

**Bureau of Ocean Energy Management,
Regulation and Enforcement – Alaska OCS Region**

FINDING OF NO SIGNIFICANT IMPACT

**Shell Offshore, Inc.
Revised Outer Continental Shelf Lease Exploration Plan
Camden Bay, Alaska,
2012**

Introduction

Shell Offshore Inc. (Shell) submitted to the Bureau of Ocean Energy Management, Regulation and Enforcement (BOEMRE) formerly Minerals Management Service (MMS), a Revised Exploration Plan (EP) *Outer Continental Shelf Lease Exploration Plan, Camden Bay, Alaska*, (2011 Camden Bay EP) dated May 2011, deemed submitted July 5, 2011 (Shell Offshore, Inc., 2011) to conduct exploration drilling to evaluate the oil and gas resource potential of three of the company's Outer Continental Shelf (OCS) leases north of Point Thomson near Camden Bay in the U.S. Beaufort Sea. The purpose of the Revised Exploration Plan is for Shell to evaluate the mineral resource potential of three lease tracts within two distinct oil and gas prospects named by Shell as "Sivulliq" (NR 06-04 Flaxman Island, Block 6658, OCS-Y-1805) and "Torpedo" (NR 06-04 Flaxman Island, Block 6659, OCS-Y-1936 and NR 06-04 Flaxman Island, Block 6610, OCS-Y-1941). The need for this action is established under the Outer Continental Shelf Lands Act (OCSLA) to make OCS lands available for expeditious and orderly development, subject to environmental safeguards, in a manner which is consistent with the maintenance of competition and other national needs.

Shell acquired the leases through OCS Lease Sales 195 (March 2005) and 202 (April 2007). Shell's exploration of their Beaufort Sea leases would be consistent with the overall objectives of the OCSLA to determine the extent of the oil and natural gas resources of the OCS at the earliest practicable time.

The EP is a revision to Shell's *2010 Outer Continental Shelf Lease Exploration Plan, Camden Bay, Alaska*, dated June 2009; deemed submitted August 10, 2009; amended September 18, 2009 (Shell Offshore Inc., 2009a). The revision to 2010 EP increases the number of wells from 2 to 4, reduces discharges of some waste streams, and changes the plan from a single season plan to an open-ended plan (until the four-well project is complete). BOEMRE completed a technical and environmental review of the initial EP and supporting documents and published an Environmental Assessment (EA) (USDOI, MMS, 2009a) and a Finding of No Significant Impact (FONSI) (USDOI, MMS, 2009b) in October 2009. The EA and FONSI are incorporated by reference into this document. BOEMRE conditionally approved the EP on October 16, 2009.

Shell proposes to drill up to four exploration wells on three leases during successive July-October open-water-drilling seasons, starting in 2012 and continuing in following open-water seasons until completion of the four-well plan. Two wells would be drilled on each prospect (Sivulliq and Torpedo). The drilling operations would be conducted using the Mobile Offshore Drilling Unit (MODU) *Kulluk (Kulluk)*, an Arctic Class IV hull design drilling vessel. Alternatively, drilling operations could be conducted using the *M/V Discoverer (Discoverer)* a modern drillship that has been retrofitted and ice reinforced for operations in Arctic waters.

Shell has submitted the revised EP under 30 CFR 250 Subpart B. In support of the EP, Shell submitted an environmental impact analysis (2011 Camden Bay EIA) (Shell Offshore Inc., 2011:Appendix F), environmental information and reports, site-specific geo-hazards survey data and assessment, mitigation measures, and other project-specific information pursuant to 30 CFR 250.212 and 227. Shell also submitted, with the revised EP, a project-specific Plan of Cooperation (POC) addendum to reduce potential conflicts with subsistence activities, a description of their Cultural Awareness and Environment Awareness Programs, and other information as required BOEMRE regulations and by lease stipulations.

The BOEMRE has completed a technical and environmental review of the revised EP and supporting information to ensure the proposed activities would be conducted in a manner that is consistent with protection of the human, marine, and coastal environments.

