts to*
 - (A) water flow and natural drainage patterns; and*
 - (B) competing uses such as commercial, recreational, or subsistence uses, to the extent that those uses are determined to be in competition with the proposed use;*
- (5) rocky islands and sea cliffs must be managed to*
 - (A) avoid, minimize, or mitigate significant adverse impacts to habitat used by coastal species; and*
 - (B) avoid the introduction of competing or destructive species and predators;*
- (6) barrier islands and lagoons must be managed to avoid, minimize, or mitigate significant adverse impacts*
 - (A) to flows of sediments and water;*
 - (B) from the alteration or redirection of wave energy or marine currents that would lead to the filling in of lagoons or the erosion of barrier islands; and*
 - (C) from activities that would decrease the use of barrier islands by coastal species, including polar bears and nesting birds;*
- (7) exposed high-energy coasts must be managed to avoid, minimize, or mitigate significant adverse impacts*
 - (A) to the mix and transport of sediments; and*
 - (B) from redirection of transport processes and wave energy;*
- (8) rivers, streams, and lakes must be managed to avoid, minimize, or mitigate significant adverse impacts to*
 - (A) natural water flow;*
 - (B) active floodplains; and*
 - (C) natural vegetation within riparian management areas; and*
- (9) important habitat*
 - (A) designated under 11 AAC 114.250(h) must be managed for the special productivity of the habitat in accordance with district enforceable policies adopted under 11 AAC 114.270(g); or*

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(B) identified under (c) (1) (B) or (C) of this section must be managed to avoid, minimize, or mitigate significant adverse impacts to the special productivity of the habitat.

(c) For purposes of this section,

(1) "important habitat" means habitats listed in (a)(1) – (8) of this section and other habitats in the coastal area that are

(A) designated under 11 AAC 114.250(h);

(B) identified by the department as a habitat

(i) the use of which has a direct and significant impact on coastal water; and

(ii) that is shown by written scientific evidence to be biologically and significantly productive; or

(C) identified as state game refuges, state game sanctuaries, state range areas, or fish and game critical habitat areas under AS 16.20;

(2) "riparian management area" means the area along or around a waterbody within the following distances, measured from the outermost extent of the ordinary high water mark of the waterbody:

(A) for the braided portions of a river or stream, 500 feet on either side of the waterbody;

(B) for split channel portions of a river or stream, 200 feet on either side of the waterbody;

(C) for single channel portions of a river or stream, 100 feet on either side of the waterbody;

(D) for a lake, 100 feet of the waterbody.

Comments Received: The OPMP received the following comments specifically addressing consistency with the statewide Transportation standard at 11 AAC 112.280 on or before the September 17, 2007 public comment deadline:

1. The North Slope Borough Coastal Management District (NSB) objects to MMS's certification that its proposed Chukchi Sea Oil and Gas Lease Sale 193 would be consistent with *11 AAC 112.300*, a standard that requires that offshore areas must be managed to avoid, minimize, or mitigate significant adverse impacts to competing uses such as commercial, recreational, or subsistence fishing, to the extent that those uses are determined to be in competition with the proposed use.

In its comments, the NSB stated that "The federal consistency determination does not demonstrate consistency with this standard. The opening discussion incorrectly states that important habitats must be designated under this standard. In fact, this standard applies whether or not important habitats are designated by the state or the NSB.

The analysis for the offshore habitats included in the standard limits consideration of effects to subsistence uses to subsistence fishing because the other two uses mentioned in the standard do not occur. While the standard mentions only commercial, recreational or subsistence fishing, it is not limited to such uses. Instead, the standard applies to all competing uses of the area, including use of the area as habitat by fish and wildlife. In addition, the discussion of the other habitats identified in the standard is inadequate. As mentioned earlier in these comments, inadequate environmental baseline data exists, including information about biological resources and habitats."

Evaluation:

The OPMP notes that the NSB is correct in stating that important habitats do not have to be designated in order for this standard to apply; this standard applies whether or not important habitats are designated by the state or the NSB. The OPMP further notes that it does have concerns for some of the language from MMS's consistency evaluation for this proposal (especially regarding discussions of potential impacts to

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habitats for which there is little scientific information. This provides further justification for the two advisories OPMP added to MMS's proposed lease sale advising potential lessees that, before it can initiate future activities on the lease, such activities would likely require ACMP review and may require additional scientific information be obtained (see above discussion under criteria #12 of the Energy Facilities standard, 11 AAC 112.230; also refer to ADVISORIES #'s 5 and 6).

"Offshore areas" are defined in II AAC 112.990(17) as submerged lands and waters seaward of the coastline as measured from mean low tide. The competing uses of the area are notably subsistence-harvest activities, the other water-dependent uses, such as commercial and recreational fishing, do not exist in the area to any appreciable degree. According to MMS's EIS analyses, the activities envisioned by the hypothetical scenario are not likely to interfere with limited coastwise and maritime traffic in the area. The EIS, in the sections indicated in Table II, examines potential effects from exploration, development and production activities on subsistence harvest activities. In doing so, the EIS examines effects on subsistence access to ocean space use, effects on subsistence wildlife, and the effectiveness of measures in reducing the effects. MMS's analysis concludes "for the communities of Barrow, Wainwright, Point Lay, and Point Hope...effects from noise and disturbance" (on subsistence species) are local and short-term "and have no regional population effects. No resource or harvest area would become unavailable for use because of noise and disturbance, and no resource would experience overall population reductions." (p. II-38). The deferral of additional blocks has the effect of moving sources of potential adverse effects further away from important resources. In other words, the deferral acts to increase avoidance and minimization of effects. As the use of the area is subsistence, the more conservative standard of avoiding or minimizing effects under the Subsistence standard (1 I AAC I 12.270) should be used to evaluate consistency rather than the more liberal standard of avoid, minimize or mitigate allowed under the Habitat standard. As stated in the above analysis of the Subsistence standard, we satisfy the more conservative criteria. As such, According to MMS's analyses, the proposed lease sale and activities envisioned by the hypothetical scenario are consistent with the Offshore Area habitat standard to the maximum extent practicable.

11 AAC 112.310. Air, land, and water quality.

Notwithstanding any other provision of this chapter, the statutes and regulations of the Department of Environmental Conservation with respect to the protection of air, land, and water quality identified in AS 46.40.040(b) are incorporated into the program and, as administered by that department, constitute the exclusive components of the program with respect to those purposes.

Comments Received: The OPMP received the following comments specifically addressing consistency with the statewide Air, Land, and Water Quality standard at 11 AAC 112. 310 on or before the September 17, 2007 public comment deadline:

1. The North Slope Borough Coastal Management District (NSB) objects to MMS's certification that its proposed Chukchi Sea Oil and Gas Lease Sale 193 would be consistent with 11 AAC 112.310, a standard that requires projects within the coastal zone conform to standards set by the Alaska Department of Environmental Conservation with respect to the protection of air, land, and water quality as identified in AS 46.40.040(b).

In its comments, the NSB stated that "The federal consistency determination does not adequately demonstrate that the lease sale meets the requirements of the statutes and regulations of the Alaska Department of Environmental Conservation. The brief analysis of this standard in the

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consistency determination concludes that "the effects would be small and result in only localized increases in concentrations of criteria pollutants." This analysis ignores the finding in the EIS that there is a 33-51% chance of a large oil spill during activities resulting from the lease sale. Throughout the Sale 193 Final EIS, MMS repeatedly acknowledges significant uncertainty about the effects of a large spill. MMS appears to be willing, however, to look past those statements and offer the Chukchi Sea planning area for lease. MMS and the state must acknowledge that under weather and ice conditions that can occur for approximately 8-9 months of the year in the Chukchi Sea, a significant oil spill could not effectively be cleaned up with current technology. With the dynamic moving ice conditions in the region, it would often be too risky to deploy manpower and equipment for spill response.

In light of the high probability of a large oil spill and the inability to clean up spilled oil under commonly occurring conditions, the federal consistency determination has not adequately addressed compliance with the Air, Land and Water Quality standard."

Evaluation:

The MMS's EIS analyzes the potential effects of activities to air and water quality, with particular reference to Federal and State statutes and regulations. The analysis of effects to air quality (Sections IV.C.1.b and IV.C.3.b) concluded that effects would be small and result in only localized increases in concentrations of criteria pollutants. Emissions and impacts to air quality would remain well within limits and standards. The analysis of effects to water quality (Section IV.C.1.a and IV.C.3.a) found effects to be low to moderate and within proscribed limits. The Department of Environmental Conservation's land quality standards and regulations include the prevention and abatement of pollution, prevention and control of public health nuisances, disposal of sewage and industrial waste, collection and disposal of garbage, and control of pesticides. The issuance of ADEC permits and other authorizations establish consistency with ACMP for those activities. This element cannot be further evaluated at the lease sale stage, but may be appropriately considered at the development and production plan stage when facility requirements and future activities are more precisely defined and ADEC permits must be secured. This analysis indicates that there is no reason for the proposed lease sale and activities envisioned by the hypothetical scenario to not comply with the requirements of Federal and State regulations. As such, the proposed lease sale and activities envisioned by the hypothetical scenario are consistent with the standard for Air, Land and Water Resources to the maximum extent practicable.

Note that the OPMP has added two Advisories to MMS's proposed lease sale advising potential lessees that, before it can initiate future activities on the lease, such activities would likely require ACMP review and may require additional scientific information be obtained (see above discussion under criteria #12 of the Energy Facilities standard, 11 AAC 112.230; also refer to ADVISORIES #'s 5 and 6).

11 AAC 112.320. Historic, prehistoric, and archeological resources.

(a) The department will designate areas of the coastal zone that are important to the study, understanding, or illustration of national, state, or local history or prehistory, including natural processes.

(b) A project within an area designated under (a) of this section shall comply with the applicable requirements of AS 41.35.010 – 41.35.240 and 11 AAC 16.010 – 11 AAC 16.900.

Evaluation:

There currently are no designated historic, prehistoric, and archeological resources areas on the North Slope or in the adjacent Chukchi Sea.

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United States Department of the Interior

MINERALS MANAGEMENT SERVICE
Washington, DC 20240



DEC 18 2007

Honorable Sarah Palin
Governor of Alaska
Juneau, Alaska 99811-0001

Dear Governor Palin:

The Department of the Interior appreciates the involvement of the State of Alaska in the development of Outer Continental Shelf (OCS) Oil and Gas Lease Sale 193, Chukchi Sea. Proceeding with Sale 193 in an environmentally sound manner by working closely with your State and other concerned parties serves an important role in the Nation's future energy picture. We have carefully considered your letter of October 1, 2007, and other information relevant to Sale 193 concerning a range of potential environmental, coastal zone, human and economic impacts. The evaluation of this information has led us to our decision to proceed with Alternative IV in the Final Environmental Impact Statement (FEIS), as you recommended.

As in the Proposed Notice of Sale (PNOS), for the Final Notice of Sale (FNOS), we are adopting Alternative IV in the FEIS as the proposed action, excluding an area comprising approximately 795 whole or partial blocks (Corridor II Deferral) along the coastward edge of the sale area. Alternative IV offers 5,355 whole or partial blocks, comprising approximately 29.4 million acres, and was reduced by 6 blocks, since the Secretary's 25-mile buffer was adopted in the Final 5-Year OCS Program for 2007-2012. This alternative was developed as a result of the 1987 Biological Opinion for the Chukchi Sea, as recommended by the National Marine Fisheries Service, and from scoping comments.

Enclosed is a copy of the FNOS for Chukchi Sea Sale 193, which we propose to hold February 6, 2008, in Anchorage, Alaska. We are also enclosing a copy of the lease stipulations and Information to Lessees (ITL) clauses that we adopted for this sale. As in the PNOS, the FNOS includes seven lease stipulations. Three lease stipulations have been revised in the FNOS: 1) *Industry Site-Specific Monitoring Program for Marine Mammal Subsistence Resources* was made more block-specific for subsistence harvest areas and established clear timelines for reports; 2) *Conflict Avoidance Mechanisms to Protect Subsistence Whaling and Other Marine Mammal Subsistence Harvesting Activities* clarified the application and exception for a human safety or emergency situation; and 3) *Measures to Minimize Effects to Spectacled and Steller's eiders During Exploration Activities* more precisely delineated the area to which the stipulation applies by deleting blocks outside the sale area.

In addition to the 24 ITL clauses in the PNOS, we have revised ITL 9, *Coastal Zone Management*, and developed a new ITL 25, *Review of Development and Production Plans*, to accommodate the State of Alaska's Office of Project Management and Permitting (OPMP)'s request in response to our Consistency Determination (CD) to include six advisories. We believe these two ITLs should accommodate OPMP's request.

TAKE PRIDE
IN AMERICA

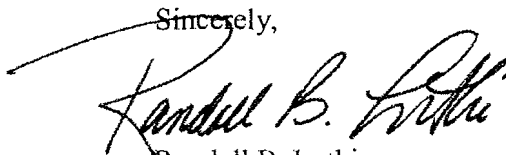
Section 19 of the OCS Lands Act requires the Secretary to accept your recommendations regarding the size, timing, or location of the proposed sale if he determines that they provide for a reasonable balance between the national interest and the well being of the citizens of your state. In addition to selecting your recommended alternative, Alternative IV, we have carefully considered your October 1, 2007, section 19 letter and assure you that we will continue to work with the North Slope Borough to incorporate local knowledge and continue to identify additional studies necessary to address potential impacts from oil and gas exploration and development activities in the Chukchi Sea.

We understand your position regarding providing states and coastal communities with a fair percentage of direct revenues from all OCS activities off their coasts. To this end, the President signed the Energy Policy Act of 2005, which established the Coastal Impact Assistance Program (CIAP). The CIAP authorizes funds to be distributed to OCS oil and gas producing states to mitigate the impacts of OCS oil and gas activities. Under the CIAP, Alaska will receive approximately \$2.5 million for each of the Fiscal Years 2007 and 2008. We anticipate that a similar amount will be available in 2009 and 2010. We believe that our decision to proceed with Sale 193 provides a reasonable balance between the national interest and the well-being of the citizens of your State.

In an October 30, 2007, letter from the OPMP, the State of Alaska concurred with the MMS determination that Sale 193 is consistent to the maximum extent practicable with the Alaska Coastal Management Program and the local district's enforceable policies. In October 2006, the MMS filed a draft Environmental Impact Statement (EIS) with the Environmental Protection Agency. The FEIS, which was announced in the *Federal Register* on June 14, 2007, addressed all comments received on the draft EIS.

We appreciate your continued support and look forward to working with you and the State of Alaska to assure that the benefits of OCS leasing and development activities will continue to accrue to the state and the Nation in an environmentally safe manner. As you encouraged, we will work closely with the State, the North Slope Borough and communities and tribes, the oil and gas industry, and other concerned parties to ensure the effective mitigation of potential adverse impacts on the Alaskan environment.

Sincerely,

A handwritten signature in black ink, appearing to read "Randall B. Luthi". The signature is fluid and cursive, with a long horizontal stroke extending to the left.

Randall B. Luthi
Director

Enclosures

cc: Mr. Randy Bates, Division of Coastal and Ocean Management,
Alaska Department of Natural Resources

ACTION: Notice of realty action.

SUMMARY: Public Law 106-485 (Nov. 9, 2000; 114 Stat. 2199) directs the Secretary of the Interior, acting through the Bureau of Land Management, to convey all right, title and interest (excluding mineral interest) in a parcel of public land in Big Horn County and Washakie County, Wyoming. The parcel of land to be conveyed comprises some portion or portions of approximately 16,077.59 acres. Conveyance is to be made to the Westside Irrigation District, at appraised value. The sale will be processed according to regulations at 43 CFR 2711.1-2.

