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# Leasing Activities Information



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

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## Proposed Notice of Sale Beaufort Sea Oil and Gas Lease Sale 186

Attached is the Proposed Notice of Sale (PNOS) 186, Beaufort Sea, which is scheduled to be held on September 24, 2003, in Anchorage, Alaska.

In addition to the Proposed Notice, this package consists of:

- Lease Stipulations for Proposed Sale 186
- Information to Lessees for Proposed Sale 186
- Royalty Suspension Provisions for Proposed Sale 186
- Blocks Available for Leasing in Proposed Sale 186

All of these documents may be found on the Internet at: [www.mms.gov/alaska](http://www.mms.gov/alaska).

A Final Notice of Sale is expected to be available in mid-August 2003. The above listed documents in their final form will be included in the final package. That package will also include the following documents for use by bidders participating in Sale 186.

- Debarment Certification Form
- Bid Form and Envelope examples
- Telephone Numbers/Addresses of Bidders Form
- Instructions for Making EFT Bonus Payments



**Please Note:** Terms and conditions for proposed Sale 186 include the following:

### Stipulations

There are seven stipulations which will be made a part of leases resulting from this sale. Bidders should note that Stipulation No. 4 – Industry Site-Specific Bowhead Whale Monitoring Program is applicable to specific blocks during specified time frames. In addition to stipulations applied to leases issued in previous Beaufort Sea OCS sales, two new stipulations are applicable to leases issued as a result of this sale: Stipulation No. 6 – Pre-Booming Requirements for Fuel Transfers and Stipulation No. 7 – Lighting of Lease Structures to Minimize Effects to Spectacled and Steller's Eider. Please refer to the Lease Stipulations information page.

### Notices to Lessees (NTL's)

**Bonding Requirements:** The regulations at 30 CFR 256.58, "Termination of the period of Liability and cancellation of a bond" were amended on December 3, 2001, and became effective on January 2, 2002. Please see paragraph (t) in the Information to Lessees document.

**Electronic Funds Transfer (EFT) Payments:** The 1/5<sup>th</sup> bonus bid deposits for successful bids will be due by 1:00 P.M. Eastern Time the day following bid reading. In addition, certain bid submitters (i.e., those that do NOT currently own or operate an OCS mineral lease OR those that have ever defaulted on a 1/5<sup>th</sup> bonus payment [EFT or otherwise]) will be required to guarantee (secure) their 1/5<sup>th</sup> bonus payment **prior** to the submission of bids. Also, when paying the 4/5<sup>th</sup> bonus and rental payments, it is requested that only one transaction be used. Please refer to paragraph (u) in the Information to Lessees document.

**Archaeological and Geological Hazards Reports and Surveys:** Paragraph (v) of the Information to Lessees document includes a list of blocks in the Beaufort Sea on which an archaeological resource may exist. Archaeological reports will be required for these blocks pursuant to 30 CFR 250.194. In addition, shallow hazards surveys must be included in all Exploration Plan and Development and Production Plans at the time they are submitted to MMS for completeness review. The MMS will not consider a plan complete or initiate the regulatory review process without a shallow hazards report. In addition, for the blocks listed in paragraph (v) of the Information to Lessees, an archaeological survey and report are required.

**Rentals/Minimum Royalties and Royalty Suspension Provisions:** The timing of when rental versus minimum royalty is due has been recently revised. The revised requirement is contained in the Proposed Notice of Sale. All leases resulting from this sale will include an Addendum to modify Section 4, 5, and 6 of the lease instrument to implement these revisions and to address royalty suspension provisions.

**MMS Inspection and Enforcement of Certain Coast Guard Regulations:** On February 7, 2002, the Coast Guard published in the *Federal Register* (67 FR 5912) a final rule authorizing "... MMS to perform inspections on fixed Outer Continental Shelf facilities engaged in OCS activities ...". Bidders are referred to paragraph (x) of the Information to Lessees document.



## **Statistical Information – Sale 186**

**Size of Area Offered:** Approximately 9.7 million acres comprised of approximately 1,850 whole and partial blocks

**Range of Water Depths:** Approximately 25 feet to 3,000 feet (approximately 99% of the sale area is less than 200 feet deep, a small portion of the outer limits of the sale area north of Harrison Bay drops to approximately 3,000 feet)

**Range of Distance from Shore:** 3 miles to approximately 60 nautical miles

**Initial Period of Leases:** 10 years

**Minimum Bonus Bid Amount:** \$62 per hectare or fraction thereof for all blocks/bidding units

**Rental/Minimum Royalty Rate:** \$13 per hectare or fraction thereof

**Royalty Rate:** 12 ½ percent applies to all blocks/bidding units

**Royalty Suspension Areas:** Royalty suspensions prorated by lease acreage and subject to price thresholds will apply to all blocks. Refer to the paper on Royalty Suspension Provisions included in the Proposed Notice of Sale package.

For more information on the information included in this package, please contact Mr. Tom Warren at (907) 271-6691 or Ms. Beverly Sires at (907) 271-6419 of the Alaska OCS Region Leasing Activities Section.