In accordance with the National Environmental Policy Act (NEPA), Council on Environmental Quality (CEQ) regulations at 40 CFR 1501.3(b) and 1508.9, Department of the Interior (DOI) regulations implementing NEPA at 43 CFR Part 46, and DOI policy in Section 516 of the Department of the Interior Manual (DM) Chapter 15 (516 DM 15), BOEMRE prepared an EA to assist BOEMRE planning and decision-making. In keeping with CEQ regulations at 40 CFR 1506.5(a),(b) (see below) and the intent of BOEMRE operating regulations at 30 CFR 250.227, the information and analysis provided in Shell's EIA were reviewed, evaluated, verified, and the results were used to prepare this EA.

Description of the Proposed Action

Shell proposes to drill up to four exploration wells, two on the Sivulliq prospect and two on the Torpedo prospect, near Camden Bay in the Beaufort Sea OCS Planning Area. The four exploration wells would be drilled on three oil and gas leases (OCS Y-1805, 1936 and 1941) acquired in Federal Beaufort Sea OCS lease sales 195 and 202, held in 2005 and 2007. Two wells each would be drilled into two distinct oil and gas prospects named by Shell as "Sivulliq" and "Torpedo." Shell proposes to drill the four wells sequentially during the open-water season (July through October) starting in 2012 and continuing until the four-well program is completed. Shell's proposed activities include a mid-drilling-season suspension of activities beginning August 25, 2012, to avoid conflicts with the fall subsistence bowhead whale hunts of the villages of Kaktovik and Nuiqsut, and a reduction in the exploration drilling waste stream discharged into the Beaufort Sea and transportation of some waste to an approved treatment/disposal facility outside of the Arctic. During the mid-drilling-season suspension of activities, all vessels would proceed from the project area to the northwest and remain north of latitude 71.25° N. and west of longitude 146.4° W. during the whale hunts, or would entirely leave the Beaufort Sea. Drilling and associated support activities may resume after completion of the subsistence hunts and extend through October 31, 2012, depending on ice and weather.

Shell would conduct drilling operations from the *Kulluk* with the option of using the *Discoverer* in lieu of the *Kulluk*. The *Kulluk* or *Discoverer* would be supported by additional vessels for ice management, anchor handling, crew transport and supplies, waste storage and transport and spill response. Additional vessels and fixed-wing aircraft would support Shell's marine mammal monitoring and mitigation program (4MP) and scientific research efforts. All of the vessels to be used in the Proposed Action are ice-class and specifically equipped for operating in Arctic waters.

Once the drilling vessel is mobilized to a drill site and securely anchored to the seafloor, drilling operations would commence. Each Sivulliq well would take approximately 34 days to drill. Each Torpedo well would take approximately 44 days to drill. Each well would be plugged and abandoned in accordance with BOEMRE requirements upon completion of drilling (30 CFR 250 Subpart Q). If a well cannot be completed during the open-water season it will be capped and completed during the following open-water season.

Related Environmental Documents

The NEPA mandates that Federal agencies conduct an environmental review of certain Federal projects at each stage of the OCSLA process. The level of NEPA review depends on the OCSLA stage (516 DM 15), the scope of the proposed activities, and the agency's findings on the potential effects of the proposed activities.

The BOEMRE has completed numerous NEPA reviews of Beaufort Sea OCS activities. In recent years NEPA reviews that are relevant to the proposed action have included the following:

- Draft Environmental Impact Statement – Beaufort and Chukchi Sea Planning Areas Oil and Gas Lease Sales 209, 212, 217, and 221 (OCS EIS/EA MMS 2008-0055) (USDOJ, MMS, 2008a) (hereafter “Arctic Multiple-Sale Draft EIS”).
- Environmental Assessment — Shell Offshore Inc., Beaufort Sea Exploration Plan, 2007-2009 (OCS EIS/EA MMS 2007-009) (USDOJ, MMS, 2007) (hereafter “2007 Beaufort Sea EP”).
- Environmental Assessment — Proposed OCS Lease Sale 202, Beaufort Sea Planning Area and Finding of No Significant Impacts (OCS EIS/EA MMS 2006-001) (USDOJ, MMS, 2006) (hereafter “Sale 202 EA”).
- Environmental Assessment Proposed Oil & Gas Lease Sale 195, Beaufort Sea Planning Area and Finding of No Significant Impacts (OCS EIS/EA MMS 2004-028) (USDOJ, MMS, 2004) (hereafter “Sale 195 EA”).
- Final Environmental Impact Statement — Beaufort Sea Planning Area Oil and Gas Lease Sales 186, 195, and 202 (OCS EIS/EA MMS 2003-001) (USDOJ, MMS, 2003) (hereafter “Beaufort Sea Multiple-Sale EIS”).
- Final Environmental Impact Statement – Outer Continental Shelf Oil & Gas Leasing Program: 2002-2007 (OCS EIS/EA MMS 2002-006) (USDOJ, MMS, 2002) (hereafter “2002-2007 Five Year Program EIS”)

These documents are available on the BOEMRE Alaska website at: http://www.boemre.gov/alaska/ref/EIS_EA.htm and <http://www.boemre.gov/5-year/history2002-2007.htm>. Relevant sections of the documents are summarized and incorporated by reference into this EA. This EA tiers from the Beaufort Sea Multiple-Sale EIS and the 2002-2007 Five Year Plan EIS.

This EA also summarizes and incorporates by reference relevant information and analyses from the following documents:

- Environmental Assessment — Shell Offshore Inc., 2010 Outer Continental Shelf Lease Exploration Plan, Camden Bay, Alaska, (OCS EIS/EA MMS 2009-0052) (USDOJ, MMS, 2009a) (hereafter “2009 Camden Bay EA”).
- Final Programmatic Environmental Assessment, Arctic Ocean Outer Continental Shelf, Seismic Surveys – 2006 (OCS EIS/EA MMS 2006-038) June 2006. (2006 Final Seismic PEA).
- Environmental Assessment for the Shell Offshore, Inc. Incidental Harassment Authorization to Take Marine Mammals Incidental to Conducting an Offshore Drilling Project in the U.S. Beaufort Sea Under the Marine Mammal Protection Act (USDOC, NOAA, NMFS, 2007a).
- Finding of No Significant Impact for the Shell Offshore, Inc. Incidental Harassment Authorization to Take Marine Mammals Incidental to Conducting an Offshore Drilling Project in the U.S. Beaufort Sea Under the Marine Mammal Protection Act (USDOC, NOAA, NMFS, 2007b).

- NMFS Biological Opinion for Oil and Gas Leasing and Exploration Activities in the U.S. Beaufort and Chukchi Seas, Alaska and Authorization of Small Takes Under the Marine Mammal Protection Act (USDOC, NOAA, NMFS, 2008)
- FWS Biological Opinion for Beaufort and Chukchi Sea Program Area Lease Sales and Associated Seismic Surveys and Exploratory Drilling (USDOI, FWS, 2009)

Environmental Evaluation of Alternatives

The following most prominent issues and concerns were identified in this site-specific environmental review:

- Protection of subsistence activities and the Iñupiat culture and way of life.
- Risks of oil spills and their potential impacts to area fish and wildlife resources.
- Disturbance to bowhead whale migration patterns.
- Harassment and potential harm of wildlife, including marine mammals and marine birds, from noise, discharges, and vessel operations.

The BOEMRE evaluated two alternatives in the EA: Alternative 1, No Action, and Alternative 2, the Proposed Action.

Alternative 1 - No Action. Under this alternative, BOEMRE would disapprove Shell’s proposed exploration drilling activities. This alternative would delay or preclude Shell from evaluating the potential hydrocarbon resources of three lease blocks acquired under OCS Lease Sales 195 and 202.

Alternative 2 - The Proposed Action. Under this alternative, Shell would drill up to four exploration wells on three oil and gas leases (OCS Y-1805, 1941 and 1936) acquired in Federal Beaufort Sea OCS lease sales 195 and 202 held in 2005 and 2007, respectively. See page 2 Description of the Proposed Action.

Conclusions

The overall conclusions of the proposed action analysis are summarized below.