ADDRESSES: Address all comments concerning this Notice to Field Manager, Bureau of Land Management, Worland Field Office, P.O. Box 119, Worland, WY 82401.

FOR FURTHER INFORMATION CONTACT: Andrew Tkach, Interim Westside Project Manager, at the above address or telephone (307) 347-5100.

SUPPLEMENTARY INFORMATION: The following-described public land in Washakie and Big Horn Counties, Wyoming, are under consideration for conveyance by direct sale under Public Law 106-485 (Nov. 9, 2000; 114 Stat. 2199):

Sixth Principal Meridian, Wyoming

- T. 48 N., R. 92 W.
 Sec. 18, lots 2, 4;
 Sec. 19, lot 1
- T. 49 N., R. 92 W.
 Sec. 18, lots 6-9;
 Sec. 19, lots 5-13;
 Sec. 30, lots 5-18;
 Sec. 31, lots 5-15.
- T. 48 N., R. 92½ W.
 Sec. 1, lots 1-6, SW¼NE¼, W½ SE¼;
 Sec. 12, lots 1-4, W½E½;
 Sec. 13, lots 1-4, W½NE¼, SE¼ NE¼, SE¼;
 Sec. 24, lots 1-4, E½;
 Sec. 25, lots 1-4, W½ E½.
- T. 48 N., R. 93 W.
 Sec. 1, lots 5-16, S½;
 Sec. 2, lots 5-16, S½;
 Sec. 3, lots 5-16, S½;
 Sec. 10, Entire Section;
 Sec. 11, Entire Section;
 Sec. 12, Entire Section;
 Sec. 13, Entire Section;
 Sec. 14, Entire Section;
 Sec. 15, Entire Section;
 Sec. 22, N½, SE¼;
 Sec. 23, Entire Section;
 Sec. 24, Entire Section;
 Sec. 25, lots 1 and 2, N½ SW¼, N½ SE¼;
 Sec. 26, N½SE¼;
 Sec. 36, lots 1 and 2, N½NW¼.
- T. 49 N., R. 93 W.
 Sec. 1, SW¼ SW¼;
 Sec. 2, lot 3, S½ NW¼, S½;
 Sec. 11, N½N½, SE¼;
 Sec. 12, W½NW¼, SE¼NW¼, SW¼ W½SE¼, SE¼SE¼;

- Sec. 13, Entire Section;
 Sec. 14, E½;
 Sec. 23, E½;
 Sec. 24, Entire Section;
 Sec. 25, N½;
 Sec. 26, NE¼.

The area described contains 16,077.59 acres, more or less, in Washakie and Big Horn Counties, Wyoming.

The law authorizing the transfer of the land specifies that acreage may be added to or subtracted from the land to be conveyed to satisfy any mitigation requirements resulting from the NEPA analysis. The law provides that proceeds from the sale are to be used "for acquisition of land and interests in land in the Worland District of the Bureau of Land Management that will benefit public recreation, public access, fish and wildlife habitat, or cultural resources."

On publication in the **Federal Register** the above-described land will be segregated from appropriation under the public land laws, including the mining laws. Until completion of the sale, the BLM is no longer accepting land use applications affecting the identified public land, except applications for the amendment of previously-filed right-of-way applications or existing authorizations to increase the term of the grants in accordance with 43 CFR 2807.15. The segregative effect will terminate upon issuance of a patent or publication in the **Federal Register** of a termination of the segregation, or 2 years after the date of publication in the **Federal Register** unless extended by the BLM State Director in accordance with 43 CFR 2711.1-2(d) prior to the termination date.

Public Comments: Interested parties and the general public may submit in writing any comments concerning the land being conveyed by direct sale, including notification of any encumbrances or other claims relating to the identified land, to Field Manager, BLM Worland Field Office, at the above address. Before including your address, phone number, e-mail address, or other personal identifying information in your comment, you should be aware that your entire comment—including your personal identifying information—may be made public at any time. While you can ask us in your comment to withhold your personal identifying information from public review, we cannot guarantee that we will be able to do so.

(Authority: Public Law 106-485 (Nov. 9, 2000; 114 Stat. 2199))

~~Dated: December 19, 2007.~~

~~Bill Hill,~~

~~Field Manager.~~

~~[FR Doc. E7-25539 Filed 12-31-07; 8:45 am]~~

~~BILLING CODE 4310-22-P~~

DEPARTMENT OF THE INTERIOR**Minerals Management Service (MMS)****Outer Continental Shelf (OCS) Chukchi Sea Alaska, Oil and Gas Lease Sale 193**

AGENCY: Minerals Management Service, Interior.

ACTION: Final Notice of Sale (FNOS), OCS Oil and Gas Lease Sale 193, Chukchi Sea.

SUMMARY: The MMS will hold OCS Oil and Gas Lease Sale 193 on February 6, 2008, in accordance with provisions of the OCS Lands Act (43 U.S.C. 1331-1356, as amended), the implementing regulations (30 CFR 256), and the OCS Oil and Gas Leasing Program 2007-2012.

DATES: Lease Sale 193 is scheduled to be held on February 6, 2008, at the Wilda Marston Theatre, Z. J. Loussac Public Library, 3600 Denali Street, Anchorage, Alaska. Public reading will begin at 9 a.m. All times referenced in this document are local Anchorage, Alaska, times, unless otherwise specified.

ADDRESSES: A package containing the FNOS and several supporting and essential documents referenced herein is available from: Alaska OCS Region, Minerals Management Service, 3801 Centerpoint Drive, Suite 500, Anchorage, Alaska 99503-5823, Telephone: (907) 334-5200 or 1-800-764-2627.

These documents are also available on the MMS Alaska OCS Region's Web page at <http://www.mms.gov/alaska>.

Bid Submission Deadline: Bidders will be required to submit sealed bids to MMS at the Alaska OCS Region Office, 3801 Centerpoint Drive, Suite 500, Anchorage, Alaska 99503, by 10 a.m. on the day before the sale, Tuesday, February 5, 2008. If bids are mailed, the envelope containing all of the sealed bids must be marked as follows:

Attention: Mr. Fred King, Contains Sealed Bids for Sale 193.

If bids are received later than the time and date specified above, they will be returned unopened to the bidders. Bidders may not modify or withdraw their bids unless the Regional Director, Alaska OCS Region, receives a written modification or written withdrawal request prior to 10 a.m., Tuesday, February 5, 2008. Should an unexpected

event such as an earthquake or travel restrictions be significantly disruptive to bid submission, the Alaska OCS Region may extend the Bid Submission Deadline. Bidders may call (907) 334-5200 for information about the possible extension of the Bid Submission Deadline due to such an event.

Area Offered for Lease: The MMS is offering for lease all whole and partial blocks listed in the document "Blocks Available for Leasing in OCS Oil and Gas Lease Sale 193" included in the FNOS 193 package. All of these blocks are shown on OCS Official Protraction Diagrams, and in some cases on Supplemental Official OCS Block Diagrams. The following OCS Official Protraction Diagrams pertain to the Sale 193 area and are available at <http://www.mms.gov/ld/alaska.htm>.

- NS 02-08, Unnamed, revised December 31, 1994
- NS 03-07, Unnamed, revised December 31, 1994
- NS 03-08, Unnamed, revised December 31, 1994
- NS 04-07, Unnamed, revised December 31, 1994
- NS 04-08, Unnamed, revised December 31, 1994
- NR 02-02, Tison, revised December 31, 1994
- NR 03-01, Karo, revised December 31, 1994
- NR 03-02, Posey, revised December 31, 1994
- NR 04-01, Hanna Shoal, revised September 30, 1997
- NR 04-02, Barrow, revised September 30, 1997
- NR 02-04, Studds, revised December 31, 1994
- NR 03-03, Colbert, revised December 31, 1994
- NR 03-04, Solivik Island, revised September 30, 1997
- NR 04-03, Wainwright, revised September 30, 1997
- NR 02-06, Chukchi Sea, revised December 31, 1994
- NR 03-05, Point Lay West, revised September 30, 1997

A listing of blocks included in the sale is available at the MMS office listed above. The locator map (available at <http://www.mms.gov/alaska>) may assist you in locating a particular block, but it should not be used for the official description of blocks available for lease. The OCS Official Protraction Diagrams constitute the official descriptions of the areas offered.

Note that block numbers may repeat between OCS Official Protraction Diagrams (OPD's). To uniquely describe a lease tract, you must reference both the OPD number and name and the block number.

Statutes and Regulations: Each lease issued in the lease sale is subject to the OCS Lands Act of August 7, 1953, 67 Stat. 462; 43 U.S.C. 1331, *et seq.*, as amended (92 Stat. 629), hereinafter called "the Act"; all regulations issued pursuant to the Act and in existence upon the effective date of the lease; all regulations issued pursuant to the statute in the future which provide for the prevention of waste and conservation of the natural resources of the OCS and the protection of correlative rights therein; and all other applicable statutes and regulations.

Lease Terms and Conditions: The following lease terms and condition apply:

Initial Period: 10 years.

Minimum Bonus Bid Amounts: \$25.00 per hectare, or a fraction thereof, for all blocks. Refer to the Final Notice of Sale, Chukchi Sea Sale 193 map, and the *Summary Table of Minimum Bids, Minimum Royalty Rates, and Rental Rates* shown below.

Rental Rates: The Lessee shall pay the Lessor, on or before the first day of each lease year which commences prior to a discovery in paying quantities of oil or gas on the leased area, a rental at the rate shown below in the *Summary Table of Minimum Bids, Minimum Royalty Rates, and Rental Rates*. During the time period in which a lease is classified as producible, i.e., following a discovery in paying quantities, but before royalty-bearing production begins, a rental of \$13 per hectare or fraction thereof, applies and is paid at the end of each lease year until the start of royalty-bearing production.

Minimum Royalty Rates: After the start of royalty-bearing production and notwithstanding any royalty suspension which may apply, the Lessee shall pay the Lessor a minimum royalty of \$13 per hectare, or fraction thereof, to be paid at the expiration of each lease year with credit applied for actual royalty paid during the lease year. If actual royalty paid exceeds the minimum royalty requirement, then no minimum royalty payment is due.

Royalty Rates: A 12½ percent royalty rate will apply for all blocks.

SUMMARY TABLE OF MINIMUM BIDS, MINIMUM ROYALTY RATES, AND RENTAL RATES

Terms (values per hectare or fraction thereof)	
Royalty Rate	12½% fixed
Minimum Bonus Bid	\$25.00
Minimum Royalty Rate	13.00
Rental Rates:	
Year 1	2.50

SUMMARY TABLE OF MINIMUM BIDS, MINIMUM ROYALTY RATES, AND RENTAL RATES—Continued

Year 2	3.75
Year 3	5.00
Year 4	6.25
Year 5	7.50
Year 6	10.00
Year 7	12.00
Year 8	15.00
Year 9	17.00
Year 10	20.00

Royalty Suspension: Royalty suspension, prorated by lease acreage and subject to price thresholds, will apply to all blocks. In accordance with applicable regulations at 30 CFR 260, the following royalty suspension provisions will apply to leases issued as a result of Chukchi Sea Oil and Gas Lease Sale 193. In addition to these Royalty Suspension Provisions, please refer to 30 CFR 218.151 and applicable parts of 260.120–260.124 for regulations on royalty suspensions and rental obligations that will apply to your lease.

1. A lease in the Chukchi Sea, depending on surface area, will receive a royalty suspension volume (RSV) as follows:

Lease size (hectares)	RSV (million barrels of oil equivalent)
Less than 771	10
771 to less than 1,541	20
1,541 or more	30

2. Natural gas must be measured in accordance with 30 CFR 203.73.

3. Each lessee must pay royalty on production that might otherwise receive royalty relief (in 30 CFR 260) for any calendar year during which the actual New York Mercantile Exchange (NYMEX) annual price for the light sweet crude oil or natural gas exceeds the threshold price (\$39 per barrel of oil or \$6.50 per million British thermal units (Btu) of gas, adjusted for inflation) in that year. Such production will be deducted from the remaining RSV. The actual NYMEX annual price for the commodity is defined as the arithmetic average of the daily closing prices for the "nearby delivery month" on the NYMEX in a calendar year. The actual NYMEX annual price for the commodity is calculated by averaging the commodity daily closing prices for each month in the year, and then averaging the 12 monthly averages.

(a) The threshold price in any year, say year *t*, is determined by inflating the base year 2004 price of \$39 per barrel of oil or \$6.50 per million Btu of gas. This base year price is modified by the

percentage change in the implicit price deflator as reported by the U.S. Department of Commerce, Bureau of Economic Analysis, for the interval between 2004 and year *t*, resulting in the adjusted threshold price for year *t*. For example, if the deflator indicates that inflation is 1.6 percent in 2005, 2.1 percent in 2006, 2.5 percent in 2007, and 2.5 percent for 2008, then the threshold price in calendar year 2008 would become \$42.50 per barrel of oil and \$7.08 per million Btu of gas. Therefore, royalty on oil production in calendar year 2008 would be due if the 2008 actual NYMEX oil price, as calculated above, exceeds \$42.50 per barrel. The royalty on gas production in calendar year 2008 would be due if the 2008 actual NYMEX gas price, as calculated above, exceeds \$7.08 per million Btu.

(b) Royalties on production, when the actual NYMEX annual price of the commodity exceeds the threshold price in any calendar year, must be paid no later than 90 days after the end of that calendar year. (See 30 CFR 260.122(b)). Also, when the actual NYMEX annual price of the commodity exceeds the threshold price in any calendar year, royalties on production must be provisionally paid in the following calendar year. (See 30 CFR 260.122(c)).

4. In the case of a Sale 193 lease that is part of an approved unit agreement, allocated production from the unit can only apply against the lease's RSV if that lease is included in an approved participating area. The RSV will be applied to each lease consistent with the production allocation schedule approved by the MMS for the participating area. Participating area means all or parts of unit tracts described and designated as a Participating Area under the unit agreement for the purposes of allocating one or more unitized substances produced from a reservoir.

5. A lessee must resume paying full royalties on the first day of the month following the month in which the RSV is exhausted. Lessees do not owe royalties for the remainder of the month in which the RSV is exhausted, unless the actual NYMEX annual price of the commodity exceeds the threshold price for that year.

6. The MMS will provide notice when the actual NYMEX annual price of the commodity is above the threshold price. Information on actual and threshold prices can be found at the MMS Web site (www.mms.gov/econ).

Stipulations and Information to Lessees: The documents entitled "Final Lease Stipulations" and "Final Information to Lessees" for Oil and Gas

Lease Sale 193 contain the text of the Final Stipulations and the Information to Lessees clauses. These documents are included in the FNOS 193 package.

As required by the MMS, each company that has been awarded a lease must execute all copies of the lease (Form MMS-2005 (March 1986) as amended), pay by electronic funds transfer (EFT) the balance of the bonus bid amount and the first year's rental for each lease issued in accordance with the requirements of 30 CFR 218.155, and satisfy the bonding requirements of 30 CFR 256, subpart I, as amended.

Debarment and Suspension (Nonprocurement): In accordance with regulations pursuant to 2 CFR, part 180, and 2 CFR, part 1400, the lessee shall comply with the U.S. Department of the Interior's nonprocurement debarment and suspension requirements and agree to communicate this requirement to persons with whom the lessee does business as it relates to this lease by including this term as a condition to enter into their contracts and other transactions. Execution of the lease, which includes an Addendum specific to debarment, by each lessee constitutes notification to the MMS that each lessee is not excluded, disqualified, or convicted of a crime as described in 2 CFR 180.335, unless the lessee has provided a statement disclosing information as described in 2 CFR 180.335, and the MMS receives an exception from the U.S. Department of the Interior as described in 2 CFR 180.135 and 180.400.

