

PROMOTING THE SAFE EXPLORATION OF AMERICA'S ARCTIC

The Obama Administration is committed to proceeding with energy exploration and production in the Arctic and throughout Alaska cautiously, safely, and based on the best available science. In particular, the Administration is pursuing a balanced and careful approach to offshore development in the Arctic that accounts for resource potential; environmental protection; and the social, cultural, and subsistence needs of Alaskan communities.

COMPREHENSIVE COORDINATION TO EXPEDITE DECISION MAKING

The Interagency Working Group on Coordination of Domestic Energy Development and Permitting in Alaska was established by Executive Order 13580 on July 12, 2011. The Working Group is chaired by Deputy Secretary of the Interior David J. Hayes, and includes Deputy-level representatives from federal agencies with responsibilities related to energy permitting, development, and oil spill preparedness and response onshore and offshore Alaska. Working Group activities include coordination of permitting activities and related contingency planning, improving the access of decisionmakers to the best available science, and enhanced outreach and consultation with affected Alaskan communities.

EXPANDING ACCESS TO DOMESTIC RESOURCES SAFELY

As the President directed in his State of the Union address, the Department of the Interior (DOI) is finalizing its Proposed Five-Year Oil and Gas Leasing Program for 2012-2017, which will advance a strategy to increase safe and responsible domestic energy exploration and production by making available 75% of undiscovered, technically recoverable resources estimated on the Outer Continental Shelf (OCS). The Proposed Program represents a balanced and careful approach to offshore development in the Arctic that accounts for resource potential; environmental needs; and the social, cultural, and subsistence needs of Alaskan communities.

Single sales in each of the Beaufort and Chukchi Sea planning areas are placed late in the proposed schedule to account for the significant inventory of yet-undeveloped leases in these frontier areas and to: 1) facilitate the development, synthesis, and consideration of further scientific study relevant to oil and gas exploration and development in the Arctic; 2) allow time for the analysis and evaluation of data collected from any exploration activity under current leases in the Beaufort and Chukchi Sea planning areas; and 3) enable further long-term planning and development of spill response preparedness and infrastructure, building on current plans that could support limited activity in the near-term.

The Proposed Program is also designed to allow time for Interior's Bureau of Ocean Energy Management (BOEM) to evaluate alternative leasing strategies that are designed specifically for the Arctic in order to focus potential leasing on areas that have significant resource potential while also mitigating the impact of offshore oil and gas activity on the unique Arctic environment and its subsistence resources.

FEDERAL COORDINATION OF ARCTIC SPILL PREPAREDNESS

The federal government is taking steps to ensure its preparedness in the event that drilling activities in the Beaufort and Chukchi seas, which have not yet been permitted, are ultimately approved. Efforts have been underway in the aftermath of the *Deepwater Horizon* oil spill, through the National Response Team, the Alaska Regional Response Teams and the Interagency Working Group, to strengthen federal coordination and response in the Arctic. Numerous discussions between DOI's Bureau of Safety and Environmental Enforcement (BSEE), the U.S. Coast Guard, the Environmental Protection Agency, and the National Oceanic and Atmospheric Administration (NOAA), have helped to evaluate federal preparedness and to identify additional steps to continually improve the level of federal preparedness and federal response capabilities. Response efforts will be coordinated with the National Response Team (NRT), an interagency group chaired by the Environmental Preparedness Agency and the Coast Guard.

PROCEEDING CAUTIOUSLY OFFSHORE ALASKA

Chukchi Sea: Shell proposes to drill up to a total of six exploration wells on six Chukchi Sea leases starting in 2012 and continuing in following open-water seasons.

- BOEM conditionally approved Shell's exploration plan for the Chukchi Sea on December 16, 2011. Among the conditions of approval is a measure designed to mitigate the risk of an end-of-season oil spill by requiring Shell to leave sufficient time to implement cap and containment operations as well as significant clean-up before the onset of sea ice, in the event of a loss of well control. Given current technology and weather forecasting capabilities, Shell must cease drilling into zones capable of flowing liquid hydrocarbons 38 days before the first-date of ice encroachment over the drill site.
- On February 17, 2012, BSEE issued an approval of Shell's Oil Spill Response Plan (OSRP) for the Chukchi Sea. The decision followed the bureau's thorough review of the plan and consultations with federal and state partner agencies involved in Arctic oil spill response, as well as the Interagency Working Group. Shell was required to substantially rewrite previously approved Arctic spill response plans to ensure that it was clear how they could mobilize and sustain a massive response over an extended period of time. Among other changes and more stringent requirements, BSEE required Shell to: prepare for a worst case discharge nearly five times that of their previous plan, and in adverse weather conditions; graph the trajectory of the potential worst case discharge over a 30-day period, as opposed to the 3-day graph in their previous plan; and provide additional detail on the logistics of bringing equipment in from outside the region.
 - Neither approval authorizes Shell to commence exploratory drilling. Shell must satisfy the conditions of BOEM and BSEE's approvals, obtain approval from BSEE for well-specific drilling permits, as well as certain approvals from other agencies, before it can begin drilling operations.