Biological Resources: No significant bird, marine or terrestrial mammal, or fish mortalities are anticipated as a result of the proposed exploration drilling or support activities such as icebreaking; waste, sediment and water discharges; aircraft traffic and noise; vessel noise and traffic; mooring and mud lined cellar (MLC) construction; air pollution; or small liquid hydrocarbon spills. While large and very large oil spills could result in impacts that would rise to the level of significance, the probability of such an occurrence is so low that the Proposed Action will not result in a foreseeable significant impact. With the mitigations incorporated in the proposed activities, effects to species in the vicinity of the Sivulliq and Torpedo prospect are expected to be negligible to minor; below thresholds that define significant effects for biological resources defined in Appendix B of the EA.

Sociocultural Systems, Subsistence Activities, Employment, and Public Health: Effects on Nuiqsut and Kaktovik subsistence activities and related sociocultural systems are expected to be negligible. The number of local residents employed for the proposed activities is expected to be small and the effect to be negligible at the community level. While large and very large oil spills could result in impacts that would rise to the level of significance, the probability of such an occurrence is so low that the Proposed Action will not result in a foreseeable significant impact. The proposed activities are expected to have a negligible effect on the economy of Kaktovik, Nuiqsut, and Barrow. Business interactions between Shell and local communities are not expected to adversely affect public health. These effects are below thresholds that define significant effects for these resources defined in Appendix B of the EA.

Air Quality: Emissions from Shell's proposed exploration activities are not expected to significantly deteriorate the existing good air quality of the Beaufort Sea and adjacent coastal areas of the North Slope. While large and very large oil spills could result in impacts that could rise to the level of significance, the probability of such an occurrence is so low that the Proposed Action will not result in a foreseeable significant impact. Air quality impacts from the proposed activities are expected to be minor. These effects are below thresholds that define significant effects for air quality defined in Appendix B of the EA.

Water Quality: Discharges from Shell's proposed activities would occur over relatively short periods of time (weeks). Impacts to water quality from the proposed action are expected to be minor. While large and very large oil spills could result in impacts that would rise to the level of significance, the probability of such an occurrence is so low that the Proposed Action will not result in a foreseeable significant impact. These effects are below thresholds that define significant effects for water quality defined in Appendix B of the EA.

Significance Review (40 CFR 1508.27)

The BOEMRE evaluated the proposed activities using the level of effects defined in appendix B of the EA and in relation to the significance criteria under 40 CFR 1508.27.

1. Impacts that may be both beneficial and adverse. A significant effect may exist even if the Federal agency believes that on balance the effect will be beneficial.

In determining the significance of effects of the proposed action, BOEMRE evaluated both adverse and beneficial potential impacts from the proposed activities. Potential adverse impacts to the physical environment, biological resources, and subsistence activities, with consideration of all required mitigation measures incorporated into the proposed activities, are expected to be below thresholds that define significant effects for water quality defined in Appendix B of the EA. The potential beneficial economic impacts for the North Slope Borough and local residents employed in support of the proposed activities are expected to be temporary and negligible. Therefore, consideration of both adverse and beneficial effects of the proposed action does not render the potential impacts significant.

2. The degree to which the proposed action affects public health or safety.

In determining the significance of effects of the proposed action, BOEMRE evaluated the degree to which the proposed action may have an effect on public health or safety. The BOEMRE considered the distance of the proposed activities from local communities; the proposed siting for onshore support activities; the potential effects of the expected allowable discharges and emissions under Environmental Protection Agency (EPA) permits; reduction of some waste stream discharges, the potential effects of the analyzed 48-barrel (bbl) fuel spill; and the potential for the proposed activities to interfere with subsistence activities. The communities closest to the project area are Kaktovik about 60 mi southeast of the lease and Nuiqsut about 118 mi southwest of the lease. All activities associated with the EP would be staged from existing infrastructure located in Deadhorse, Prudhoe Bay, and West Dock areas. Goods and services would be obtained from local village contractors, when available, and these business interactions are not expected to adversely affect community health. Impacts to water and air quality are expected to be short term and localized at the drill site. In the event of a small fuel spill, the diesel fuel is not expected to persist long enough to contact the coast and harm the coastal communities. Shell's proposed exploration activity incorporates specific measures to avoid interference with subsistence activities, including the Plan of Cooperation, the Subsistence Advisory Program, helicopter routes planned through community input, and leaving the area during the Kaktovik and Nuiqsut bowhead whaling subsistence hunts. These mitigating measures are an integral part Shell's proposal and will be required and enforced by BOEMRE if the proposed action is approved. Therefore, consideration of potential effects of the proposed action on public health or safety does not render the potential impacts significant.