Method of Bidding: For each block bid upon, a bidder must submit a separate signed bid in a sealed envelope labeled "Sealed Bid for Oil and Gas Lease Sale 193, not to be opened until 9 a.m., Wednesday, February 6, 2008." The total amount of the bid must be in whole dollars; any cent amount above the whole dollar will be ignored by MMS. Details of the information required on the bid(s) and the bid envelope(s) are specified in the document "Bid Form and Envelope" contained in the FNOS 193 package.

Restricted Joint Bidders: The MMS published a list of restricted joint bidders, which applies to this sale, in the **Federal Register** at 72 FR 64088 on November 14, 2007. Bidders submitting joint bids must state on the bid form the proportionate interest of each participating bidder, in percent to a maximum of five decimal places, i.e. 33.33333 percent. The MMS may require bidders to submit additional documents in accordance with 30 CFR 256.46. The MMS warns bidders against violation of 18 U.S.C. 1860 prohibiting

unlawful combination or intimidation of bidders. Bidders must execute all documents in conformance with signatory authorizations on file in the Alaska OCS Region. Partnerships also must submit or have on file a list of signatories authorized to bind the partnership. Bidders are advised that MMS considers the signed bid to be a legally binding obligation on the part of the bidder(s) to comply with all applicable regulations, including paying the one-fifth bonus bid amount on all high bids. A statement to this effect must be included on each bid (see the document "Bid Form and Envelope" contained in the FNOS 193 package).

Bonus Bid Deposit: Each bidder submitting an apparent high bid must submit a bonus bid deposit to the MMS equal to one-fifth of the bonus bid amount for each such bid. Under the authority granted by 30 CFR 256.46(b), MMS will require bidders to use EFT procedures for payment of the one-fifth bonus bid deposits for Sale 193. Payment of the deposit will be due by 1:00 p.m. Eastern Time the day following bid reading. Detailed bid deposit procedures for Sale 193 will be found within the "Instructions for Making EFT Bonus Payments" document on the MMS Web site.

Note: Certain bid submitters [i.e., those that are not currently an OCS mineral lease record title holder or designated operator or those that have ever defaulted on a one-fifth bonus payment (EFT or otherwise)] are required to guarantee (secure) their one-fifth bonus payment prior to the submission of bids. For those who must secure the EFT one-fifth bonus payment, one of the following options may be used: (1) Provide a third-party guarantee; (2) Amend bond coverage; (3) Provide a letter of credit; or (4) Provide a lump sum payment in advance via EFT. The EFT instructions specify the requirements for each option.

Payment of the deposit does not constitute and shall not be construed as acceptance of any bid on behalf of the United States. If a lease is awarded, MMS requests that only one transaction be used for payment of the four-fifths bonus bid amount and the first year's rental.

Withdrawal of Blocks: The United States reserves the right to withdraw any block from this sale prior to issuance of a written acceptance of a bid for the block.

Acceptance, Rejection, or Return of Bids: The United States reserves the right to reject any and all bids. In any case, no bid will be accepted, and no lease for any block will be awarded to any bidder, unless the bidder has complied with all requirements of this Notice, including the documents

contained in the associated FNOS package for Sale 193 and applicable regulations; the bid is the highest valid bid; and the amount of the bid has been determined to be adequate by the authorized officer. The Attorney General of the United States may also review the results of the lease sale prior to the acceptance of bids and issuance of leases. Any bid submitted that does not conform to the requirements of this Notice; the OCS Lands Act, as amended; or applicable regulations may be returned to the person submitting that bid by the Regional Director and not considered for acceptance. To ensure that the Government receives a fair return for the conveyance of lease rights for this sale, high bids will be evaluated in accordance with MMS bid adequacy procedures.

Successful Bidders: As required by MMS, each company that has been awarded a lease must execute all 3 copies of the lease (Form MMS-2005 (March 1986) as amended), pay by EFT the balance of the bonus bid amount and the first year's rental for each lease issued in accordance with the requirements of 30 CFR 218.155, and satisfy the bonding requirements of 30 CFR 256, Subpart I.

Affirmative Action: MMS requests that, prior to bidding, Equal Opportunity Affirmative Action Representation Form MMS 2032 (June 1985) and Equal Opportunity Compliance Report Certification Form MMS 2033 (June 1985) be on file in the Alaska OCS Region. This certification is required by 41 CFR 60 and Executive Order No. 11246 of September 24, 1965, as amended by Executive Order Nos. 11375 (October 13, 1967), 12086 (October 5, 1978), and 13279 (December 12, 2002). In any event, prior to the execution of any lease contract, both forms are required to be on file in the Alaska OCS Region.

Notice of Bidding Systems: Section 8(a)(8) (43 U.S.C. 1337(a)(8)) of the OCS Lands Act requires that, at least 30 days before any lease sale, a Notice be submitted to Congress and published in the **Federal Register**. This Notice of Bidding Systems is for OCS Lease Sale 193, Chukchi Sea, scheduled to be held on February 6, 2008. In Sale 193, all

blocks are being offered under a bidding system that uses a cash bonus and a fixed royalty of 12½ percent with a royalty suspension of up to 30 million barrels of oil equivalent per lease. The amount of royalty suspension available on each lease is dependent on the area of the lease and specified in the Sale Notice. This bidding system is authorized under 30 CFR 260.110(g), which allows use of a cash bonus bid with a royalty rate of not less than 12½ percent and with suspension of royalties for a period, volume, or value of production, and an annual rental. Analysis performed by MMS indicates that use of this system provides an incentive for development of this area while ensuring that a fair sharing of revenues will result if major discoveries are made and produced.

Geophysical Data and Information Statement: Pursuant to 30 CFR 251.12, MMS has a right to access geophysical data and information, as well as reprocessed versions of the data, collected under a permit in the OCS. Every bidder submitting a bid on a block in Sale 193, or participating as a joint bidder in such a bid, must submit a Geophysical Data and Information Statement (GDIS) identifying any processed or reprocessed pre- and post-stack geophysical data and information used as part of the decision to bid or participate in a bid on the block. The GDIS should clearly identify the survey type (2-D or 3-D), survey extent (i.e., number of line miles for 2D or number of blocks for 3D), and imaging type (pre-stack, post-stack and migration (time and/or depth) algorithm) of the data and information. The statement must also include the name and phone number of a contact person and an alternate, who are both knowledgeable about the data listed, the owner or controller of the reprocessed data or information, the survey from which the data were reprocessed and the owner/controller of the original data set, the date of reprocessing and whether the data were processed in-house or by a contractor. In the event such data and information include multiple data sets processed from the same survey using different velocity models or different processing

parameters, you should identify only the highest quality data set used for bid preparation. The MMS reserves the right to query about alternate data sets and to quality check and compare the listed and alternative data sets to determine which data set most closely meets the needs of the fair-market-value determination process.

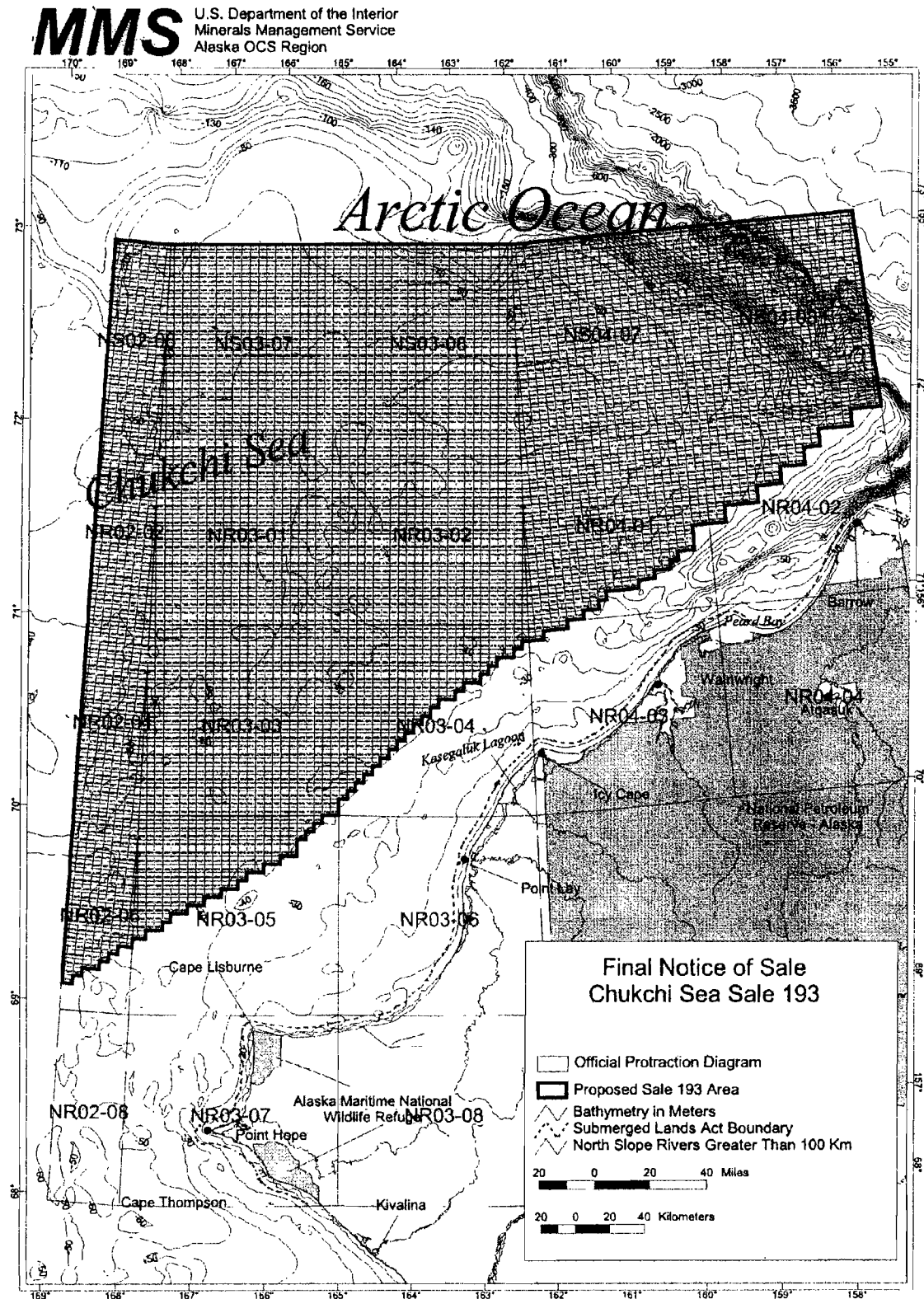
The statement must also identify each block upon which a bidder participated in a bid but for which it does not possess or control such data and information.

In the event your company supplies any type of data to the MMS, in order to get reimbursed, your company must be registered with the Central Contractor Registration (CCR) at <http://www.ccr.gov>. This is a requirement that was implemented on October 1, 2003, and requires all entities doing business with the Government to complete a business profile in the CCR and update it annually. Payments are made electronically based on the information contained in the CCR. Therefore, if your company is not actively registered in the CCR, MMS will not be able to reimburse or pay your company for any data supplied.

Protecting and disclosing data and information listed on the GDIS to the public is governed by 30 CFR 251.14. Except as specified in that section or in 30 CFR 250 and 252, if the Regional Director determines any data or information are exempt from public disclosure under 30 CFR 251.14(a), MMS will not provide the data and information to any State or to the executive of any local government or to the public unless the bidder and all third parties agree to the disclosure. For this reason, the bidder is instructed to submit the GDIS in a separate, sealed envelope at the time of bid submission. An example of the GDIS and a sample of the Geophysical Information envelope are available at the MMS Alaska OCS Region's Web page at <http://www.mms.gov/alaska>.

Dated: December 20, 2007.

Randall B. Luthi,
Director, Minerals Management Service.
BILLING CODE 4310-MR-P



[FR Doc. 07-6226 Filed 12-31-07; 8:45 am]

BILLING CODE 4310-MR-P

Leasing Activities Information



U.S. Department of the Interior
Minerals Management Service
Alaska OCS Region

Final Lease Stipulations Oil and Gas Lease Sale 193 Chukchi Sea February 6, 2008

- Stipulation 1. Protection of Biological Resources
- Stipulation 2. Orientation Program
- Stipulation 3. Transportation of Hydrocarbons
- Stipulation 4. Industry Site-Specific Monitoring Program for Marine Mammal Subsistence Resources
- Stipulation 5. Conflict Avoidance Mechanisms to Protect Subsistence Whaling and Other Marine Mammal Subsistence-Harvesting Activities
- Stipulation 6. Pre-Booming Requirements for Fuel Transfers
- Stipulation 7. Measures to Minimize Effects to Spectacled and Steller's Eiders During Exploration Activities

Stipulation No. 1. Protection of Biological Resources. If previously unidentified biological populations or habitats that may require additional protection are identified in the lease area by the Regional Supervisor, Field Operations (RS/FO), the RS/FO may require the lessee to conduct biological surveys to determine the extent and composition of such biological populations or habitats. The RS/FO shall give written notification to the lessee of the RS/FO's decision to require such surveys.

Based on any surveys that the RS/FO may require of the lessee or on other information available to the RS/FO on special biological resources, the RS/FO may require the lessee to:

- (1) Relocate the site of operations;
- (2) Establish to the satisfaction of the RS/FO, on the basis of a site-specific survey, either that such operations will not have a significant adverse effect upon the resource identified or that a special biological resource does not exist;
- (3) Operate during those periods of time, as established by the RS/FO, that do not adversely affect the biological resources; and/or

- (4) Modify operations to ensure that significant biological populations or habitats deserving protection are not adversely affected.

If any area of biological significance should be discovered during the conduct of any operations on the lease, the lessee shall immediately report such finding to the RS/FO and make every reasonable effort to preserve and protect the biological resource from damage until the RS/FO has given the lessee direction with respect to its protection.

The lessee shall submit all data obtained in the course of biological surveys to the RS/FO with the locational information for drilling or other activity. The lessee may take no action that might affect the biological populations or habitats surveyed until the RS/FO provides written directions to the lessee with regard to permissible actions.

Stipulation No. 2. Orientation Program. The lessee shall include in any exploration plan (EP) or development and production plan (DPP) submitted under 30 CFR 250.211 and 250.241 a proposed orientation program for all personnel involved in exploration or development and production activities (including personnel of the lessee's agents, contractors, and subcontractors) for review and approval by the RS/FO. The program shall be designed in sufficient detail to inform individuals working on the project of specific types of environmental, social, and cultural concerns that relate to the sale and adjacent areas. The program shall address the importance of not disturbing archaeological and biological resources and habitats, including endangered species, fisheries, bird colonies, and marine mammals and provide guidance on how to avoid disturbance. This guidance will include the production and distribution of information cards on endangered and/or threatened species in the sale area. The program shall be designed to increase the sensitivity and understanding of personnel to community values, customs, and lifestyles in areas in which such personnel will be operating. The orientation program shall also include information concerning avoidance of conflicts with subsistence activities and pertinent mitigation.

The program shall be attended at least once a year by all personnel involved in onsite exploration or development and production activities (including personnel of the lessee's agents, contractors, and subcontractors) and all supervisory and managerial personnel involved in lease activities of the lessee and its agents, contractors, and subcontractors.

The lessee shall maintain a record of all personnel who attend the program onsite for so long as the site is active, not to exceed 5 years. This record shall include the name and date(s) of attendance of each attendee.

