



United States Department of the Interior

MINERALS MANAGEMENT SERVICE
Alaska Outer Continental Shelf Region
949 East 36th Avenue, Suite 308
Anchorage, Alaska 99508-4363



SEP -3 1999

Mr. Peter Hanley
BP Exploration (Alaska) Inc.
P.O. Box 196612
900 E. Benson Boulevard
Anchorage, AK 99519-6612

Dear Mr. Hanley:

The MMS hereby approves BPXA's Development and Production Plan (DPP) for the Northstar Project, pursuant to 30 CFR 250.204(l) subject to the terms and conditions outlined below. The DPP provides for drilling and producing up to seven OCS wells from the Northstar Island to bottom-hole locations under OCS leases OCS Y-0179 and O181. Changes to the OCS drilling activity described in the DPP would be a modification to the DPP and must be submitted to this office for approval. Approval of the DPP does not approve or otherwise authorize other aspects of the Northstar Project, such as island or pipeline construction, that are under the jurisdiction of other Federal, State, or local authorities.

1. Before production begins, BPXA must conduct a preproduction test and inspection of the production facilities similar to the provisions under 30 CFR 250.804(a)(11). The MMS must be notified in advance to allow for its participation. BPXA also must provide this office with a copy of a schematics of the production safety and electrical systems similar to the provisions under 30 CFR 250.802. The MMS also encourages BPXA to provide representatives from the North Slope Borough (NSB), and local and tribal governments with an orientation of the production facilities to familiarize them with the safety and pollution-prevention systems and safety-management programs that will be in place.
2. All wells drilled into the OCS must comply with the same terms and conditions adopted by the State of Alaska in its February 4, 1999, Coastal Consistency Determination and any subsequent additions or modifications.
3. Before OCS drilling activity begins, BPXA must clarify the presence or absence of hydrogen sulfide for the Northstar reservoir. BPXA has noted that the reservoir has "sweet" oil, which generally means hydrogen sulfide is not present. A final classification must be submitted with the first application for permit to drill for an OCS well, pursuant to 30 CFR 250.417(c).
4. Before drilling activity begins, BPXA must provide this office the name and status of a drilling unit that would be used for relief-well drilling. BPXA must advise this office of changes in the availability of the relief-well rig or other equipment and supplies necessary for

relief-well activity, as described in the Blowout Control/Relief Well Plan included in the Oil Discharge and Prevention and Contingency Plan (ODPCP), Section 1.6.3.

5. Before production begins, BPXA must provide this office with the contact (title or position) and description of the process through which claimants (particularly Native subsistence users) would file a claim for oil-spill removal costs and damages, pursuant to 30 CFR 253 Subpart F. This information also should be provided to the NSB; the Alaska Eskimo Whaling Commission (AEWC); and the Native villages and tribal governments of Kaktovik, Nuiqsut, Barrow, and the Inupiat Community of the Arctic Slope (ICAS).
6. BPXA must provide the MMS with results of the various monitoring programs and studies related to noise and whales that have been required by the Corps of Engineers, the State, and the North Slope Borough in their respective permit and approval actions. The MMS reserves the authority to take remedial action for activities under its jurisdiction, if monitoring or studies show that these activities are having significant adverse effects. The MMS also requests that BPXA provide this office with copies of other project-specific monitoring and studies program results, such as for water quality and sedimentation and spectacled eiders, for our reference; this does not include standard permit compliance monitoring and reporting, such as for the National Pollutant Discharge Elimination System permit.
7. Within 30 days of this approval, BPXA must provide this office with copies of the environmental training and orientation programs referenced in the DPP and which are being used to comply with State lease stipulation number 2. The MMS will review these programs and may require additions or modifications to these programs to address specific issues or concerns relative to OCS drilling activity.
8. Before production begins, BPXA must provide this office, the NSB, the AEWC, and the Native villages and tribal governments of Nuiqsut, Kaktovik, Barrow, and ICAS with a plan for long-term coordination with local communities and subsistence users. At a minimum, BPXA must conduct an annual review of Northstar activities with these interests. BPXA must notify this office of changes to plans and of any unresolved issues identified during coordination efforts.
9. Before drilling the first OCS well, BPXA must provide this office with confirmation that the gravel island, as built, meets the design basis. BPXA must provide this office with an annual report that summarizes the integrity of the gravel island.
10. Before production begins, BPXA must provide this office and other agencies with a management plan for the leak-detection systems (over ice, in trench, and in line), explaining the process to incorporate detection data into overall oil-spill identification, reporting, and response actions for the project.

On June 14, 1999, the MMS approved the Oil Discharge Prevention and Contingency Plan (copy attached), which was submitted to comply with the requirements of 30 CFR 254.53. BPXA is reminded that the conditions outlined in that approval letter are still in effect.

Peter Hanley

All OCS activities, including a disposal well, well completions, and workover activities must comply with applicable MMS regulations and lease stipulations. No well with a bottom-hole location on the OCS can be drilled without an approved application for permit to drill, pursuant to 30 CFR 250.414. The MMS recognizes that we share regulatory authorities with the AOGCC for drilling and production operations and recommends that the MMS, AOGCC, and BPXA meet before development drilling begins to review our respective requirements and clarify reporting, inspection and enforcement activities, and reservoir management. Following this meeting(s), the MMS may provide BPXA with additional guidance or direction. The MMS also will conduct an annual performance review with BPXA, in accordance with Notice to Lessee 97-3N (copy attached).

Because Northstar will involve OCS production, MMS regulations for production measurement and security under 30 CFR Subpart L will apply. The MMS would like to meet with BPXA to discuss implementation and compliance with these regulations.

The Northstar Production Island would classify as a covered offshore facility under 30 CFR 253 and will be subject to demonstration of oil-spill financial responsibility. BPXA should contact the MMS, Oil Spill Financial Responsibility Program Office (30 CFR 253.45) regarding submission of oil-spill financial responsibility evidence.

The MMS periodically will review activities being conducted under this DPP, including the adequacy of bonding to cover OCS lease obligations. If the review indicates that the plan should be revised, the MMS may require revisions, pursuant to 30 CFR 250.204(a)(1).

If you have any questions regarding this approval, please contact me at 907 271-6065.

Sincerely,



Jeffrey Walker
Regional Supervisor, Field Operations

Enclosure

cc: Marilyn Heiman
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Peter Hanley

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