3. Unique characteristics of the geographic area such as proximity to historic or cultural resources, park lands, prime farmlands, wetlands, wild and scenic rivers, or ecologically critical areas.

In determining the significance of effects of the proposed action, BOEMRE evaluated the degree to which the proposed action may have an effect on unique geographic areas. The proposed exploration drill sites are located approximately 16 miles offshore the northern extreme of the western boundary of Arctic National Wildlife Refuge (ANWR). Evaluation of potential effects to ANWR in the environmental documents listed above determined that no direct impacts from onshore routine operations are expected, given that ANWR is closed to oil and gas facility development. Impacts resulting from routine activities in adjacent offshore areas, noise, or pollutant emissions associated with transportation of oil from the area may occur, but impacts from routine operations are expected to be negligible. Consideration of potential site specific effects of the proposed action on unique geographic areas does not render the potential impacts significant.

4. The degree to which the effects on the quality of the human environment are likely to be highly controversial.

In determining the significance of effects of the proposed action, BOEMRE evaluated the degree to which the potential effects of the proposed action may be highly controversial. The BOEMRE considered the comments and issues to determine the scope of the effects analysis for the proposed action and to determine if substantial questions exist on whether the proposed action will cause significant degradation of some environmental factor. Specifically, comments were evaluated to determine if issues raised presented substantial dispute over potential effects of the proposed action or presented substantial questions over the likelihood and significance of adverse impacts from the proposed action. The evaluation included review of approximately 45 consolidated comment packages on the revised EP following the Notice of Preparation of an Environmental Assessment, stakeholder input during public input opportunities associated with previous NEPA processes, analyses of exploration activities in previous NEPA documents, current scientific information related to exploration drilling operations and potential impacts, information emerging from the Deepwater Horizon event and the United States Geological Survey's (USGS) evaluation of the science needs to inform decisions on Arctic Outer Continental Shelf energy development.

In determining whether the effects of proposed action may be highly controversial, BOEMRE considered the mitigation measures incorporated into the proposed action, including Shell's commitment to halt all drilling and other associated activities immediately prior to the commencement of subsistence whaling activities in the area.

Concerns have been expressed over the potential effects of a loss of well control incident and the adequacy of oil spill prevention and response measures. The BOEMRE analysts found that none of the comments or questions contained credible new information (information not already considered in full measure in the related NEPA documents listed above and in the EA) that would bring into question whether the proposed action would likely result in no more than minimal to minor, and in most cases below measurable effects. In coming to this conclusion, BOEMRE carefully considered all relevant information as it relates to each specific area of concern or question. While there is public controversy over the issue of very large oil spills; there is no scientific controversy or scientifically supported challenge to the fact that very large oil spills remain extremely low probability events.

Similar exploration drilling activities have occurred in the project area. The aspects of the proposed action are well-defined and established models for sound transmission, emissions, and discharges have been used to determine the areal extent and intensity of these impacting factors. The proposed activities include specific and enforceable mitigation measures. The effects analyses in the EA are based on the best available scientific information. No unavailable information relevant to potential significant effects

or essential to a reasoned decision on the proposed action was identified. While comments received from stakeholders raised concerns, those concerns were fully considered and addressed as appropriate in the EA. No substantial question remains on the level of potential effects or whether the proposed action may cause significant effects. Therefore, consideration of the degree to which the potential effects of the proposed action may be highly controversial does not render the potential impacts significant.

5. The degree to which the possible effects on the human environment are highly uncertain or involve unique or unknown risks.

