

Minerals Management Service – Alaska OCS Region

FINDING OF NO SIGNIFICANT IMPACT

Shell Offshore, Inc.

2010 Outer Continental Shelf Lease Exploration Plan Camden Bay, Alaska

Introduction

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), the Minerals Management Service (MMS) has prepared an environmental assessment (EA) of the potential effects of the Shell Offshore Inc. (Shell) proposed 2010 Beaufort Sea exploration drilling activities. The MMS has prepared the EA to determine whether the proposed action may result in significant effects (40 CFR 1508.27) that could trigger the need for preparation of an environmental impact statement (EIS) and to assist MMS planning and decisionmaking. The EA focuses on analyzing the potential for significant adverse impacts of the specific proposed activities on environmental resources.

In keeping with CEQ regulations at 40 CFR 1506.5(a),(b) and the MMS operating regulations at 30 CFR 250.227, we have used much of the information and analysis provided in Shell's Exploration Plan (EP) and accompanying Environmental Impact Analysis (EIA) to prepare the EA. The MMS reviewed, evaluated, and verified the information and analysis provided in Shell's EIA that were used in the EA. The attached EA is incorporated into this Finding of No Significant Impact (FONSI) by reference.

The site-specific EA tiers from MMS' 2003 Beaufort Sea Planning Area Sales 186, 195, and 202 Oil and Gas Lease Sale Final EIS (OCS EIS/EA MMS 2003-001) that addressed issues and analyzes potential effects of OCS oil and gas exploration at the areawide level appropriate for the lease sale analysis stage.

The MMS evaluated the proposed activities using the significance thresholds defined in the EA and in relation to the significance criteria under 40 CFR 1508.27 (below).

Purpose and Need for the Proposed Action

Shell submitted to the MMS an EP (*2010 Outer Continental Shelf Lease Exploration Plan, Camden Bay, Alaska*, dated June 2009; deemed submitted August 10, 2009; amended September 18, 2009) to conduct exploration drilling to evaluate the oil and gas resource potential of two of the company's outer continental shelf (OCS) leases north of Point Thompson near Camden Bay

in the Beaufort Sea. 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 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. The MMS' technical and environmental reviews are done to ensure the proposed activities would be conducted in a manner that protects the human, marine, and coastal environments.

Description of the Proposed Action

Shell proposes to drill two exploration wells on these leases during the July-October 2010 open-water drilling season. One well would be drilled on each of two distinct oil and gas prospects named by Shell as "Sivulliq" (NR 06-04 Flaxman Island lease block 6658, OCS-Y-1805) and "Torpedo" (NR 06-04 Flaxman Island lease block 6610, OCS-Y-1941). The drilling operations would be conducted using the *M/V Frontier Discoverer (Discoverer)*, a modern drillship retrofitted and ice reinforced for operations in arctic OCS waters.

The activities are planned to begin on or about July 10, 2010. Once the *Discoverer* is mobilized to a drill site and securely anchored to the seafloor, drilling operations would commence. The wells would be drilled consecutively. The Torpedo well would take approximately 40 days to drill. The Sivulliq well would take approximately 34 days to drill. Before leaving a drill site, a well would be permanently plugged and abandoned in accordance with MMS requirements (30 CFR 250 Subpart Q) upon completion of drilling.

Shell's plans include a mid-drilling-season break in activities and removal of the drillship from the area to accommodate fall subsistence bowhead whaling by the Native villages of Kaktovik and Nuiqsut. Specifically, all operations would be suspended beginning August 25, and 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 leave the Beaufort Sea entirely. Activities may be resumed after completion of the subsistence hunts and extend through October 31, 2010, depending on ice and weather.

Related Environmental Documents

The MMS has evaluated the potential environmental impacts of leasing, exploration, development, production and associated support activities on blocks in the area of the proposed activities and adjacent areas in multiple NEPA documents (listed below). Relevant information from these documents is summarized and incorporated by reference in the EA. The EA tiers from the Final EIS for Beaufort Sea Planning Area Oil and Gas Lease Sales 186, 195, and 202.