Beaufort Sea: Shell proposes to drill up to a total of four exploration wells on three leases, beginning in 2012 and continuing into the following open-water seasons.

- BOEM conditionally approved Shell's exploration plan for the Beaufort Sea on August 4, 2011. Conditions for approval include requiring that Shell take measures to avoid conflicts with Native Alaskan subsistence activities. Specifically, beginning on August 1, Shell must employ an approved, site-specific bowhead whale monitoring program. Shell must also suspend any drilling operations in the Beaufort Sea by August 25 and may not resume activity until after nearby Native Alaskan villages have completed their subsistence hunts, and Shell has received approval from BOEM.
- On March 28, 2012, BSEE issued an approval of Shell's Oil Spill Response Plan (OSRP) for the Beaufort Sea. Like the OSRP for the Chukchi Sea, the decision followed consultations with federal and state partner agencies involved in Arctic oil spill response, as well as the Interagency Working Group. Shell was again required to substantially rewrite previously approved Arctic spill response plans to make clear their plan to mobilize and sustain a massive response over an extended period of time.
 - Neither approval authorizes Shell to commence exploratory drilling. Shell must satisfy the conditions of BOEM and BSEE's approvals, obtain approval from BSEE for well-specific drilling permits, as well as certain approvals from other agencies, before it can begin drilling operations.

Cook Inlet: The Proposed Five Year Program for 2012-2017 includes one potential special-interest lease sale in Alaska's Cook Inlet Planning Area, if there is sufficient industry interest. A special-interest lease sale first asks operators through a Request for Interest (RFI) to nominate specific tracts in the planning area they potentially would be interested in exploring and developing. BOEM issued the RFI in March 2012 and is awaiting industry response.

PROMOTING SAFE AND INCREASED PRODUCTION ONSHORE

National Petroleum Reserve in Alaska (NPR-A): The Department continues to work with industry to develop the abundant resources in the National Petroleum Reserve in Alaska (NPR-A) – protecting critical habitat for millions of migratory birds and calving areas for the Teshekpuk Lake caribou and safeguarding Native Alaskans’ subsistence needs, while guiding sensible, productive energy exploration and development that will help drive America’s energy economy.

- The Bureau of Land Management (BLM) has released the Draft Integrated Activity Plan and Environmental Impact Statement for the NPR-A. The draft plan proposes several alternative future management strategies for the nearly 23-million acres of federal lands in the NPR-A on Alaska’s North Slope. This is the first plan that covers the entire NPR-A, including BLM-managed lands in the southwest area of the NPR-A which were not included in previous plans. Decisions to be made as part of this plan include oil and gas leasing availability, surface protections, Wild and Scenic River recommendations and special area designations.

On May 14, 2011, President Obama directed DOI to conduct annual oil and gas lease sales in the 22.6 million-acre NPR-A, emphasizing the need to protect sensitive areas while providing development opportunities.

- In response to the President’s announcement, BLM held an oil and gas sale in the NPR-A on Dec. 7, 2011. The sale generated winning bids totaling \$3,637,477 and covering 17 tracts on about 141,739 acres and demonstrated industry interest in areas with high resource potential adjacent to State of Alaska lease tracts along the Colville River on the North Slope.
- BLM-Alaska will be calling for industry nominations and public comments on available tracts within the NE and NW NPR-A. The 2012 lease sale is targeted for November 7, 2012.

Final Permit Approval for CD-5: On Dec. 19, 2011, the U.S. Army Corps of Engineers granted a final permit for ConocoPhillips’ Alpine Satellite Development Plan (CD-5) in the NPR-A, allowing the construction of pipelines and a bridge over the Nigliq Channel of the Colville River. The U.S. Army Corps of Engineers worked collaboratively with ConocoPhillips and other U.S. government agencies through the Interagency Working Group to find a way for this important project to proceed in a safe and responsible way.