Stipulation No. 3. Transportation of Hydrocarbons. Pipelines will be required: (a) if pipeline rights-of-way can be determined and obtained; (b) if laying such pipelines is technologically feasible and environmentally preferable; and (c) if, in the opinion of the lessor, pipelines can be laid without net social loss, taking into account any incremental costs of pipelines over alternative methods of transportation and any incremental benefits in the form of increased environmental protection or reduced multiple-use conflicts. The lessor specifically reserves the right to require that any pipeline used for transporting production to shore be placed in certain designated management areas. In selecting the means of transportation, consideration will be given to recommendations of any Federal, State, and local governments and industry.

Following the development of sufficient pipeline capacity, no crude oil production will be transported by surface vessel from offshore production sites, except in the case of an emergency. Determinations as to emergency conditions and appropriate responses to these conditions will be made by the RS/FO.

Stipulation No. 4. Industry Site-Specific Monitoring Program for Marine Mammal

Subsistence Resources. A lessee proposing to conduct exploration operations, including ancillary seismic surveys, on a lease within the blocks identified below during periods of subsistence use related to bowhead whales, beluga whales, ice seals, walruses, and polar bears will be required to conduct a site-specific monitoring program approved by the RS/FO, unless, based on the size, timing, duration, and scope of the proposed operations, the RS/FO, in consultation with appropriate agencies and co-management organizations, determines that a monitoring program is not necessary. Organizations currently recognized by the National Marine Fisheries Service (NMFS) and the U.S. Fish and Wildlife Service (FWS) for the co-management of the marine mammals resources are the Alaska Eskimo Whaling Commission, the Alaska Beluga Whale Committee, the Alaska Eskimo Walrus Commission, the Ice Seal Commission, and the Nanuk Commission. The RS/FO will provide the appropriate agencies and co-management organizations a minimum of 30 calendar days, but no longer than 60 calendar days, to review and comment on a proposed monitoring program prior to Minerals Management Service (MMS) approval. The monitoring program must be approved each year before exploratory drilling operations can be commenced.

The monitoring program will be designed to assess when bowhead and beluga whales, ice seals, walruses, and polar bears are present in the vicinity of lease operations and the extent of behavioral effects on these marine mammals due to these operations. In designing the program, the lessee must consider the potential scope and extent of effects that the type of operation could have on these marine mammals. Experiences relayed by subsistence hunters indicate that, depending on the type of operations, some whales demonstrate avoidance behavior at distances of up to 35 miles. The program must also provide for the following:

- (1) Recording and reporting information on sighting of the marine mammals of concern and the extent of behavioral effects due to operations;
- (2) Coordinating the monitoring logistics beforehand with the MMS Bowhead Whale Aerial Survey Project and other mandated aerial monitoring programs;
- (3) Inviting a local representative, to be determined by consensus of the appropriate co-management organizations, to participate as an observer in the monitoring program;
- (4) Submitting daily monitoring results to the RS/FO;
- (5) Submitting a draft report on the results of the monitoring program to the RS/FO within 90 days following the completion of the operation. The RS/FO will distribute this draft report to the appropriate agencies and co-management organizations;
- (6) Allowing 30 days for independent peer review of the draft monitoring report; and
- (7) Submitting a final report on the results of the monitoring program to the RS/FO within 30 days after the completion of the independent peer review. The final report will include a discussion of the results of the peer review of the draft report. The RS/FO will distribute this report to the appropriate agencies and co-management organizations.

The RS/FO may extend the report review and submittal timelines if the RS/FO determines such an extension is warranted to accommodate extenuating circumstances.

The lessee will be required to fund an independent peer review of a proposed monitoring plan and the draft report on the results of the monitoring program for bowhead whales. The lessee may be required to fund an independent peer review of a proposed monitoring plan and the draft report on the results of the monitoring program for other co-managed marine mammal resources. This peer review will consist of independent reviewers who have knowledge and experience in statistics, monitoring marine mammal behavior, the type and extent of the proposed operations, and an awareness of traditional knowledge. The peer reviewers will be selected by the RS/FO from experts recommended by the appropriate agencies and co-management resource organizations. The results of these peer reviews will be provided to the RS/FO for consideration in final MMS approval of the monitoring program and the final report, with copies to the appropriate agencies and co-management organizations.

In the event the lessee is seeking a Letter of Authorization (LOA) or Incidental Harassment Authorization (IHA) for incidental take from NMFS and/or FWS, the monitoring program and review process required under the LOA or IHA may satisfy the requirements of this stipulation. The lessee must advise the RS/FO when it is seeking an LOA or IHA in lieu of meeting the requirements of this stipulation and must provide the RS/FO with copies of all pertinent submittals and resulting correspondence. The RS/FO will coordinate with the NMFS and/or FWS and will advise the lessee if the LOA or IHA will meet these requirements.

The MMS, NMFS, and FWS will establish procedures to coordinate results from site-specific surveys required by this stipulation and the LOA's or IHA's to determine if further modification to lease operations are necessary.

This stipulation applies to the following blocks:

NR02-06, Chukchi Sea:

6624, 6625, 6674, 6675, 6723-6725, 6773-6775, 6822, 6823, 6872

NR03-02, Posey:

6872, 6873, 6918-6923, 6967-6973, 7016-7023, 7063-7073, 7112-7123

NR03-03, Colbert

6674, 6723, 6724, 6771-6774, 6820-6824, 6869-6874, 6918-6924, 6966-6974, 7015-7024, 7064-7074, 7113-7124

NR03-04, Solivik Island

6011-6023, 6060-6073, 6109-6122, 6157-6171, 6206-6219, 6255-6268, 6305-6317, 6354-6365, 6403-6414, 6453-6462, 6502-6511, 6552-6560, 6601-6609, 6651-6658, 6701-6707, 6751-6756, 6801-6805, 6851-6854, 6901-6903, 6951, 6952, 7001

NR03-05, Point Lay West

6014-6024, 6062-6073, 6111-6122, 6160-6171, 6209-6221, 6258-6269, 6307-6317, 6356-6365, 6406-6414, 6455-6462, 6503-6510, 6552-6558, 6602-6606, 6652-6655, 6702, 6703

NR04-01, Hanna Shoal

6223, 6267-6273, 6315-6323, 6363-6373, 6411-6423, 6459-6473, 6507-6523, 6556-6573, 6605-6623, 6654-6671, 6703-6721, 6752-6771, 6801-6819, 6851-6868, 6901-6916, 6951-6964, 7001-7010, 7051-7059, 7101-7107

NR04-02, Barrow

6003-6022, 6052-6068, 6102-6118, 6151-6164, 6201-6214, 6251-6262, 6301-6312, 6351-6359, 6401-6409, 6451-6456, 6501-6506, 6551, 6552, 6601, 6602

NR04-03, Wainwright

6002-6006, 6052, 6053

NS04-08, (Unnamed)

6816-6822, 6861-6872, 6910-6922, 6958-6972, 7007-7022, 7055-7072, 7104-7122

This stipulation applies during the time periods for subsistence-harvesting described below for each community.

Subsistence Whaling and Marine Mammal Hunting Activities by Community

Barrow: Spring bowhead whaling occurs from April to June; Barrow hunters hunt from ice leads from Point Barrow southwestward along the Chukchi Sea coast to the Skull Cliff area. Fall whaling occurs from August to October in an area extending from approximately 10 miles west of Barrow to the east side of Dease Inlet. Beluga whaling occurs from April to June in the spring leads between Point Barrow and Skull Cliff; later in the season, belugas are hunted in open water around the barrier islands off Elson Lagoon. Walrus are harvested from June to September from west of Barrow southwestward to Peard Bay. Polar bear are hunted from October to June generally in the same vicinity used to hunt walrus. Seal hunting occurs mostly in winter, but some open-water sealing is done from the Chukchi coastline east as far as Dease Inlet and Admiralty Bay in the Beaufort Sea.

Wainwright: Bowhead whaling occurs from April to June in the spring leads offshore of Wainwright, with whaling camps sometimes as far as 10 to 15 miles from shore. Wainwright hunters hunt beluga whales in the spring lead system from April to June but only if no bowheads are in the area. Later in the summer, from July to August, belugas can be hunted along the coastal lagoon systems. Walrus hunting occurs from July to August at the southern edge of the retreating pack ice. From August to September, walrus can be hunted at local haulouts with the focal area from Milliktagvik north to Point Franklin. Polar bear hunting occurs primarily in the fall and winter around Icy Cape, at the headland from Point Belcher to Point Franklin, and at Seahorse Island.

Point Lay: Because Point Lay's location renders it unsuitable for bowhead whaling, beluga whaling is the primary whaling pursuit. Beluga whales are harvested from the middle of June to the middle of July. The hunt is concentrated in Naokak and Kukpowruk Passes south of Point Lay where hunters use boats to herd the whales into the shallow waters of Kasegaluk Lagoon where they are hunted. If the July hunt is

unsuccessful, hunters can travel as far north as Utukok Pass and as far south as Cape Beaufort in search of whales. When ice conditions are favorable, Point Lay residents hunt walrus from June to August along the entire length of Kasegaluk Lagoon, south of Icy Cape, and as far as 20 miles offshore. Polar bear are hunted from September to April along the coast, rarely more than 2 miles offshore.

Point Hope: Bowhead whales are hunted from March to June from whaling camps along the ice edge south and southeast of the point. The pack-ice lead is rarely more than 6 to 7 miles offshore. Beluga whales are harvested from March to June in the same area used for the bowhead whale hunt. Beluga whales can also be hunted in the open water later in the summer from July to August near the southern shore of Point Hope close to the beaches, as well as areas north of the point as far as Cape Dyer. Walrus are harvested from May to July along the southern shore of the point from Point Hope to Akoviknak Lagoon. Point Hope residents hunt polar bears primarily from January to April and occasionally from October to January in the area south of the point and as far out as 10 miles from shore.

This stipulation will remain in effect until termination or modification by the Department of the Interior after consultation with appropriate agencies.

Stipulation No. 5. Conflict Avoidance Mechanisms to Protect Subsistence Whaling and Other Marine Mammal Subsistence-Harvesting Activities. Exploration and development and production operations shall be conducted in a manner that prevents unreasonable conflicts between the oil and gas industry and subsistence activities. This stipulation applies to exploration, development, and production operations on a lease within the blocks identified below during periods of subsistence use related to bowhead whales, beluga whales, ice seals, walrus, and polar bears. The stipulation also applies to support activities, such as vessel and aircraft traffic, that traverse the blocks listed below or Federal waters landward of the sale during periods of subsistence use regardless of lease location. Transit for human safety emergency situations shall not require adherence to this stipulation.

This stipulation applies to the following blocks:

NR02-06, Chukchi Sea:

6624, 6625, 6674, 6675, 6723-6725, 6773-6775, 6822, 6823, 6872

NR03-02, Posey:

6872, 6873, 6918-6923, 6967-6973, 7016-7023, 7063-7073, 7112-7123

NR03-03, Colbert

6674, 6723, 6724, 6771-6774, 6820-6824, 6869-6874, 6918-6924, 6966-6974, 7015-7024, 7064-7074, 7113-7124

NR03-04, Solivik Island

6011-6023, 6060-6073, 6109-6122, 6157-6171, 6206-6219, 6255-6268, 6305-6317, 6354-6365, 6403-6414, 6453-6462, 6502-6511, 6552-6560, 6601-6609, 6651-6658, 6701-6707, 6751-6756, 6801-6805, 6851-6854, 6901-6903, 6951, 6952, 7001

NR03-05, Point Lay West

6014-6024, 6062-6073, 6111-6122, 6160-6171, 6209-6221, 6258-6269, 6307-6317, 6356-6365, 6406-6414, 6455-6462, 6503-6510, 6552-6558, 6602-6606, 6652-6655, 6702, 6703

NR04-01, Hanna Shoal

6223, 6267-6273, 6315-6323, 6363-6373, 6411-6423, 6459-6473, 6507-6523, 6556-6573, 6605-6623, 6654-6671, 6703-6721, 6752-6771, 6801-6819, 6851-6868, 6901-6916, 6951-6964, 7001-7010, 7051-7059, 7101-7107

NR04-02, Barrow

6003-6022, 6052-6068, 6102-6118, 6151-6164, 6201-6214, 6251-6262, 6301-6312, 6351-6359, 6401-6409, 6451-6456, 6501-6506, 6551, 6552, 6601, 6602

NR04-03, Wainwright

6002-6006, 6052, 6053

NS04-08, (Unnamed)

6816-6822, 6861-6872, 6910-6922, 6958-6972, 7007-7022, 7055-7072, 7104-7122

Prior to submitting an exploration plan or development and production plan (including associated oil-spill response plans) to the MMS for activities proposed during subsistence-use critical times and locations described below for bowhead whale and other marine mammals, the lessee shall consult with the North Slope Borough, and with directly affected subsistence communities (Barrow, Point Lay, Point Hope, or Wainwright) and co-management organizations to discuss potential conflicts with the siting, timing, and methods of proposed operations and safeguards or mitigating measures that could be implemented by the operator to prevent unreasonable conflicts. Organizations currently recognized by the NMFS and the FWS for the co-management of the marine mammals resources are the Alaska Eskimo Whaling Commission, the Alaska Beluga Whale Committee, the Alaska Eskimo Walrus Commission, the Ice Seal Commission, and the Nanuk Commission. Through this consultation, the lessee shall make every reasonable effort, including such mechanisms as a conflict avoidance agreement, to assure that exploration, development, and production activities are compatible with whaling and other marine mammal subsistence hunting activities and will not result in unreasonable interference with subsistence harvests.

A discussion of resolutions reached during this consultation process and plans for continued consultation shall be included in the exploration plan or the development and production plan. In particular, the lessee shall show in the plan how its activities, in combination with other activities in the area, will be scheduled and located to prevent unreasonable conflicts with subsistence activities. The lessee shall also include a discussion of multiple or simultaneous operations, such as ice management and seismic activities, that can be expected to occur during operations in order to more accurately assess the potential for any cumulative affects. Communities, individuals, and other entities who were involved in the consultation shall be identified in the plan. The RS/FO shall send a copy of the exploration plan or development and production plan (including associated oil-spill response plans) to the directly affected communities and the appropriate co-management organizations at the time the plans are submitted to the MMS to allow concurrent review and comment as part of the plan approval process.

In the event no agreement is reached between the parties, the lessee, NMFS, FWS, the appropriate co-management organizations, and any communities that could be directly affected by the proposed activity may request that the RS/FO assemble a group consisting of representatives from the parties to specifically address the conflict and attempt to resolve the issues. The RS/FO will invite appropriate parties to a meeting if the RS/FO determines such a meeting is warranted and relevant before making a final determination on the adequacy of the measures taken to prevent unreasonable conflicts with subsistence harvests.

The lessee shall notify the RS/FO of all concerns expressed by subsistence hunters during operations and of steps taken to address such concerns. Activities on a lease may be restricted if the RS/FO determines it is necessary to prevent unreasonable conflicts with local subsistence hunting activities.

In enforcing this stipulation, the RS/FO will work with other agencies and the public to assure that potential conflicts are identified and efforts are taken to avoid these conflicts.

Subsistence-harvesting activities occur generally in the areas and time periods listed below.

Subsistence Whaling and Marine Mammal Hunting Activities by Community

Barrow: Spring bowhead whaling occurs from April to June; Barrow hunters hunt from ice leads from Point Barrow southwestward along the Chukchi Sea coast to the Skull Cliff area; fall whaling occurs from August to October in an area extending from approximately 10 miles west of Barrow to the east side of Dease Inlet. Beluga whaling occurs from April to June in the spring leads between Point Barrow and Skull Cliff; later in the season, belugas are hunted in open water around the barrier islands off Elson Lagoon. Walrus are harvested from June to September from west of Barrow southwestward to Peard Bay. Polar bear are hunted from October to June generally in the same vicinity used to hunt walruses. Seal hunting occurs mostly in winter, but some open-water sealing is done from the Chukchi coastline east as far as Dease Inlet and Admiralty Bay in the Beaufort Sea.