In determining the significance of effects of the proposed action, BOEMRE evaluated the degree to which the potential effects of the proposed action may be highly uncertain or involve unique or unknown risks. There has been more than two decades of history for exploration drilling in the Beaufort Sea, and the potential impacts of exploration activities have been addressed in several previous NEPA documents. From 1981 to 2002, 30 wells were drilled in the Beaufort Sea. Seven of these wells were drilled in the vicinity of Camden Bay, with 2 of those wells were on the Sivulliq prospect. The technologies and procedures used in exploration drilling are well-established industry standards, and the associated impacting factors are well understood. If Shell's proposed 2012 drilling operation is approved, BOEMRE would have inspection personnel on site throughout the drilling operation to monitor the operation and enforce compliance with BOEMRE's drilling, safety, environmental regulations, and lease stipulations.

The potential effects to the environment from exploration drilling activities were analyzed previously in the NEPA documents listed above. The attached EA addresses site-specific effects of Shell's exploration activities. These effects ranged from negligible in most cases to minor. With respect to information emerging from the Deepwater Horizon event, the EA summarizes information about potential effects of a very large oil spill, pollution prevention, and spill response that were extensively analyzed in related NEPA documents listed above and in the EA. The negligible to minor effects, however, are temporally limited and consecutive years of activity would not have an additive effect.

The effects of the proposed action are not expected to be highly uncertain nor does the proposed action involve unique or unknown risks. BOEMRE review of USGS's evaluation of the science needs to inform decisions on Arctic Outer Continental Shelf energy development does not reveal any highly uncertain or unknown risks as it related to the specific proposed activities. Therefore, consideration of the degree to which the potential effects of the proposed action may be highly uncertain or involve unique or unknown risks does not render the potential impacts significant.

6. The degree to which the action may establish a precedent for future actions with significant effects or represents a decision in principle about a future consideration.

In determining the significance of effects of the proposed action, BOEMRE evaluated the degree to which the proposed action may establish a precedent for future actions or represents a decision in principle about a future consideration. Shell's exploration plan was submitted pursuant to BOEMRE operating regulations at 30 CFR 250 Subpart B. Shell's proposed exploration of their Beaufort Sea leases is consistent with the overall objectives of the Outer Continental Shelf Lands Act (OCSLA) to determine the extent of the oil and natural gas resources of the OCS at the earliest practicable time. In compliance with OCSLA and Department of the Interior (DOI) policy in 516 DM 15, BOEMRE conducts technical and environmental review on each EP. No precedent for future actions or decision on principles for future considerations would be made through decision on these specific proposed activities. Although the successful result of exploration drilling is a prerequisite to any decision on proposed development, approval of an EP does not constrain the decision on any subsequent Development and Production Plan (DPP), nor does approving the EP set a precedent for future approval of any EP or DPP. This action will not establish a precedent for future actions or represent a decision in principle about a future consideration. Therefore, consideration of the degree to which the proposed action may establish a

precedent for future actions or represents a decision in principle about a future consideration does not render the potential impacts significant.

7. Whether the action is related to other actions with individually insignificant but cumulatively significant impacts. Significance exists if it is reasonable to anticipate a cumulatively significant impact on the environment. Significance cannot be avoided by terming an action temporary or by breaking it down into small component parts.

In determining the significance of effects of the proposed action, BOEMRE evaluated the degree to which the proposed action may be related to other actions with individually in significant but cumulatively significant impacts. The EA considered the potential cumulative impacts of the revised EP and other reasonably foreseeable activities and concluded that the activities are not reasonably anticipated to produce cumulatively significant impacts. The proposed action will not act synergistically with any other activities to create cumulatively significant impacts. This action is not part of any larger action that can be expected to result in significant cumulative effects.

8. The degree to which the action may adversely affect districts, sites, highways, structures, or objects listed in or eligible for listing in the National Register of Historic Places or may cause loss or destruction of significant scientific, cultural, or historical resources.