NEPA documents:

- 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)

- 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, October 2007)
- Environmental Assessment – Shell Offshore Inc., Beaufort Sea Exploration Plan, 2007-2009 (OCS EIS/EA MMS 2007-009)
- Environmental Assessment – Proposed Oil and Gas Lease Sale 202, Beaufort Sea Planning Area and Finding of No New Significant Impacts (OCS EIS/EA MMS 2006-001)
- Environmental Assessment – Proposed Oil and Gas Lease Sale 195, Beaufort Sea Planning Area and Finding of No Significant Impacts (OCS EIS/EA MMS 2004-028)
- Final Environmental Impact Statement – Beaufort Sea Planning Area Oil and Gas Lease Sales 186, 195, and 202 (OCS EIS/EA MMS 2003-001)

Endangered Species Act Consultation documents:

- National Marine Fisheries Service (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, July 17, 2008)
- U.S. Fish and Wildlife Service (FWS) Biological Opinion for Mineral Management Service’s Proposed Beaufort Sea Natural Gas and Oil Lease Sale 186 (USDOI, FWS, October, 22, 2002)
- FWS Biological Opinion for Beaufort and Chukchi Sea Program Area Lease Sales and Associated Seismic Surveys and Exploratory Drilling (USDOI, FWS, September 3, 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 Inupiat 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.
- Impacts to threatened and endangered species.
- Local economic effects.

The MMS evaluated the two alternatives in the EA: Proposed Action (Alternative 1); and No Action (Alternative 2).

No Action Alternative. Under this alternative, MMS would disapprove the proposed activities. This alternative would eliminate any potential economic benefits for local North Slope residents from the proposed activities. This alternative would delay or eliminate any potential impacts to

the physical environment, biological resources, and subsistence activities from exploration of Shell's Sivulliq and Torpedo prospects. In the long term, this alternative could result in lost opportunities for discovery and production of oil and gas resources.

Under Alternative 2, no impacts to the physical environment, biological resources, or subsistence activities would occur from proposed activities. Potential economic benefits for local North Slope residents would not be realized.

Proposed Action Alternative. This is the Agency's Preferred Alternative. Based on review of the proposed exploration drilling activities and relevant scientific information, the analyses in the attached EA concludes that no significant adverse effects are expected to occur from Shell's proposed exploration drilling activities near the Camden Bay area of the Beaufort Sea during the 2010 open-water-drilling season. The analyses 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. The overall conclusions of the proposed action analysis are summarized below.

Biological Resources: No biologically significant bird, 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 MLC construction; air pollution; or small liquid hydrocarbon spills. With the mitigations incorporated in the proposed activities, most species occurring in the vicinity of the Torpedo and Sivulliq prospects are expected to be affected negligibly or at most to a minor level of effect.

Subsistence Activities, Employment, and Community Health: Effects on Nuiqsut and Kaktovik subsistence 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. The proposed activities are short term and temporary, and so are expected to have a negligible effect on economy of Kaktovik, Nuiqsut, and Barrow. Business interactions between Shell and local communities are not expected to adversely affect community health.

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. Air quality impacts from the proposed activities are expected to be negligible to minor and short term.

Water Quality: Discharges from Shell's proposed activities would occur over relatively short periods of time (weeks). Impacts to water quality from permitted discharges are expected to be localized and short-term. Because the discharges would be regulated through Section 402 of the CWA, to assure compliance with state water-quality standards, impacts to water quality are expected to be temporary and minor.