Wainwright: Bowhead whaling occurs from April to June in the spring leads offshore of Wainwright, with whaling camps sometimes as far as 10 to 15 miles from shore. Wainwright hunters hunt beluga whales in the spring lead system from April to June but only if no bowheads are in the area. Later in the summer, from July to August, belugas can be hunted along the coastal lagoon systems. Walrus hunting occurs from July to August at the southern edge of the retreating pack ice. From August to September, walruses can be hunted at local haulouts with the focal area from Milliktagvik north to Point Franklin. Polar bear hunting occurs primarily in the fall and winter around Icy Cape, at the headland from Point Belcher to Point Franklin, and at Seahorse Island.

Point Lay: Because Point Lay's location renders it unsuitable for bowhead whaling, beluga whaling is the primary whaling pursuit. Beluga whales are harvested from the middle of June to the middle of July. The hunt is concentrated in Naokak and Kukpowruk Passes south of Point Lay where hunters use boats to herd the whales into the shallow waters of Kasegaluk Lagoon where they are hunted. If the July hunt is

unsuccessful, hunters can travel as far north as Utukok Pass and as far south as Cape Beaufort in search of whales. When ice conditions are favorable, Point Lay residents hunt walrus from June to August along the entire length of Kasegaluk Lagoon, south of Icy Cape, and as far as 20 miles offshore. Polar bears are hunted from September to April along the coast, rarely more than 2 miles offshore.

Point Hope: Bowhead whales are hunted from March to June from whaling camps along the ice edge south and southeast of the point. The pack-ice lead is rarely more than 6 to 7 miles offshore. Beluga whales are harvested from March to June in the same area used for the bowhead whale hunt. Beluga whales can also be hunted in the open water later in the summer from July to August near the southern shore of Point Hope close to the beaches, as well as areas north of the point as far as Cape Dyer. Walrus are harvested from May to July along the southern shore of the point from Point Hope to Akoviknak Lagoon. Point Hope residents hunt polar bears primarily from January to April and occasionally from October to January in the area south of the point and as far out as 10 miles from shore.

Stipulation No. 6. Pre-Booming Requirements for Fuel Transfers. Fuel transfers (excluding gasoline transfers) of 100 barrels or more will require pre-booming of the fuel barge(s). The fuel barge must be surrounded by an oil-spill-containment boom during the entire transfer operation to help reduce any adverse effects from a fuel spill. The lessee's oil spill response plans must include procedures for the pre-transfer booming of the fuel barge(s).

Stipulation No. 7. Measures to Minimize Effects to Spectacled and Steller's Eiders During Exploration Activities. This stipulation will minimize the likelihood that spectacled and Steller's eiders will strike drilling structures or vessels. The stipulation also provides additional protection to eiders within the blocks listed below and Federal waters landward of the sale area, including the Ledyard Bay Critical Habitat Area, during times when eiders are present.

(A) General conditions: The following conditions apply to all exploration activities.

(1) An EP must include a plan for recording and reporting bird strikes. All bird collisions (with vessels, aircraft, or drilling structures) shall be documented and reported within 3 days to MMS. Minimum information will include species, date/time, location, weather, identification of the vessel, and aircraft or drilling structure involved and its operational status when the strike occurred. Bird photographs are not required, but would be helpful in verifying species. Lessees are advised that the FWS does not recommend recovery or transport of dead or injured birds due to avian influenza concerns.

(2) The following conditions apply to operations conducted in support of exploratory and delineation drilling.

(a) Surface vessels (e.g., boats, barges) associated with exploration and delineation drilling operations should avoid operating within or traversing the listed blocks or Federal waters between the listed blocks and the coastline between April 15 and June 10, to the maximum extent practicable. If surface vessels must traverse this area during this period, the surface vessel operator will have ready access to wildlife hazing equipment (including at least three *Breco* buoys or similar devices) and

personnel trained in its use; hazing equipment may located onboard the vessel or on a nearby oil spill response vessel, or in Point Lay or Wainwright. Lessees are required to provide information regarding their operations within the area upon request of MMS. The MMS may request information regarding number of vessels and their dates of operation within the area.

(b) Except for emergencies or human/navigation safety, surface vessels associated with exploration and delineation drilling operations will avoid travel within the Ledyard Bay Critical Habitat Area between July 1 and November 15. Vessel travel within the Ledyard Bay Critical Habitat Area for emergencies or human/navigation safety shall be reported within 24 hours to MMS.

(c) Aircraft supporting drilling operations will avoid operating below 1,500 feet above sea level over the listed blocks or Federal waters between the listed blocks and the coastline between April 15 and June 10, or the Ledyard Bay Critical Habitat Area between July 1 and November 15, to the maximum extent practicable. If weather prevents attaining this altitude, aircraft will use pre-designated flight routes. Pre-designated flight routes will be established by the lessee and MMS, in collaboration with the FWS, during review of the EP. Route or altitude deviations for emergencies or human safety shall be reported within 24 hours to MMS.

(B) Lighting Protocols. The following lighting requirements apply to activities conducted between April 15 and November 15 of each year.

(1) Drilling Structures: Lessees must adhere to lighting requirements for all exploration or delineation drilling structures so as to minimize the likelihood that migrating marine and coastal birds will strike these structures. Lessees are required to implement lighting requirements aimed at minimizing the radiation of light outward from exploration or delineation drilling structures to minimize the likelihood that birds will strike those structures. These requirements establish a coordinated process for a performance-based objective rather than pre-determined prescriptive requirements. The performance-based objective is to minimize the radiation of light outward from exploration/delineation structures while operating on a lease or if staged within nearshore Federal waters pending lease deployment.

Measures to be considered include but need not be limited to the following:

- Shading and/or light fixture placement to direct light inward and downward to living and work structures while minimizing light radiating upward and outward;
- Types of lights;
- Adjustment of the number and intensity of lights as needed during specific activities;
- Dark paint colors for selected surfaces;
- Low-reflecting finishes or coverings for selected surfaces; and
- Facility or equipment configuration.

Lessees are encouraged to consider other technical, operational, and management approaches that could be applied to their specific facilities and operations to reduce

outward light radiation. Lessees must provide MMS with a written statement of measures that will be or have been taken to meet the lighting objective, and must submit this information with an EP when it is submitted for regulatory review and approval pursuant to 30 CFR 250.203.

(2) Support Vessels: Surface support vessels will minimize the use of high-intensity work lights, especially when traversing the listed blocks and federal waters between the listed blocks and the coastline. Exterior lights will be used only as necessary to illuminate active, on-deck work areas during periods of darkness or inclement weather (such as rain or fog), otherwise they will be turned off. Interior lights and lights used during navigation could remain on for safety.

For the purpose of this stipulation, the listed blocks are as follows:

NR02-06, Chukchi Sea:

6624, 6625, 6674, 6675, 6723-6725, 6773-6775, 6822, 6823, 6872

NR03-02, Posey:

6872, 6873, 6918-6923, 6967-6973, 7016-7023, 7063-7073, 7112-7123

NR03-03, Colbert

6674, 6723, 6724, 6771-6774, 6820-6824, 6869-6874, 6918-6924, 6966-6974, 7015-7024, 7064-7074, 7113-7124

NR03-04, Solivik Island

6011-6023, 6060-6073, 6109-6122, 6157-6171, 6206-6219, 6255-6268, 6305-6317, 6354-6365, 6403-6414, 6453-6462, 6502-6511, 6552-6560, 6601-6609, 6651-6658, 6701-6707, 6751-6756, 6801-6805, 6851-6854, 6901-6903, 6951, 6952, 7001

NR03-05, Point Lay West

6014-6024, 6062-6073, 6111-6122, 6160-6171, 6209-6221, 6258-6269, 6307-6317, 6356-6365, 6406-6414, 6455-6462, 6503-6510, 6552-6558, 6602-6606, 6652-6655, 6702, 6703

NR04-01, Hanna Shoal

6223, 6267-6273, 6315-6323, 6363-6373, 6411-6423, 6459-6473, 6507-6523, 6556-6573, 6605-6623, 6654-6671, 6703-6721, 6752-6771, 6801-6819, 6851-6868, 6901-6916, 6951-6964, 7001-7010, 7051-7059, 7101-7107

NR04-02, Barrow

6003-6022, 6052-6068, 6102-6118, 6151-6164, 6201-6214, 6251-6262, 6301-6312, 6351-6359, 6401-6409, 6451-6456, 6501-6506, 6551, 6552, 6601, 6602

NR04-03, Wainwright

6002-6006, 6052, 6053

NS04-08, (Unnamed)

6816-6822, 6861-6872, 6910-6922, 6958-6972, 7007-7022, 7055-7072, 7104-7122

Nothing in this stipulation is intended to reduce personnel safety or prevent compliance with other regulatory requirements (e.g., U.S. Coast Guard or Occupational Safety and Health Administration) for marking or lighting of equipment and work areas.

Leasing Activities Information



U.S. Department of the Interior
Minerals Management Service
Alaska OCS Region

Final Information to Lessees Oil and Gas Lease Sale 193 Chukchi Sea February 6, 2008

1. Community Participation in Operations Planning
2. Bird and Marine Mammal Protection
3. River Deltas
4. Endangered Whales and MMS Monitoring Program
5. Availability of Bowhead Whales for Subsistence-Hunting Activities
6. High-Resolution Geological and Geophysical Survey Activity
7. Spectacled Eider and Steller's Eider
8. Sensitive Areas to be Considered in Oil-Spill-Response Plans
9. Coastal Zone Management
10. Navigational Safety
11. Offshore Pipelines
12. Discharge of Produced Waters
13. Use of Existing Pads and Islands
14. Planning for Protection of Polar Bears
15. Possible Listing of Polar Bears under ESA.
16. Archaeological and Geological Hazards Reports and Surveys
17. Response Plans for Facilities Located Seaward of the Coast Line
18. Oil Spill Financial Responsibility for Offshore Facilities
19. Good Neighbor Policy
20. Rentals/Minimum Royalties and Royalty Suspension Provisions
21. MMS Inspection and Enforcement of Certain Coast Guard Regulations
22. Statement Regarding Certain Geophysical Data
23. Affirmative Action Requirements
24. Bonding Requirements
25. Review of Development and Production Plans

No. 1 - Community Participation in Operations Planning. Lessees are encouraged to bring one or more residents of communities in the area of operations into their planning

process. Local communities often have the best understanding of how oil and gas activities can be conducted safely in and around their area without harming the environment or interfering with community activities. Involving local community residents in the earliest stages of the planning process for proposed oil and gas activities can be beneficial to the industry and the community. Community representation on management teams, developing plans of operation, oil-spill response plans, and other permit applications can help communities understand permitting obligations and help the industry to understand community values and expectations for oil and gas operations being conducted in and around their area.

No. 2 - Bird and Marine Mammal Protection. Lessees are advised that during the conduct of all activities related to leases issued as a result of this sale, the lessee and its agents, contractors, and subcontractors will be subject to the provisions of the following laws, among others: the Marine Mammal Protection Act (MMPA) of 1972, as amended (16 U.S.C. 1361 et seq.); the Endangered Species Act (ESA), as amended (16 U.S.C. 1531 et seq.); and applicable International Treaties.

Lessees and their contractors should be aware that disturbance of wildlife could be determined to constitute harm or harassment and thereby be in violation of existing laws and treaties. With respect to endangered species and marine mammals, disturbance could be determined to constitute a “taking” situation. Under the ESA, the term “take” is defined to mean “harass, harm, pursue, hunt, shoot, wound, kill, trap, capture, or collect, or to attempt to engage in any such conduct.” Under the MMPA, “take” means “harass, hunt, capture, collect, or kill or attempt to harass, hunt, capture, or kill any marine mammal.” Violations under these Acts and applicable Treaties will be reported to National Marine Fisheries Service (NMFS) or the U.S. Fish and Wildlife Service (FWS), as appropriate.

Incidental taking of marine mammals and endangered and threatened species is allowed only when the statutory requirements of the MMPA, the ESA, or both, depending on the species that is taken, are met. Section 101(a)(5) of the MMPA, as amended, (16 U.S.C. 1371(a)(5)) provides a mechanism for allowing, upon request and during periods of not more than 5 consecutive years each, the incidental, but not intentional, taking of small numbers of marine mammals by U.S. citizens who engage in a specified activity (other than commercial fishing) within a specified geographic region, provided that NMFS or FWS finds that the total of such taking during each 5-year (or less) period would have no more than a negligible impact on such species or stock and will not have an unmitigable adverse impact on the availability of such species or stock for taking for subsistence uses.

Applicants can receive authorization to incidentally, but not intentionally, take marine mammals under the MMPA through two types of processes: the Letter of Authorization (LOA) process and the Incidental Harassment Authorization (IHA) process. In either case, under the MMPA, incidental take of marine mammals is prohibited unless authorization is obtained by those proposing the activity, whether or not the marine mammals are endangered or threatened.

Lessees are advised that, if marine mammals may be taken by harassment, injury, or mortality as a result of exploration activities, specific regulations and LOA's must be

applied for and in place or IHA's must be obtained by those proposing the activity in order to allow the incidental take of marine mammals whether or not they are endangered or threatened. The regulatory process may require 1 year or longer; the IHA process takes about 5 months after receipt of a complete application.

Based on guidance from the National Oceanographic and Atmospheric Administration (NOAA) Fisheries' Office of Protected Resources web site, if the applicant can show that: (a) there is no potential for serious injury or mortality; or, (b) the potential for serious injury or mortality can be negated through mitigation requirements that could be required under the authorization, the applicant should apply for an IHA and does not need an LOA for the activity.

If the potential for serious injury and/or mortalities exists and no mitigating measures are available to prevent this form of 'take' from occurring, to receive authorization for the take, the applicant must obtain an LOA. The LOA requires that regulations be promulgated and published in the *Federal Register* outlining: (a) permissible methods and the specified geographical region of taking; (b) the means of effecting the least practicable adverse impact on the species or stock and its habitat and on the availability of the species or stock for subsistence uses; and c) requirements for monitoring and reporting, including requirements for the independent peer review of proposed monitoring plans where the proposed activity may affect the availability of a species or stock for taking for subsistence uses.

Under the MMPA, of those marine mammal species that occur in Alaskan waters, NMFS is responsible for species of the order Cetacea (whales and dolphins) and the suborder Pinnipedia (seals and sea lions) except walruses; FWS is responsible for polar bears, sea otters, and walruses. Requests for Incidental Take Authorizations (ITA's) should be directed towards the appropriate agency. Procedural regulations implementing the provisions of the MMPA are found at 50 CFR Part 18.27 for the FWS and at 50 CFR Part 216 for NMFS.

If an applicant is requesting authorization for the incidental, but not intentional taking of a marine mammal that is the responsibility of NMFS, a written request must be submitted to the NOAA Fisheries Office of Protected Resources and the appropriate NMFS Regional Office where the specified activity is planned. If an applicant is requesting authorization for the incidental, but not intentional, taking of a marine mammal that is the responsibility of FWS, a written request must be submitted to the FWS Regional Office where the specific activity is planned. More information on this process, and application materials, are available from the NOAA Fisheries Office of Protected Resources website (www.nmfs.noaa.gov/prot_res/PR2/Small_Take/smalltake.info.htm).

According to NOAA Fisheries Small Take web site, most LOA's and IHA's to date have involved the incidental harassment of marine mammals by noise. Activities with the greatest potential to harass by noise include seismic airguns, ship and aircraft noise, high-energy sonars, and explosives detonations.