In determining whether the proposed action may adversely affect historic resources, BOEMRE considered the distance of the proposed activities from shore, reviewed the site clearance and shallow hazards data, and the results of consultations with Alaska State Historic Preservation Office (SHPO). The proposed exploration drill sites are located 16 to 23 miles offshore. Allowable discharges and emissions are expected to have no onshore effects. The analyzed 48-bbl fuel spill is not expected to persist long enough to contact the coast. There are no known historic shipwrecks in the vicinity of the proposed drill sites. The site-clearance surveys of the proposed drilling area do not indicate any surface resources or potential for sub-seafloor prehistoric sites. On June 6, 2011, the SHPO concurred with the BOEMRE determination of “no effect on historic properties” for the proposed activities. The proposed action is not expected to adversely affect historic resources. Therefore, consideration of the degree to which the proposed action may adversely affect historic resources does not render the potential impacts significant.

9. The degree to which the action may adversely affect an endangered or threatened species or its habitat that has been determined to be critical under the Endangered Species Act of 1973.

In determining whether the proposed action may adversely affect endangered or threatened species or designated critical habitat, BOEMRE considered the current Biological Opinions (BOs) and other analyses on OCS activities from NMFS and FWS. These analyses, summarized and incorporated by reference in the EA and 2009 Camden Bay EA, are:

- Environmental Assessment and Finding of No Significant Impact for the Shell Offshore, Inc. Incidental Harassment Authorization to Take Marine Mammals Incidental to Conducting an Offshore Drilling Project in the U.S. Beaufort Sea Under the Marine Mammal Protection Act. USDOC, NOAA, NMFS. 2007a
- NMFS BO for Oil and Gas Leasing and Exploration Activities in the U.S. Beaufort and Chukchi Seas, Alaska and Authorization of Small Takes Under the Marine Mammal Protection Act (NMFS, 2008)
- FWS BO for Mineral Management Service’s Proposed Beaufort Sea Natural Gas and Oil Lease Sale 186 (FWS, 2002)
- FWS BO for Beaufort and Chukchi Sea Program Area Lease Sales and Associated Seismic Surveys and Exploratory Drilling (FWS, 2009)

Shell’s proposed exploration activities are within the scope of the activities covered in the BOs.

The BOEMRE completed formal consultation with NMFS, Alaska Region, on the potential effects of OCS oil and gas leasing and exploration on the Beaufort Sea and Chukchi Sea. NMFS provided a Biological Opinion (BO) for Oil and Gas Leasing and Exploration Activities in the U.S. Beaufort and Chukchi Seas, Alaska and Authorization of Small Takes Under the Marine Mammal Protection Act (USDOC, NOAA, NMFS, 2008). The BO considers the effects of oil and gas leasing and exploration on threatened and endangered species under the jurisdiction of NMFS. The NMFS concluded the described actions are not likely to jeopardize the continued existence of the fin, humpback, or bowhead whale.

The December 2010, NMFS proposal (75 FR 77476) to list ringed seals and the Beringia DPS of bearded seals as threatened under the ESA requires BOEMRE to evaluate the likelihood that the proposed action would jeopardize the continued existence of these ice seals. BOEMRE has concluded that the proposed action would not jeopardize the continued existence of these ice seals and further consultation is not required under the ESA.

The BOEMRE completed formal consultation with FWS, Alaska Region, on the potential effects of OCS oil and gas leasing and exploration in the Beaufort and Chukchi Seas to affect listed species under FWS jurisdiction. The FWS provided a BO for Beaufort and Chukchi Sea Program Area Lease Sales and Associated Seismic Surveys and Exploratory Drilling dated September 3, 2009 (USDOJ, FWS, 2009). The FWS concluded that it is unlikely that seismic survey and exploratory drilling activities will violate section 7(a)(2) of the ESA. The FWS determined that adverse effects on listed species are anticipated. In the BO, FWS provided incidental take authorization for listed eiders and requires incidental take of polar bears to be authorized under the MMPA.

The FWS designated polar bear critical habitat in December 2010 (75 FR 76086) and the BOEMRE has reinitiated formal consultation regarding the potential for the proposed action to destroy or adversely modify designated polar bear critical habitat. Based on the analysis in this EA, BOEMRE has preliminarily concluded that the proposed action would not destroy or adversely modify designated polar bear critical habitat. These findings are part of a new draft Biological Evaluation being prepared by BOEMRE for conveyance to FWS in the near future.