Significance Review (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, MMS 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 localized, short term, and negligible to minor. 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 minor. 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, MMS evaluated the degree to which the proposed action may have an effect on public health or safety. The MMS 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; 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 leases and Nuiqsut about 118 mi southwest of the leases. 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 sites. The estimated small fuel spill is not expected to persist long enough to contact the coast. Shell's proposed exploration activities incorporate 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; these measures are an integral part of the Shell proposal and will be required and enforced by MMS 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, MMS evaluated the degree to which the proposed action may have an effect on unique geographic areas. The proposed exploration drill sites are located 16 and 22 miles offshore the northern extreme of the western boundary of Arctic National Wildlife Refuge (ANWR). Section 303(2) of the Alaska National Interest Lands Conservation Act (ANILCA) (16 U.S.C. §668dd) renamed the existing Arctic National Wildlife Range (Public Land Order 2214, 12/6/1960), added other lands, and created

ANWR. Section 702(3) of ANILCA (16 U.S.C. §1132) designated ANWR as wilderness, except for the approximately 1.5 million acres of the “coastal plain” of ANWR, called the “1002 Area,” that Congress set aside under Section 1002. The purpose of Section 1002 of ANILCA (16 U.S.C. §3142) was to allow for a comprehensive assessment of the fish and wildlife resources and, because of the well-known geological evidence of potential large hydrocarbon deposits, an analysis of the potential impacts of oil and gas exploration, development, and production. The Fish and Wildlife Service manages the “1002 Area” to maintain the fish and wildlife values and other resource values. Allowable discharges and emissions would be the only routine operations that could potentially affect ANWR. Because of the distance of the exploration activities from ANWR, these activities are expected to have no effects on ANWR. Given (1) the likely containment and clean-up of the analyzed 48-bbl diesel-fuel spill, (2) the low chance of a 48-bbl diesel-fuel spill persisting for 3 days or longer, (3) the low chance of occurrence of a large spill, and (4) the low chance of a large spill, should one occur, contacting the coast at ANWR, MMS concludes that it is unlikely that the coast at ANWR would be contacted by an oil spill related to the proposed activities. Therefore, consideration of potential 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, MMS evaluated the degree to which the potential effects of the proposed action may be highly controversial. The MMS considered the comments and issues presented in comment letters received on the EP, stakeholder input during public input opportunities associated with previous NEPA processes, analyses of exploration activities in previous NEPA documents, and current scientific information related to exploration drilling operations and potential impacts. In determining whether the effects of proposed action may be highly controversial, MMS considered the mitigation measures incorporated into the proposed activities, including Shell’s commitment to halt all drilling and other associated activities immediately prior to the commencement of subsistence whaling activities in the area.

The MMS technical analysts reviewed the comment letters received on the EP 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. Some concerns have been expressed over the potential effects of noise, discharges, and emissions on marine mammals, fish, and birds; the biological significance of bowhead whales’ responses to low-level anthropogenic marine noise; and potential interference with Kaktovik’s and Nuiqsut’s subsistence whaling activities; however, MMS analysts found that none of the comments or questions contained any credible new information (information not already considered in full measure) that would bring into question whether the proposed activities would likely result in more than minimal, and in most cases below measurable, effects. In coming to this conclusion, we carefully considered all relevant information as it relates to each specific area of concern or in question.

Concerns related to anthropogenic noise in the arctic marine environment has focused on the mitigation of the potential effects to marine species from high-energy seismic surveys (no high-energy surveys are included in the proposed action). Monitoring of previous OCS exploration drilling in the Camden Bay area and sound modeling indicate that the level of sound expected to be produced by the proposed exploration drilling and support operations is very low compared to high-energy seismic survey sound sources. Sound from the proposed drilling operations is not expected to reach the 180-dB level, which is the level used by NMFS for Level A harassment (injury) for cetaceans under the Marine Mammal Protection Act (MMPA). The effects of sound from support vessels are expected to be effectively mitigated below any significant impact through implementation of Shell's Marine Mammal Monitoring and Mitigation Plan (4MP), which requires immediate implementation of measures, including power down (slow down) and avoidance, to mitigate potential effects to marine mammals.

Discharges and emissions are regulated and restricted by EPA permits. Permit limitations are based on known fates and effects of discharge constituents and criteria pollutants for emissions. Modeling of the expected allowable discharges and emissions and analysis of the potential effects indicates that effects are expected to be short term and localized.