Please note that the NOAA Fisheries web site on small-take authorizations indicates the following timetables for LOA and IHA decisions: "Decisions on LOA applications

(includes two comment periods, possible public hearings and consultations) may take from 6-12 months. The IHA decisions normally involve one comment period and, depending on the issues and species involved, can take anywhere from 2-6 months” (www.nmfs.noaa.gov/prot_res/PR2/Small_Take/smalltake_info.htm#applications).

Section 7(b)(4) of the ESA allows for the incidental taking of endangered and threatened species under certain circumstances. If a marine mammal species is listed as endangered or threatened under the ESA, the requirements of both the MMPA and the ESA must be met before the incidental take can be allowed.

Of particular concern is disturbance at major wildlife-concentration areas, including bird colonies, marine mammal haulout and breeding areas, and wildlife refuges and parks. Maps depicting major wildlife-concentration areas in the lease area are available from the MMS Regional Supervisor, Field Operations. Lessees also are encouraged to confer with FWS and NMFS in planning transportation routes between support bases and lease holdings.

Lessees also should exercise particular caution when operating in the vicinity of species that are not listed under the ESA but are proposed for listing, designated as candidates for listing, or are listed as a “Species of Concern” or whose populations are believed to be in decline, such as the yellow-billed loon, walrus, and polar bear.

Generally, behavioral disturbance of most birds and mammals found in or near the sale area would be unlikely if aircraft and vessels maintain at least a 1-mile horizontal distance and aircraft maintain at least a 1,500-foot (ft) vertical distance above known or observed wildlife-concentration areas, such as seabird colonies, the spring lead system, and marine mammal haulout and breeding areas.

For the protection of endangered whales and marine mammals throughout the lease area, MMS recommends that all aircraft operators maintain a minimum 1,500-ft altitude when in transit between support bases and exploration sites. The MMS encourages lessees and their contractors to minimize or reroute trips to and from the leasehold by aircraft and vessels when endangered whales are likely to be in the area.

Human safety will take precedence at all times over these recommendations.

No. 3 - River Deltas. Lessees are advised that certain river deltas of the Chukchi Sea coastal plain (such as the Kukpowruk River Delta) have been identified by the U.S. Fish and Wildlife Service (FWS) as special habitats for bird nesting and fish overwintering areas, as well as other forms of wildlife. Shore-based facilities in these river deltas may be prohibited by the permitting agency.

No. 4 - Endangered Whales and MMS Monitoring Program. Lessees are advised that the MMS intends to continue its area wide endangered bowhead whale monitoring project in the Beaufort Sea, and plans to conduct monitoring of marine mammals in the Chukchi Sea. The monitoring will gather information on whale distribution patterns which will be used by MMS and others to assess impacts on bowhead whales.

The MMS will perform an environmental review for each proposed exploration plan and development and production plan, including an assessment of cumulative effects of noise on endangered whales. Should the review conclude that activities described in the plan will be a threat of serious, irreparable, or immediate harm to the species, the Regional Supervisor, Field Operations (RS/FO) will require that activities be modified, or otherwise mitigated, before such activities would be approved.

Lessees are further advised that the RS/FO has the authority and intends to limit or suspend any operations, including ancillary activities, conducted pursuant to 30 CFR 250.207, on a lease whenever bowhead whales are subject to a threat of serious, irreparable, or immediate harm to the species. Should the information obtained from MMS's or lessees' monitoring programs 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 RS/FO may require the lessee to suspend operations causing such effects, in accordance with 30 CFR 250.172. Any such suspensions may be terminated when the RS/FO determines that circumstances which justified the ordering of suspension no longer exist.

No. 5 - Availability of Bowhead Whales for Subsistence Hunting Activities. Lessees are advised that the National Marine Fisheries Service (NMFS) issues regulations for incidental take of marine mammals, including bowhead whales. Incidental Take Authorizations (ITA's) are issued, and 5-year incidental take regulations are promulgated, only upon request and NMFS must be in receipt of an application prior to initiating either the regulatory or ITA process. Incidental takes of bowhead whales are allowed only if a Letter of Authorization (LOA) or an Incidental Harassment Authorization (IHA) is obtained from the NMFS pursuant to the regulations in effect at the time. An LOA or an IHA must be requested annually. In issuing an LOA or an IHA, the NMFS must determine that proposed activities will not have an unmitigable adverse effect on the availability of the bowhead whale to meet subsistence needs by causing whales to abandon or avoid hunting areas, directly displacing subsistence users, or placing physical barriers between whales and subsistence users.

Lessees are also advised that, in reviewing proposed exploration plans which propose activities during the bowhead whale migration, MMS will conduct an environmental review of the potential effects of the activities, including cumulative effects of multiple or simultaneous operations, on the availability of the bowhead whale for subsistence use. The MMS may limit or require operations be modified if they could result in significant effects on the availability of the bowhead whale for subsistence use.

The MMS and NMFS will establish procedures to coordinate results from site-specific surveys required by Stipulation No. 4 and NMFS LOA's or IHA's to determine if further modification to lease operations are necessary.

No. 6 - High-Resolution Geological and Geophysical Survey Activity. Lessees are advised of the potential effect of geophysical activity to bowhead whales, other marine mammals, coastal birds, and subsistence hunting activities. High-resolution seismic surveys are distinguished from 2D/3D seismic surveys by the magnitude of the energy source used in the survey, the size of the survey area, the number and length of arrays

used, and duration of the survey period. High-resolution seismic surveys are typically conducted after a lease sale in association with a specific exploration or development program or in anticipation of future lease sale activity.

Lessees are advised that all seismic survey activity conducted in Chukchi Sea Planning Area, either under the geological and geophysical (G&G) permit regulations at 30 CFR 251 or as an ancillary activity in support of an exploration plan or development and production plan under 30 CFR 250, is subject to environmental and regulatory review by the MMS. The MMS has standard mitigating measures that apply to these activities, and lessees are encouraged to review these measures before developing their applications for G&G permits or planning ancillary activities on a lease. Protective measures may be modified or additional measure developed based upon future consultation with the FWS and NMFS.

Copies of the nonproprietary portions of all G&G permits applications will be provided by MMS to appropriate agencies, co-management organizations, and directly affected communities. Organizations currently recognized by the National Marine Fisheries Service (NMFS) and the U.S. Fish and Wildlife Service (FWS) for the co-management of the marine mammals resources are the Alaska Eskimo Whaling Commission, the Alaska Beluga Whale Committee, the Alaska Eskimo Walrus Commission, and the Nanuk Commission. The MMS may impose restrictions (including the timing of operations relative to open water) and other requirements (such as having a locally approved coordinator on board) on seismic surveys to minimize unreasonable conflicts between the seismic survey activities and subsistence whaling activities.

Lessees and applicants are advised that MMS will require any proposed seismic activities to be coordinated with the appropriate agencies, co-management organizations, and directly affected subsistence communities to identify potential conflicts and develop plans to avoid these conflicts. Copies of the results of any required monitoring plans will be provided by MMS to the North Slope Borough, directly affected subsistence communities, and appropriate agencies and subsistence organizations for comment.

No. 7 - Spectacled Eider and Steller's Eider. Lessees are advised that the spectacled eider (*Somateria fischeri*) and Steller's eider (*Polysticta stelleri*) are listed as threatened by the U.S. Fish and Wildlife Service (FWS) and are protected by the Endangered Species Act of 1973, as amended (16 U.S.C. 1531 et seq.).

Spectacled eiders and Steller's eiders are present in the Chukchi Sea during spring migration in May and June. Males return to the open sea in late June, while nesting females remain on the arctic coastal tundra until late August or early September. Molting eiders occur in certain offshore areas until freeze-up (typically in November). Onshore activities related to OCS exploration, development, and production during the summer months (May-September) may affect nesting spectacled eiders and Steller's eiders.

Lessees are advised that exploration and development and production plans submitted to MMS will be reviewed by the FWS to ensure that spectacled eider, Steller's eider, and their habitats are protected. For Lease Sale 193, MMS specifically requested an

incremental Section 7 consultation with the FWS. The MMS consulted with FWS on the potential effects of leasing and seismic/exploration activities. As few details are known regarding the specific location/design of a future development, that stage of the process will require further consultation with the FWS. To allow this step-wise approach, FWS found that the leasing and seismic/exploration stage of the project would not result in a jeopardy determination to either the Steller's eider or spectacled eider nor would adverse modification of spectacled eider critical habitat occur.

The FWS also concluded that there "is a reasonable likelihood that the entire action will not violate Section 7(a)(2) of the [Endangered Species] Act." Section 7(a)(2) of the Act requires that federal agencies ensure their actions are not likely to jeopardize the continued existence of any endangered or threatened species or adversely modify designated critical habitat. Lessees are advised that future development projects arising from Lease Sale 193 are subject to Section 7 consultation with the FWS and a future project would not be authorized by MMS if it results in jeopardy or adverse modification of designated critical habitat as determined by FWS.

No. 8 - Sensitive Areas to be Considered in the Oil-Spill Response Plans (OSRP).

Lessees are advised that certain areas are especially valuable for their concentrations of marine birds, marine mammals, fishes, other biological resources or cultural resources, and for their importance to subsistence harvest activities, and should be considered when developing OSRP's. Coastal aggregations of polar bears during the open water/broken-ice period are particularly vulnerable to the effects of an oil spill, which lessees must account for in their OSRP's. Identified areas and time periods of special biological and cultural sensitivity for the Chukchi Sea include:

- 1) Elson Lagoon;
- 2) Barrow Polar Bear Aggregation Area, August-October;
- 3) Spring Lead System April-June;
- 4) Peard Bay/Franklin Spit;
- 5) Kuk Lagoon;
- 6) Icy Cape and associated Barrier Islands;
- 7) Kasegaluk Lagoon and Naokok, Kukpowruk, Akunik, and Utukok Passes through the Barrier Islands;
- 8) Ledyard Bay Critical Habitat Area;
- 9) Cape Lisburne, May-September;
- 10) Marryat Inlet;
- 11) Cape Thompson, May-September;
- 12) On-and offshore waters from Point Hope to Cape Thompson, including Aiautak and Akoviknak Lagoons;
- 13) Kugrua River, May-October;
- 14) Kuchiak River, Jan-Dec;
- 15) Kuk River, May-October;
- 16) Kokolik River, May-October;
- 17) Kukpowruk River, May-October;
- 18) Pitmegea River, May-October; and
- 19) Utukok River, May-October.

These areas are among areas of special economic or environmental importance required by 30 CFR 254.26 to be considered in the OSRP. Lessees are advised that they have the primary responsibility for identifying these areas in their OSRP's and for providing specific protective measures. Additional areas of special economic or environmental importance may be identified during review of exploration plans and development and production plans.

Industry should consult with U.S. Fish and Wildlife Service or State of Alaska personnel to identify specific environmentally sensitive areas within National Wildlife Refuges or state special areas which should be considered when developing a project-specific OSRP.

Consideration should be given in an OSRP as to whether use of dispersants is an appropriate defense in the vicinity of an area of economic or environmental importance. Lessees are advised that prior approval must be obtained before dispersants are used.

No. 9 – Coastal Zone Management. The MMS advises lessees that under the Coastal Zone Management Act (CZMA) (16 U.S.C. 1451 et. seq., Section 307), as amended, a State with an approved Coastal Zone Management (CZM) Plan reviews certain outer continental shelf (OCS) activities to determine whether they will be conducted in a manner consistent with the enforceable policies of their approved CZM plan. This review authority is applicable to activities described in OCS exploration plans and development and production plans that affect any land or water use or natural resource within the state's coastal zone.

Generally, the MMS may not issue a permit for activities described in a plan unless the state concurs or is conclusively presumed to have concurred that the plan is consistent with its CZM plan. In cases where concurrence is not given or presumed, the matter may be appealed to the Secretary of Commerce.

The Department of Commerce, National Oceanic and Atmospheric Administration revised the regulations at 15 CFR 930 implementing the Federal consistency provisions of the CZMA effective February 6, 2006. These revised regulations were published in the *Federal Register* on January 5, 2006, at 71 FR 788, et seq.

State of Alaska regulations for the Alaska Coastal Management Program consistency review process are contained in 11 AAC 110 (Alaska Administrative Code). The enforceable policies of the Alaska Coastal Management Program include: a) the Alaska Department of Environmental Conservation (ADEC) requirements specified in 11 AAC 110.010(e), b) statewide standards found in 11 AAC 112, and c) enforceable policies developed and approved under 11 AAC 114 found within approved coastal district programs. For the Chukchi Sea OCS mineral lease sales, the enforceable policies of the North Slope Borough Coastal Management Program and the statewide standards are applicable.

In context, many enforceable policies list information that may be necessary to determine consistency with enforceable policies. The Alaska Department of Natural Resources, Office of Project Management and Permitting (OPMP), coordinates review of an applicant's consistency certification of an OCS plan. On request, prior to the start of a

consistency review, OPMP will assist an applicant by providing information about consistency review requirements including, to the extent feasible, preliminary identification of what may be required to determine consistency with the enforceable policies of the program, compliance with resource agency authorizations, and potential mitigation requirements. Also, a resource agency may identify issues related to the authorization and potential mitigation requirements and, to the extent feasible, discuss with the applicant how an activity may comply with the agency's statutory and regulatory authority. Prior to preparing a consistency certification, MMS encourages lessees to consult with OPMP about the requirements above.

During the consistency review, OPMP may request additional information needed to determine concurrence or objection with the consistency certification. The applicant must provide the additional information requested. If OPMP determines that some or all of the additional information provided is inadequate, it may request the applicant to provide further information. OPMP may modify the state's consistency review schedule until the information is received and considered adequate.

No. 10 - Navigational Safety. Operations on some of the blocks offered for lease may be restricted by designation of fairways, precautionary zones, anchorages, safety zones, or traffic separation schemes established by the U.S. Coast Guard (USCG) pursuant to the Ports and Waterways Safety Act (33 U.S.C. 1221 et seq.), as amended. Lessees are encouraged to contact the USCG regarding any identified restrictions. The U.S. Army Corps of Engineers permits are required for construction of any artificial islands, installations, and other devices permanently or temporarily attached to the seabed located on the OCS in accordance with section 4(e) of the OCS Lands Act, as amended. For additional information, prospective bidders should contact the U.S. Coast Guard, 17th Coast Guard District, P.O. Box 3-5000, Juneau, Alaska 99802, (907) 586-7355. For Corps of Engineers information, prospective bidders should contact U.S. Army Corps of Engineers, Alaska District, Regulatory Branch (1145b), P.O. Box 898, Anchorage, Alaska 99506-0898, (907) 753-2724.

No. 11 - Offshore Pipelines. Lessees are advised that the Department of the Interior and the Department of Transportation have entered into a Memorandum of Understanding (MOU), dated December 10, 1996, concerning the design, installation, and maintenance of offshore pipelines. See also 30 CFR 250.1000(c)(1). Bidders should consult both departments for regulations applicable to offshore pipelines. Copies of the MOU are available from the MMS Internet site and the MMS Alaska OCS Region.

No. 12 - Discharge of Produced Waters. Lessees are advised that the State of Alaska prohibits discharges of produced waters on state tracts within the ten-meter depth contour. Discharges of produced waters into marine waters are subject to conditions of National Pollutant Discharge Elimination System permits issued by the U.S. Environmental Protection Agency (USEPA), and may also include a zero-discharge requirement on Federal tracts within the ten-meter contour.

No. 13 - Use of Existing Pads and Islands. The MMS encourages lessees to use existing pads, natural and gravel islands, and other infrastructure in support of proposed exploration, development, and production activities wherever feasible.