COLLECTING THE BEST SCIENCE AVAILABLE

The Obama Administration is committed to a comprehensive, science-based approach to energy policy in the Arctic. Recent initiatives focus on the importance of continuing to gather new data, building on the extensive information that already exists on the Arctic, and making it available for decision-makers, state, tribal and local officials, nongovernmental organizations, and the general public, including:

- In June 2011, Interior’s U.S. Geologic Survey (USGS) issued its *Evaluation of the Science Needs to Inform Decisions on Outer Continental Shelf Energy Development in the Chukchi and Beaufort Seas, Alaska*. The report recognizes that a substantial body of scientific work and knowledge exists with respect to the Arctic and recommends areas of focus for ongoing and future study, as well as further synthesis of existing scientific information from various sources within and outside of the government.
- Deputy Secretary Hayes and U.S. Arctic Research Commission Chair Fran Ulmer hosted two meetings between top federal policymakers and members of the federal government’s science community to discuss how to facilitate the delivery of relevant scientific information to officials responsible for making decisions related to energy development in Alaska. The leaders will convene a third meeting in May, which will expand the dialogue to non-federal parties, including non-governmental organizations, industry officials, Native Alaskans and state and local decision-makers to enhance collaboration between the scientific community and decision-makers in the Arctic.

- The Interagency Working Group and the National Oceans Council will jointly chair a Task Force for developing an ecosystem-based management framework for the Alaska Arctic and, as a first step, will work to identify particularly important ecological areas that support special wildlife, land or water resources, as well as areas important for the subsistence and culture of local communities.
- Companies engaging in exploration activities in the Arctic have been called upon to gather and make publicly available Arctic-related data that will increase the information base available for future Arctic decision-making. For example, DOI, NOAA and Shell have identified a large body of data that the company will be expected to develop and make available if it moves ahead with exploratory drilling next summer.
- USGS has recently completed four new energy resource assessments that incorporate state-of-the-art information and refine our understanding of the nature, distribution, and potential for yet undiscovered energy resources along the North Slope and Cook Inlet. This work provides essential foundational information to support critical leasing and developmental decisions for the Arctic OCS, the NPR-A, and Cook Inlet. One of these assessments is of unconventional (shale oil and shale gas) resources, the first time these types of resources have ever been assessed in Alaska.
- President Obama's 2013 proposed budget provides a \$2 million increase to the USGS to inform sustainable development of energy resources in balance with conservation of the nation's Arctic ecosystems. The increase will enable the collection of additional geological and geophysical data to refine oil and gas resource understanding, sea floor habitat mapping to support existing environmental and energy development programs in the Arctic OCS, geochemical surveys to map vulnerability of priority marine species to ocean acidification, and the production of high resolution digital geologic maps to inform forecasts of likely erosion patterns under current and future climate scenarios that will be required to safely place required energy infrastructure.
- Over the last four decades, BOEM's Alaska Region has funded more than \$360 million in research. These funds have supported studies of all aspects needed for a thorough understanding of the complex nature of the Arctic OCS and have aided in the wise protection of its valuable resources. BOEM uses information from the studies program in evaluating potential environmental problems associated with all levels of oil and gas activities.
- BSEE has partnered with NOAA's Office of Response and Restoration to develop an Environmental Response Management Application (ERMA) for the Arctic region, to be operational before this summer. The ERMA system will collect and put on easily-accessible Geographic Information System (GIS)-based maps data that officials can utilize in responding to emergencies in the Arctic, and engaging in ecological and restoration activities. For example, the Arctic ERMA will track the extent and concentration of sea ice, locations of ports and pipelines, and vulnerable environmental resources.
- BLM-Alaska dedicates roughly \$2.5 million per year gathering the best science data targeted at adaptive management of onshore oil and gas. BLM-Alaska is also adapting its Assessment, Inventory and Monitoring (AIM) program to obtain statistically powerful baseline and time-series information on ecological conditions and trends.
- The international context of U.S. energy in the Arctic is critical. U.S. officials are actively engaged in science, technology and policy activities supported by the eight-nation Arctic Council. The projects include, among others, the Conservation of Arctic Flora and Fauna, the Arctic Council's biodiversity working group, and the Arctic Marine Assessment Program, an international organization established to provide reliable information on the status of, and threats to, the Arctic environment, and to provide scientific advice on actions to be taken to address remedial and preventive actions relating to contaminants.