The available scientific information shows that the population of Western Arctic Stock bowhead whales has increased at an annual rate of 3.4-3.5 percent over the last few decades during which 30 wells were drilled in the Beaufort Sea. The population rate increase exhibited by the Western Arctic Stock population is indicative of a healthy marine stock.

Shell has indicated that they intend to exit the Beaufort Sea before the end of the open-water-drilling season, and that icebreaking would be a last resort if the vessels are unable to exit before the formation of ice. Ice management would occur only as needed to protect operations and is not expected to occur extensively. If ice management is necessary, effects are expected to be temporary and of short duration. Potential interference with subsistence whaling for bowheads has been effectively eliminated by Shell's commitment to leave the area by August 25 – several days before the beginning of fall whaling – and remaining out of the area until the whale harvest is completed.

Similar exploration drilling activities have occurred in the project area. These activities were the subject of various monitoring studies. The aspects of the proposed activities 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 activities was identified. While comments on the EP raised concerns, those concerns were fully considered and addressed as appropriate in the EA. There remains no substantial question 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, MMS 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 that 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 near the Camden Bay area, another 5 wells were completed nearby, and 2 of those wells were on the Sivulliq prospect. The activities were monitored and the surrounding environment has been subject to extensive study to understand the actual effects. The technologies and procedures used in exploration drilling are well-established industry standards, and the associated impacting factors are well understood. The operations would be strictly monitored by MMS inspectors and through Shell's 4MP.

The potential effects to the environment from exploration drilling activities were analyzed previously in the NEPA and ESA documents listed above. The accompanying EA addresses site-specific effects of Shell's proposed exploration activities. With respect to potential effects to bowhead whales, other marine mammals, and subsistence whaling in particular, the potential effects of a more extensive Camden Bay area EP (Shell 2007-2009 Camden Bay EP) were analyzed in an EA by NMFS for Shell's incidental take authorization under the MMPA. Based on its NEPA analysis and finding of negligible effects to marine mammals and no unmitigable adverse effects to the availability of subsistence resources, NMFS issued an Incidental Harassment authorization to Shell for the proposed activities. Those findings were neither highly uncertain nor involved unique or unknown risks. The effects of the proposed action are not expected to be highly uncertain nor does the proposed action involve unique or unknown risks. 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, MMS evaluated the degree to which the potential effects of 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 MMS operating regulations at 30 CFR 250 Subpart B. The EP is limited to Shell's two proposed exploration wells on two specified leases. Shell's proposed exploration of their Beaufort Sea leases is 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. In compliance with OCSLA and DOI policy in 516 DM 15, MMS 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 to proposed development, approval of an EP does constrain the decision on any subsequent Development and Production Plan (DPP), nor does approving the EP set a precedent for future approval of any

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, MMS evaluated the degree to which the proposed action may be related to other actions with individually significant but cumulatively significant impacts. The pending decision on Shell's EP would be applicable solely to the proposed activities. While Shell is in the process of submitting an EP for exploration in the Chukchi Sea and the same equipment is proposed to be used for both operations, the proposals have independent utility. The EA considered the potential cumulative impacts of both EPs (assuming both EPs are approved as submitted) and concludes that the proposals are not reasonably anticipated to produce cumulatively significant impacts. Although the successful result of exploration drilling is a prerequisite to any decision to proposed development, approval of an EP does not constrain the decision on any subsequent DPP, nor does approving the EP set a precedent for future approval of any DPP. Any DPP would be subject to MMS proposal-specific technical and environmental review and separate decisionmaking process. The proposed action is not directly or causally related to other actions with cumulatively significant impacts. Therefore, consideration of the degree to which the potential effects of the proposed action may be related to other actions with individually significant but cumulatively significant impacts does not render the potential impacts significant.