No. 14 - Planning for Protection of Polar Bears. Polar bears are part of a dynamic rather than a static system. Changes in their distributions and populations in recent years indicate that adaptive management is required to adequately mitigate potential impacts to their populations (i.e., specific mitigation measures developed today may not be applicable 5, 10, or 20 years from now). The U.S. Fish and Wildlife Service (FWS) is the management agency responsible for polar bear management; as such, they have the most current information about the status of polar bear populations, the issues facing them, and the most recent research findings applicable to them. Therefore, MMS will be implementing increased coordination with FWS for the protection of polar bears.

Lessees are advised to consult with FWS and local Native communities while planning their activities and before submission of their Oil-Spill Response Plans (OSRP) to ensure potential threats to polar bears are adequately addressed based on the most current knowledge regarding their habitat use, distribution, and population status, and to ensure adequate geographic coverage and protection are provided under the OSRP. Coastal aggregations of polar bears during the open water/broken ice period are particularly vulnerable to the effects of an oil spill, which lessees must address in their OSRP's. For example, well known polar bear aggregations have occurred at Point Barrow in close proximity to subsistence-harvested whale carcass remains. Measures to ensure adequate timely geographic coverage and protection of polar bears may include, but are not limited to, the pre-staging of oil-spill equipment at or near locations of polar bear aggregation to support oil-spill-response operations. Lessees are encouraged to consult and coordinate with FWS, local Native communities, and the Nanuk Commission to develop plans and mitigation strategies in their OSRP to prevent adverse effects to known bear aggregations. Making subsistence-harvested whale carcasses unavailable to polar bears on land during the fall open-water period may reduce polar bear aggregations and thus lower the potential for an oil spill to impact polar bears.

As part of the MMS review of proposed activities and mitigation measures, the Regional Supervisor, Field Operations (RS/FO) will notify FWS of the review of proposed Exploration Plans and Development and Production Plans (and associated OSRP) and make copies of these documents available to FWS for review and comment.

Lessees are encouraged to continue existing or initiate new training programs for oil-spill-response teams in local villages to facilitate local participation in spill response and cleanup. This effort allows local Native communities to use their knowledge about sea ice and the environment in the response process and can enhance their ability to provide protection to key resources, including polar bears.

Under the Marine Mammal Protection Act (MMPA), the incidental take of marine mammals is prohibited unless authorization is obtained by those proposing the activity, whether or not the marine mammals are endangered or threatened. To protect polar bears and other marine mammals, MMS encourages OCS operators to obtain an incidental take authorization (ITA) from FWS under the MMPA prior to any operation. Incidental takes of polar bears are allowed only if an ITA is obtained from the FWS pursuant to the regulations in effect at the time. Obtaining an ITA will ensure that lessees' operations are planned and conducted with the most current knowledge of polar bears' habitat use, distribution, and population status. The FWS must be in receipt of a petition for

incidental take prior to initiating the regulatory process. An ITA must be requested annually.

Lessees are advised that polar bears may be present in the area of operations, particularly during the solid-ice period. Lessees should conduct their activities in a way that will limit potential encounters and interaction between lease operations and polar bears. Lessees are advised to contact FWS regarding proposed operations and actions that might be taken to minimize interactions with polar bears. Lessees also are advised to consult OCS Study MMS 93-0008, *Guidelines for Oil and Gas Operations in Polar Bear Habitats*.

Lessees are reminded of the provisions of the 30 CFR 250.300 regulations, which prohibit unauthorized discharges of pollutants into offshore waters. Trash, waste, or other debris that might attract polar bears or might be harmful to polar bears should be properly stored and disposed of to minimize attraction of, or encounters with, polar bears.

No. 15 - Possible Listing of Polar Bears under ESA. Lessees are advised that the U.S. Fish and Wildlife Service is proposing to list the polar bear (*Ursus maritimus*) as a threatened species under the Endangered Species Act and has initiated a comprehensive scientific review to assess the current status and future of the species. The FWS anticipates making a decision in early 2008 on whether to list polar bears under the ESA. Please refer to <http://alaska.fws.gov/fisheries/mmm/polarbear/issues.htm> for additional information. If the polar bears are ultimately listed under the ESA, then MMS will consult with FWS under Section 7 of the ESA, and may be required to apply additional mitigation measures on OCS activities to ensure appropriate protection.

No. 16 - Archaeological and Geological Hazards Reports and Surveys. The regulations at 30 CFR 250.214(e) and 30 CFR 250.244(e) require a shallow hazards report be included with all Exploration Plans (EPs) or Development and Production Plans (DPPs) at the time they are submitted to MMS for completeness review. In addition, the Regional Director may require lessees to include an archaeological resources report as required by 30 CFR 250.227(b)(6) and 30 CFR 250.261(b)(6) with any EP or DPP submitted to MMS for completeness review. Lessees are encouraged to combine surveys whenever feasible.

Potential submerged archaeological resources range from historic to prehistoric. Historic resources include man-made objects or structures older than 50 years, such as shipwrecks, abandoned relics of historic importance, or submerged airplanes. The likelihood of historic resources is determined by historical records and their areas are tentatively identified in the Alaska Shipwreck Database. There may be other occurrences of historic resources and these will be determined during survey work. The following is a list of specific blocks in the Chukchi Sea Planning Area that may contain historic archaeological resources for which an archaeological report will be required:

- OPD NR 03-04, Solivik Island, Blocks: 6623, 6624, 6673, 6674, 6723, and 6724

- OPD NR 03-07, Point Hope, Blocks: 6609, 6610, 6611, 6659, 6660, 6661, 6709, 6710, and 6711
- OPD NR 04-01, Hanna Shoal, Blocks: 6918, 6919, 6920, 6968, 6969, 6970, 7018, 7019, and 7020
- OPD NR 04-02, Barrow, Blocks: 6566, 6567, 6568, 6616, 6617, 6619, 6666, 6667, 6668, 6716, 6717, 6801, 6802, 6803, 6851, 6852, 6853, 6901, 6902, 6903, 7102, 7103, and 7104
- OPD NR 04-03, Wainwright, Blocks: 6601, 6602, 6603, 6651, 6652, 6653, 6019, 6020, 6021, 6069, 6070, 6071, 6119, 6120, and 6121
- OPD NR 04-04, Meade River, Blocks: 6002, 6003, 6004, 6053, and 6054

Prehistoric archaeological resources may occur in areas that were sub-aerially exposed during the low stand of sea level approximately 13,000 years before present (generally 60 meters below sea level on the Alaska OCS), which would include most of the Sale 193 area. Relict terrestrial landforms such as preserved levees or terraces associated with paleo-river channels, river confluences, ponds, lakes, lagoons, or paleo-shorelines are areas where archaeological sites are most likely to occur. No prehistoric resources are expected in some areas of the shelf in water depths less than 60 meters, where: (1) there are no Quaternary sediments, and (2) where extensive ice gouging has reworked the Quaternary section, but these are not well defined and will have to be determined on a case-by-case basis.

Activities that have the potential to disturb offshore archaeological resources include: (1) anchoring; (2) pipeline trenching; (3) excavating well cellars; (4) emplacement of bottom-founded platforms; and (5) use of bottom cables for seismic data collection. Guidelines for conducting archaeological surveys are described in Notice to Lessees (NTL) 05-A03, dated July 25, 2005.

Except as approved on a case-by-case basis, lessees may not set a drilling or production facility on location until MMS has approved an EP or DPP. Lessees are advised that seasonal constraints may prevent the following from occurring in the same year: collecting required data, obtaining of any necessary permits and coastal consistency certification, and initiating operations including mobilizing and setting down of the facility at location. Lessees are encouraged to plan accordingly.

No. 17 - Response Plans for Facilities Located Seaward of the Coast Line. The regulations at 30 CFR 254 Subpart D implement the facility response planning provision of the Oil Pollution Act. The rule allows one plan to be used to cover multiple offshore facilities. This allows operators to reduce the cost of spill response compliance without sacrificing environmental protection.

No. 18 - Oil Spill Financial Responsibility (OSFR) for Offshore Facilities. Bidders should note that MMS has implemented regulations regarding the financial responsibility

provision of the OPA. The regulations, which appear at 30 CFR 250 and 253, require those responsible for offshore oil facilities to demonstrate that they can pay for cleanup and damages caused by facility oil spills. See also 30 CFR 254.

The OSFR for offshore facilities established requirements on responsible parties for demonstrating financial responsibility for cleanup and damages caused by oil or condensate discharges from offshore oil and gas exploration and production facilities and associated pipelines. The regulations at 30 CFR 250 and 253 apply to the OCS, and state waters seaward of the line of ordinary low water along that portion of the coast that is in direct contact with the open sea, and certain coastal inland waters.

The OSFR requirements may not affect facilities which have a worst case oil spill discharge potential of 1,000 barrels or less. The regulation explains how to calculate this discharge. If the facility's potential worst case spill exceeds this amount, the facility will be required to establish and maintain OSFR at a minimum level of \$35 million. Prior to receiving approval of an application to drill or approval of an applicable lease assignment, a company must demonstrate sufficient coverage for all covered facilities which have a worst case oil spill of greater than 1,000 barrels.

The MMS Notice to Lessees No. 99-N01 ("Guidelines for Oil Spill Financial Responsibility for Covered Facilities"), issued on and effective January 6, 1999, provides guidelines for implementing this program.

No. 19 - Good Neighbor Policy. Potential impact from a major oil spill on resources and subsistence hunting activities has been a major concern to the North Slope Borough (NSB), the Alaska Eskimo Whaling Commission (AEWC), and native tribal governments. Under the Oil Pollution Act of 1990 (OPA-90), oil and gas companies are responsible for damages from an oil spill resulting from their operations, including damages to subsistence resources. However, the above-mentioned organizations have concerns about the OPA-90 process and the remedies available to prevent disruption to seasonal subsistence activities.

The NSB and the AEWC have estimated the monetary impact of a major oil spill over a given time. They considered direct and indirect impacts, such as relocation of whaling crews and equipment, hauling of harvested meat, and socio-cultural counseling. While the long term reimbursement of the monetary impacts of a spill are covered under OPA-90, the NSB and AEWC believe that a prudent operator should provide some type of compensation commitment that could be accessed immediately.

To provide such an "insurance policy", several oil and gas companies operating in the Beaufort Sea have elected to enter into a Good Neighbor Policy (GNP) with the NSB and AEWC; lessees are encouraged to negotiate a similar GNP for the Chukchi Sea. The GNP serves the purpose of demonstrating an operator's commitment to a more immediate compensation system to minimize disruption to subsistence activities and provides resources to relocate subsistence hunters to alternate hunting areas or to provide temporary food supplies if a spill affects the taking of marine subsistence resources. The GNP demonstrates that the participating operators have made these commitments prior to conducting the proposed exploration or development operations. The GNP represents a

viable mechanism for companies to assure timely and direct compensation to affected communities in the event of a major oil spill as required by OPA-90 and for expediting claims in accordance with 30 CFR 253 Subpart F.

No. 20 - Rentals/Minimum Royalties and Royalty Suspension Provisions. The timing of when rental versus minimum royalty is due has been recently revised. The revised requirement is contained in the Final Notice of Sale. For all leases issued as a result of this sale, an Addendum will be added to the lease to modify sections 4, 5 and 6 of the lease instrument to implement these revised rental/minimum royalty requirements and to address royalty suspension provisions.

No. 21 - MMS Inspection and Enforcement of Certain Coast Guard Regulations. On February 7, 2002, the USCG published a final rule (67 FR 5912) authorizing "...the Minerals Management Service (MMS) to perform inspection on fixed OCS facilities engaged in OCS activities and to enforce Coast Guard regulations applicable to those facilities in 33 CFR Chapter I, Subchapter N." Questions regarding this authorization may be directed to the USCG as indicated in the final rule.

No. 22 - Statement Regarding Certain Geophysical Data. Pursuant to section 18 and 26 of the OCS Lands Act, as amended, and the regulations issued there under, MMS has a right of access to geophysical data and information obtained or developed as a result of operations on the OCS. A rule specifying the details and procedures regarding this right of access is found at 30 CFR 251.12. Reimbursement for the cost of reproducing these data will be made in accordance with 30 CFR 251.13.

No. 23 - Affirmative Action Requirements. Lessees are advised that they must adhere to the rules of the Department of Labor, Office of Federal Contract Compliance, at 41 CFR Chapter 60. Companies with questions regarding those rules should contact one of the various regional Department of Labor, Offices of Federal Contract Compliance.

No. 24 - Bonding Requirements. The MMS general bonding requirements are found at 30 CFR 256 Subpart I. Section 30 CFR 256.58, "Termination of the period of liability and cancellation of a bond" defines the terms and conditions under which MMS will terminate the period of liability of a bond or cancel a bond. The MMS Notice to Lessees No. 2003-N06, Supplemental Bond Procedures, became effective on June 17, 2003. This document is an updated summary of the procedures that will be used in assessing the financial strength of OCS lessees as they implement the requirement to submit a supplemental bond in compliance with 30 CFR 256. These procedures apply to all OCS Regions.

No. 25 –Review of Development and Production Plans. Lessees are advised that MMS intends to prepare an environmental impact statement (EIS) on any Development and Production Plan submitted for a lease issued from Chukchi Sea Sale 193 and pursuant to regulations at 30 CFR 250. Per the Department of Interior Manual (516 DM 15.4), approval of an offshore oil and gas development and production plan in any area or region of the offshore, other than the central or western Gulf of Mexico, normally requires preparation of an EIS. Preparation of such an EIS typically takes 2-3 years.

Per 30 CFR 250.247 and 250.261, environmental information and an environmental impact analysis (EIA) must accompany the DPP. Information in the EIA must be as specific as necessary to assist MMS in complying with NEPA and other relevant Federal laws. The DPP and EIA must include the information necessary for evaluation of potential direct and indirect impacts of the proposed activities, including any proposed coastal facilities and the lessee's plans for complying with relevant State of Alaska and North Slope Borough regulations for coastal facility construction and use.

The MMS has a long established goal to ensure that exploration, development, and production operations are conducted in a manner that promotes the multiple use of the Outer Continental Shelf (OCS). To achieve this goal, MMS will take action within its authority to limit structures and associated infrastructure for drilling, development, production, and transportation of production to the minimum necessary for proper and safe operations. In support of this policy, any future DPP and EIA must include information demonstrating that the structures and associated infrastructure proposed in the DPP are necessary and that no other reasonable alternative sizing, placement, or grouping of this infrastructure would result in a smaller environmental footprint or cause less interference with other significant uses of the OCS and the adjacent coastal area (30 CFR 250 Subpart B).

In support of the cumulative analysis in the EIS, MMS can require lessees and operations in the vicinity of the proposed development activity to submit information about preliminary plans for their leases or units (30 CFR 250.269(b)).

Per Outer Continental Shelf Lands Act (OCSLA) implementing regulations at 30 CFR 250.270(a)(1)(ii), the Regional Supervisor will act on the deemed submitted DPP within 60 calendar days after the final EIS is released or adopted.

Lessees also need to be aware of certain information that the State of Alaska may seek from the lessee for OCS-related operations that extend into state waters or that affect coastal resources and uses when the State reviews the DPP for consistency with the Alaska Coastal Management Plan. The lessee should be aware of the following:

- A. The State may require lessees to complete biological surveys prior to the start of operations, in conjunction with local/native knowledge, to identify environmentally sensitive areas. A plan for protecting environmentally sensitive areas may be required by the State under its oil discharge prevention and contingency plan regulations (18 AAC 75, Article 4).
- B. The State may require lessees to provide additional training on Alaska oil spill prevention standards (18 AAC 75, Article 1).
- C. The lessee may be required to adhere to the oil pollution prevention regulations of the State of Alaska, including financial responsibility requirements (18 AAC 75, Article 2), oil spill response requirements (18 AAC 75, Article 3), and oil discharge prevention and contingency plan (c-plan) requirements (18 AAC 75, Article 4).
- D. The lessee may need to comply with pre-booming requirements (18 AAC 75, Article 1) for transfers of fuel, crude oil, persistent product, and oily ballast to all vessels operating in Alaska state waters.