The Pacific walrus was designated a candidate species under the ESA on 10 February 2011 (76 FR 7634). While not required by the ESA, BOEMRE has initiated conferencing with the FWS regarding the potential for the proposed action to affect the Pacific walrus. Based on the analysis in this EA, BOEMRE has preliminarily concluded that the proposed action would not jeopardize the continued existence of the Pacific walrus. These findings are part of a new draft Biological Evaluation being prepared by BOEMRE for conveyance to FWS in the near future.

Under the ESA, no incidental take of a protected species is authorized unless an Incidental Take Statement (ITS) is issued by the NMFS or FWS for the proposed activity. Any approval of Shell's EP will be a conditional approval. Under the conditional approval, an APD will not be approved and commencement of activities will not be authorized until appropriate ITSs from both NMFS and FWS have been issued. Conditional approval of the APD will also include any relevant Reasonable and Prudent Measures and associated Terms and Conditions required through the ESA consultation process and does not foreclose the formulation or implementation of any Reasonable and Prudent Alternatives.

Therefore, consideration of whether the proposed action may adversely affect endangered or threatened species or designated critical habitat does not render the potential impacts significant.

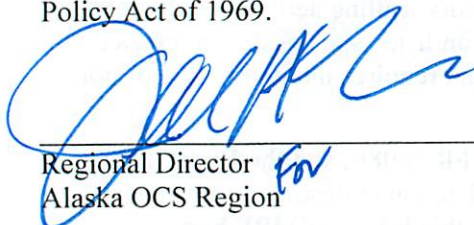
10. Whether the action threatens a violation of Federal, State, or local law or requirements imposed for the protection of the environment.

In determining whether the proposed action may violate Federal, State, or local law or requirements imposed for the protection of the environment, BOEMRE considered documentation in Shell's revised EP related to compliance with BOEMRE operating regulations, applicable lease stipulations, and other

applicable environmental laws and requirements. The BOEMRE determined that the proposed activities comply with BOEMRE regulations at 30 CFR 250 Subpart B and 30 CFR 254, and with applicable lease stipulations. The revised EP includes a listing of the laws and regulations applicable to the proposed activities and discusses the status of Shell's major permit applications and certifications. The BOEMRE requires compliance with all applicable Federal, State, and local laws and requirements. An approval of Shell's revised EP is conditional. Under the conditional approval, commencement of activities is not authorized until Shell's receipt of all necessary permits and authorizations.

Finding of No Significant Impact

I have considered identified prominent issues and concerns, the evaluation of the potential effects of the proposed activities in the attached EA, the mitigation incorporated in the proposed activities to assure that potential impacts were mitigated to the extent possible and major disputes over the effects of the proposal were avoided, and the review of 40 CFR 1508.27 significance factors above. It is my determination that no substantial questions remain regarding potentially significant impacts and that no potentially significant impacts are expected to occur as a result of the proposed activities. It is my determination that implementing the proposed action does not constitute a major Federal action significantly affecting the quality of the human environment within the meaning of Section 102(2)(c) of the National Environmental Policy Act of 1969.



Regional Director
Alaska OCS Region

8/3/11

Date

Copies of the EA on the Shell Offshore Inc. *Revised Outer Continental Shelf Lease Exploration Plan Camden Bay, Alaska* can be obtained by request to Bureau of Ocean Energy Management, Regulation and Enforcement, Alaska OCS Region, 3801 Centerpoint Drive, Suite 500, Anchorage, AK 99503-5823 or 1-800-764-2627. The EA can be viewed at BOEMRE's website <http://www.BOEMRE.gov/alaska>.

Attachment: Environmental Assessment, Shell Offshore Inc., Revised Outer Continental Shelf Lease Exploration Plan, Camden Bay, Alaska, 2012 Beaufort Sea Leases OCS-Y-1805, OCS-Y-1941 and OCS-Y-1936. OCS EIA/EA BOEMRE 2011-039.