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, MMS considered the distance of the proposed activities from shore, MMS review of 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 and 22 mi 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 areas do not indicate any surface resources or potential for sub-seafloor prehistoric sites. On October 2, 2010, SHPO concurred with MMS' 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, MMS considered the current Biological Opinions (BOs) on OCS activities from NMFS and FWS. Shell's proposed exploration activities are within the scope of the activities covered in the consultations.

The NMFS July 17, 2008, BO concluded that OCS exploration activities in the U.S. Arctic Ocean are not likely to jeopardize the continued existence of the fin, humpback, or bowhead whale. The FWS September 3, 2009, BO concluded that OCS exploration activities in the Beaufort and Chukchi Seas are unlikely to violate section 7(a)(2) of the ESA. The FWS concluded that adverse effects to listed species are anticipated from cumulative OCS exploration activities but exploration activities are not likely to jeopardize the continued existence of any of these species, nor will they destroy or adversely modify critical habitat. Incidental take authorization for listed eiders is provided in the BO. The proposed activities are not expected to adversely affect critical habitat.

The best available information indicates that few, if any, threatened eiders would be present at the proposed drill locations during the timeframe of proposed operations. Therefore, the effects of the proposed action on listed eiders are expected to be none to negligible.

The effects of the proposed action on endangered or threatened marine mammals are expected to be limited to harassment of a small number of marine mammals consistent with findings that are prerequisite to the issuance of incidental take authorizations. Incidental take of marine mammals must be authorized under the MMPA. Shell's application to FWS for a Letter of Authorization under the MMPA was submitted May 7, 2009. To issue incidental take authorizations under MMPA, NMFS and FWS must determine that the proposed action would have a negligible impact on marine mammals and no unmitigable impact on subsistence use. Both NMFS and FWS issued incidental take authorizations under MMPA for activities under Shell's 2007 EP, which proposed a greater level of activity.


Under the ESA, no incidental take of a protected species is authorized unless MMS receives an Incidental Take Statement (ITS) from NMFS and FWS. Any approval of Shell's EP will be a conditional approval. Under the conditional approval, commencement of activities is not authorized until MMS has received ITSs from both NMFS and FWS. Also under the conditional approval, commencement of activities is not authorized until Shell's receipt of all necessary permits and authorizations including incidental take authorizations under MMPA from both NMFS and FWS. 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, MMS considered documentation in Shell's EP related to compliance with MMS operating regulations, applicable lease stipulations, and other applicable environmental laws and requirements. The MMS determined that the proposed activities comply with MMS regulations at 30 CFR 250 Subpart B and 30 CFR 254, and with applicable lease stipulations. The 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 MMS requires compliance with all applicable Federal, State, and local laws and requirements. Any approval of Shell's EP will be a conditional approval. Under the conditional approval, commencement of activities is not authorized until Shell's receipt of all necessary permits and authorizations. The EP as proposed and approved would require such compliance before MMS approval of any Application for Permit to Drill. Therefore, the proposed action does not threaten a violation of Federal, State, or local law or requirement imposed for the protection of the environment, and consideration of whether the proposed action may violate Federal, State, or local law or requirements imposed for the protection of the environment does not render the potential impacts significant.

Finding of No Significant Impact

I have considered the 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 there remain no substantial questions 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.


Cleveland J. Cowles, Ph.D.
Regional Supervisor, Office of Leasing and Environment
Alaska OCS Region


Date

Copies of the EA on the Shell Offshore Inc. 2010 Outer Continental Shelf Lease Exploration Plan Camden Bay, Alaska can be obtained by request to Minerals Management Service, Alaska OCS Region, 3801 Centerpoint Drive, Suite 500, Anchorage, AK 99503-5823 or 1-800-764-2627. The EA can be viewed at MMS' website <http://www.mms.gov/alaska>.

Attachment: Environmental Assessment, Shell Offshore Inc., 2010 Outer Continental Shelf Lease Exploration Plan, Camden Bay, Alaska, Beaufort Sea Leases OCS-Y-1805 and 1941. OCS EIA/EA MMS 2009-052.