United States Department of the Interior



MINERALS MANAGEMENT SERVICE
Alaska Outer Continental Shelf Region
3801 Centerpoint Drive, Suite 500
Anchorage, Alaska 99503-5823

The Honorable Sarah Palin
Governor of Alaska
P.O. Box 11001
Juneau, Alaska 99811-0001

DEC 21 2007

Dear Governor Palin:

We would like to take this opportunity to inform you that Randall Luthi, Director, Minerals Management Service (MMS), has approved the Area Identification (Area ID) for the Beaufort Sea Oil and Gas Lease Sales 209 and 217 and Chukchi Sea Sales 212 and 221. The Beaufort Sea and Chukchi Sea Sales were listed in our Final 5-Year OCS Oil and Gas Leasing Program for 2007-2012 and described in our August 23, 2007, *Federal Register* Call for Information and Notice of Intent to prepare an Environmental Impact Statement (EIS).

The Area ID describes the areas that we will evaluate in an EIS for those sales. The areas approved for further study are identical to the Beaufort Sea and Chukchi Sea program areas selected by the Secretary in the Final 5-Year OCS Oil and Gas Leasing Program for 2007-2012. The Beaufort Sea area extends offshore from approximately 3 nautical miles to about 205 statute miles, in water depths ranging from 25 feet to 3,000 feet, covering about 33 million acres. The Chukchi Sea area extends offshore from 25 statute miles to 275 statute miles, in water depths from 60 to 660 feet except for a small portion of this area where the depth reaches 3,000 feet, covering about 40 million acres. (See the enclosed maps.)

The four sales are being analyzed in a multiple-sale EIS. Scoping meetings were held this past fall in Point Hope, Point Lay, Wainwright, Barrow, Nuiqsut, Kaktovik, and Anchorage. We held government-to-government meetings with local tribes. Although because of workload reasons the North Slope Borough (NSB) declined our invitation to be a cooperating agency, we will continue to work closely with the NSB and other local governments throughout the process of preparing the EIS, as you requested.

The multiple-sale EIS will serve as the National Environmental Policy Act (NEPA) analysis and information document for decisions on Beaufort Sea Sale 209 and Chukchi Sea Sale 212. Prior to Sales 217 (Beaufort Sea) and 221 (Chukchi Sea), MMS will issue a Call for information, gather and review any new environmental information, and assess the need for a supplemental EIS or an environmental assessment.

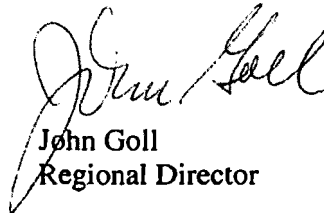
We are currently reviewing the information provided during the aforementioned scoping process, and have begun developing alternatives and issues to be evaluated in the multiple-sale EIS. We appreciate the information we received from the Alaska Department of Natural Resources,

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Division of Coastal and Ocean Management. We expect to issue a draft EIS in the fall of 2008. We will solicit public comment on this draft before publishing a final EIS in the summer of 2009. We also will prepare a Coastal Zone Consistency Determination and issue a Proposed Notice of Sale for Sale 209 in the summer of 2009.

We are pleased with our good working relationship with your staff and look forward to working with them as we move forward in these processes. Please contact me at 907-334-5200 should you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "John Goll", is written over a printed name and title.

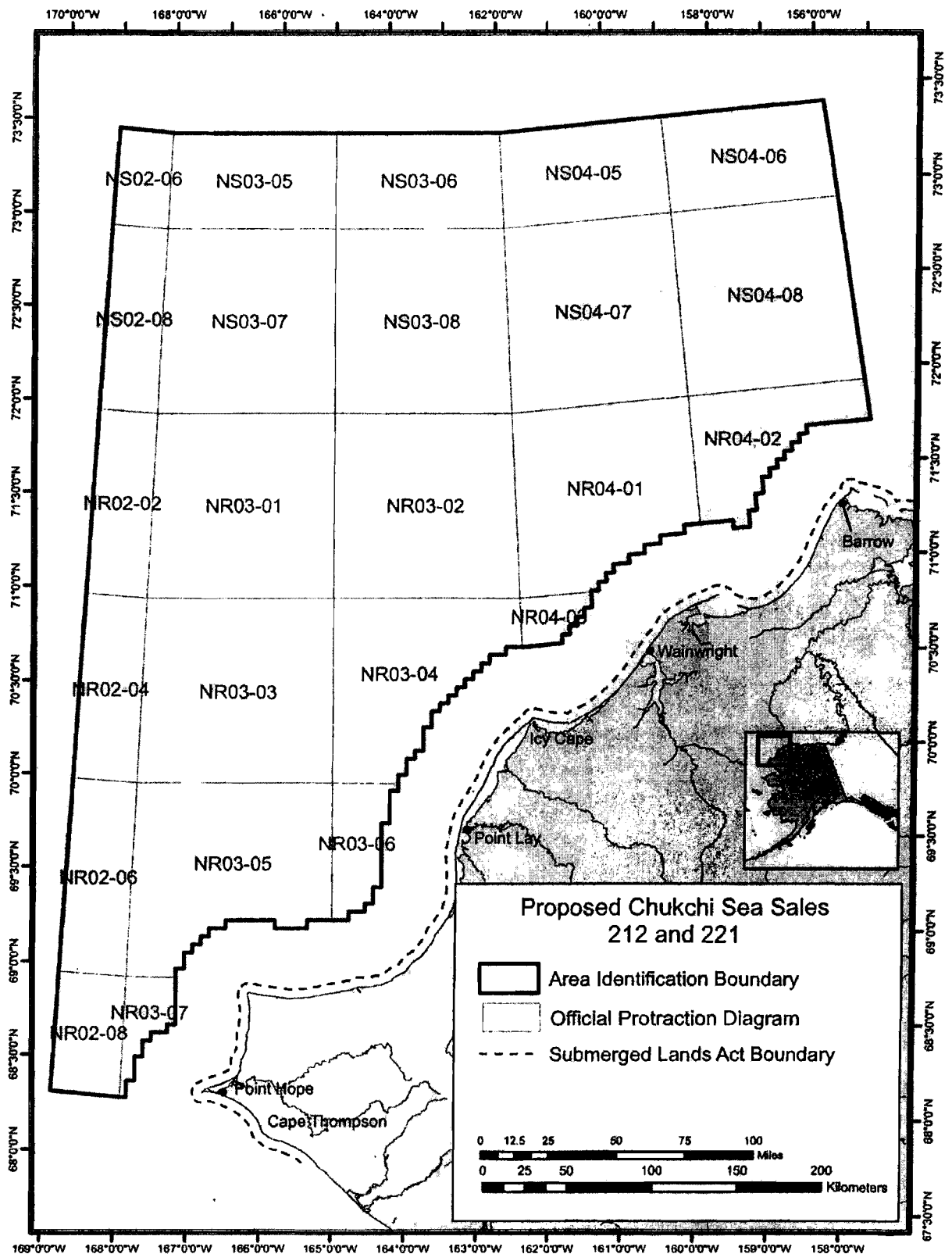
John Goll
Regional Director

Enclosures

cc: Commissioner, Alaska Department of Natural Resources

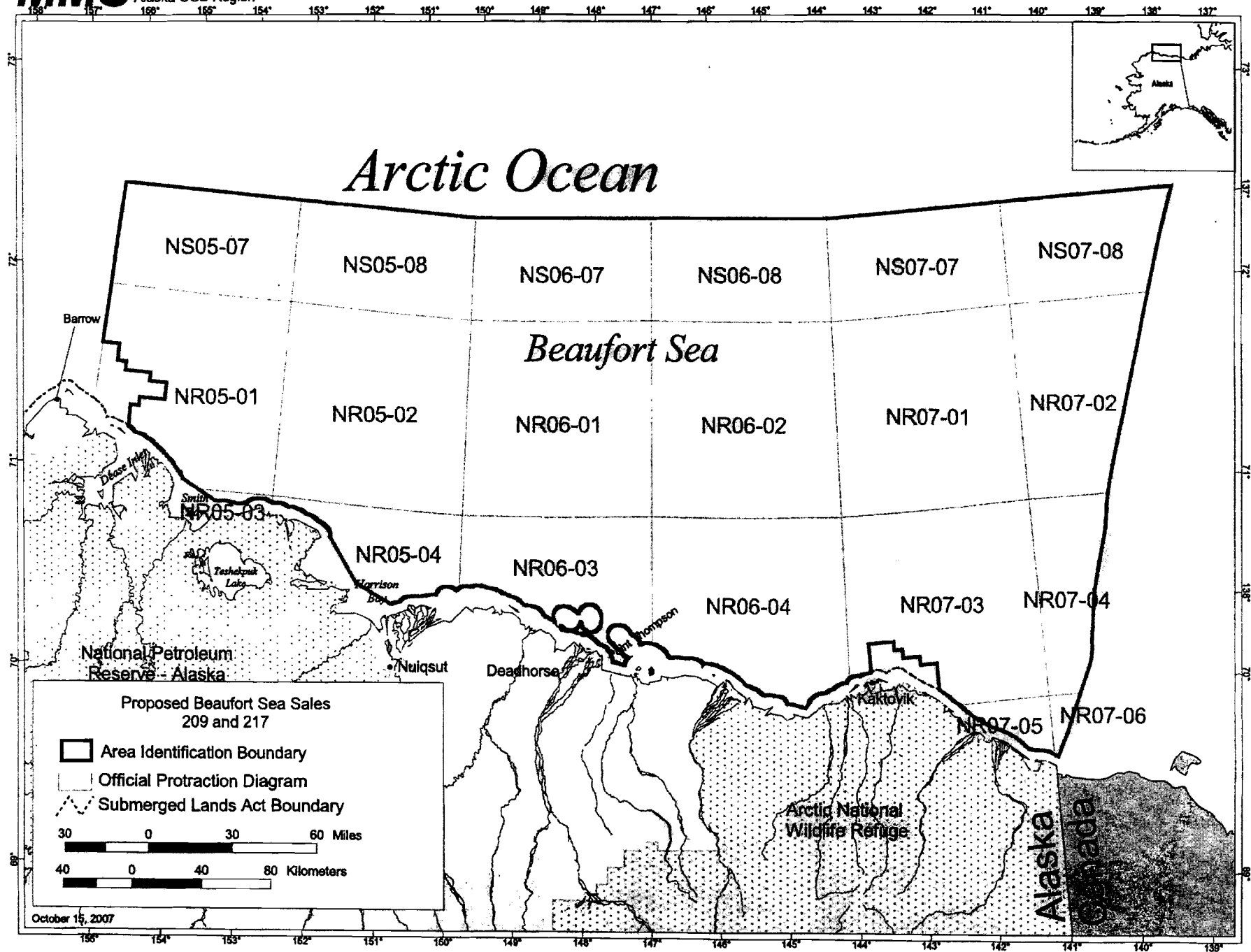


U.S. Department of the Interior
Minerals Management Service
Alaska OCS Region





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June 23, 2008

The Honorable Harry Reid
Senate Majority Leader
United States Senate
528 Hart Senate Office Building
Washington, DC 20510

Dear Senate Majority Leader Reid:

In previous correspondence to members of Congress, I have urged the enactment of legislation to authorize development of oil and natural gas in a small portion of the coastal plain of the Arctic National Wildlife Refuge (ANWR). I will not repeat the arguments in favor of this legislation but will briefly focus on a few key points that have become even more evident since my last correspondence.

That letter began, "With the price of oil hovering around \$100 per barrel...". Now, just a few months later, the price is close to \$140 per barrel, and there is no end in sight.

What will it take for Congress to enact comprehensive energy policy that includes increased domestic production of oil and gas, renewable and alternative energy, and conservation? It seems to us outside of the Capitol Beltway that virtually every effort to accomplish this is met with criticism and failure. In my opinion, the debate about energy policy is no longer theoretical and abstract. Our failure to enact an energy policy is having real consequences for every American in their daily lives and has begun to affect America's place in the world.

In the last few days, proposals have been tabled to permit oil exploration and development in the 80 percent of the federal Outer Continental Shelf (OCS) which is off-limits to such activity. I strongly support OCS development in Alaska and elsewhere as a necessary component of a sound energy strategy. However, it makes no sense to consider the OCS and to ignore the possibility of exploration and development in highly perspective upland areas, including the coastal plain of ANWR—the most promising unexplored petroleum province in North America.

The Honorable Harry Reid
June 23, 2008
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With appropriate stipulations, oil exploration and development in the OCS can be conducted in a safe manner. Uplands development can be accomplished even more safely. Advanced technologies, such as directional drilling and the re-injection of oil wastes, ensure that the footprint of development would be less than 2,000 acres (approximately one-quarter of the size of Dulles Airport).

In advocating for oil development in ANWR, I have never guaranteed that this new domestic production would immediately reduce the price of oil. However, incremental production from the coastal plain should help reduce price volatility in the U.S. Additionally, ANWR development would send a strong message to oil speculators and producing countries that the United States is serious about addressing its energy problem.

Yet, there is an even more important point. The location and quantity of oil production are changing world geopolitics. Countries that produce significant quantities of oil and natural gas are gaining in power and prestige. Several of these countries have objectives and value systems that are antithetical to U.S. interests. We are becoming increasingly dependent on these insecure sources to our long-term detriment. Further, it has become clear that U.S. petrodollars are financing activities that are harmful to America and to our economic and military interests around the world.

Much attention has been focused on the importance of crude oil and gasoline in fueling our nation's transportation system. This need for petroleum will not end anytime soon despite efforts to develop new technologies and to diversify our transportation system into mass transit and more fuel efficient automobiles.

Meanwhile, the true significance to the nation's economy of products refined from petroleum is becoming increasingly apparent. These products undergird our entire society and economy and provide precious jobs and revenue. The soaring prices of chemicals, plastics, fertilizer, and other products—and the loss of jobs—graphically illustrate this point. We must recognize that it will be many years, if ever, before we discover alternatives to the petroleum-based products that every American uses in our daily lives.

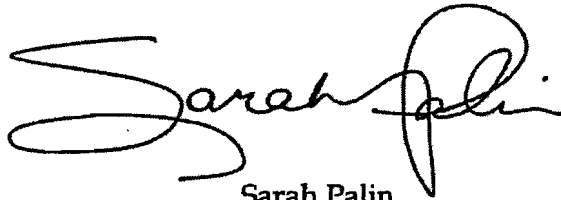
If we don't move now to enact an energy policy that includes more oil and gas production from domestic sources, including ANWR and the federal OCS, we may look back someday and realize that we failed to perceive a critical crossroad in the history of this nation. I don't think it's overly dramatic to say that this nation's future and the

The Honorable Harry Reid
June 23, 2008
Page 3

quality of life for every American are dependent on the decisions you make or don't make in the next few months.

Thank you for considering my views.

Sincerely,

A handwritten signature in black ink, reading "Sarah Palin". The signature is fluid and cursive, with the first name "Sarah" written in a larger, more prominent script than the last name "Palin".

Sarah Palin
Governor

cc: President George Bush
Vice President Richard Cheney
The Honorable Dirk Kempthorne, Secretary, U.S. Department of the Interior
The Honorable Samuel Bodman, Secretary, U.S. Department of Energy
The Honorable Ted Stevens, Alaska Congressional Delegation
The Honorable Lisa Murkowski, Alaska Congressional Delegation
The Honorable Don Young, Alaska Congressional Delegation