## **DEPARTMENT OF THE INTERIOR**

Minerals Management Service (MMS)

Outer Continental Shelf (OCS) Beaufort Sea Alaska, Oil and Gas Lease Sale 186

**AGENCY:** Minerals Management Service, Interior.

**ACTION:** Proposed Notice of Sale 186, Beaufort Sea

**SUMMARY:** The MMS proposes to hold Sale 186 on September 24, 2003, in accordance with provisions of the OCS Lands Act (43 U.S.C. 1331-1356, as amended) and the implementing regulations (30 CFR Part 256).

**DATES:** Lease Sale 186 is tentatively scheduled to be held on Wednesday, September 24, 2003, at the Wilda Marston Theatre, Z. J. Loussac Public Library, 3600 Denali Street, Anchorage, Alaska. Public reading will begin at 9:00 a.m. All times referred to in this document are local Anchorage, Alaska times, unless otherwise specified.

**ADDRESSES:** The "Proposed Notice of Sale Package" contains detailed information essential to potential bidders. Interested parties can obtain the package by writing or calling the:

Alaska OCS Region  
Information Resource Center  
Minerals Management Service  
949 East 36<sup>th</sup> Avenue, Room 330  
Anchorage, Alaska 99508-4302  
Telephone: (907) 271-6070 or 1-800-764-2627

Certain documents may be viewed and downloaded from the MMS Web site at [www.mms.gov/alaska](http://www.mms.gov/alaska).

**BID SUBMISSION DEADLINE:** Bidders will be required to submit bids to the MMS at the Alaska OCS Region Office, 949 East 36<sup>th</sup> Avenue, Third Floor, Anchorage, Alaska 99508 by 10 a.m. on the day before the sale, Tuesday, September 23, 2003. The MMS will further specify procedures for bid submission in the Final Notice of Sale.

**PROPOSED SALE AREA:** The MMS proposes to offer for bid in this sale all of the unleased acreage in the area of the Beaufort Sea identified on the map included as part of this Notice. A detailed listing of the blocks and acreages can be obtained by request at the address given above or on the MMS web site.

**LEASE TERMS AND CONDITIONS:** For leases resulting from this sale the following are proposed:

**Initial Period:** Ten years

**Extensions of Initial Period:** The MMS is considering publishing a proposed rule regarding suspensions of operations (SOO) for exploration in the Alaska OCS Region.

**Minimum Bonus Bid Amount:** \$62 per hectare or fraction thereof for all blocks.

**Rental/Minimum Royalty Rates:** \$13 per hectare or fraction thereof to be paid on or before the first day of each lease year until a discovery in paying quantities of oil or gas, then at the expiration of each lease year until the start of royalty-bearing production;

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

**Royalty Suspension Areas:** Royalty suspensions on the production of oil and condensate, prorated by lease acreage and subject to price thresholds will apply to all blocks. Royalty suspension volumes (RSV) are based on 2 zones as depicted on the map included in the document "Royalty Suspension Provisions, Sale 186, Proposed" in the Proposed Notice of Sale Package. This document provides specific details regarding royalty suspension eligibility, price thresholds and implementation. The RSV will be prorated based on surface area of the lease:

<b>Hectares</b>	<b>Zone A Million Barrels RSV</b>	<b>Zone B Million Barrels RSV</b>
770 or less	10	15
771-1540	20	30
1541 or above	30	45

A fixed oil price floor applies, below which production would be both royalty-free and would not count against the RSV. A price floor of \$18 per barrel of oil applies to both RSV zones and is based on the New York Mercantile Exchange average daily price for a quarter of a calendar year with no adjustments for inflation. A price ceiling of \$28.00 per barrel in 1994 dollars as per Deep Water Royalty Relief Act, plus annual adjustment for inflation also applies to both Zones A and B. For example, this is equivalent to about \$32.35 at the end of 2002. If prices in the preceding calendar year exceed the ceiling price for that year, relief is revoked and production in that year counts against any remaining RSVs. The floor and ceiling prices apply during periods when production has not exceeded the original RSV amounts.

**STIPULATIONS AND INFORMATION TO LESSEES:** The document entitled "Lease Stipulations and Information to Lessees for Oil and Gas Lease Sale 186, Proposed" contains the text of the proposed stipulations and the Information to Lessees. This document is included in the Proposed Notice of Sale Package.

**BONUS BID DEPOSIT:** Each bidder submitting an apparent high bid must submit a bonus bid deposit to MMS equal to one-fifth of the bonus bid amount for each such bid submitted for Sale 186. Under the authority granted by 30 CFR 256.46(b), MMS **requires** bidders to use electronic funds transfer (EFT) procedures for payment of the one-fifth bonus bid deposits. Such payment will be due by 1:00 p.m. Eastern Time on the day following bid reading. In addition, certain bid submitters [i.e., those that do **NOT** currently own or operate an OCS mineral lease **OR** those that have ever defaulted on a one-fifth bonus payment (EFT or otherwise)] will be required to guarantee (secure) their one-fifth bonus payment prior to the submission of bids. The MMS will specify the detailed bid deposit procedures in the Final Notice of Sale.

**JURISDICTION:** The United States claims exclusive maritime resource jurisdiction over the area offered. Canada claims such jurisdiction over the four easternmost blocks included in the sale area. These blocks are located in Official Protraction Diagram NR 07-06 and are block numbers 6201, 6251, 6301, and 6361. Nothing in this Notice shall affect or prejudice in any manner the position of the United States with respect to the nature or extent of the internal waters of the territorial sea, of the high seas, or of sovereign rights or jurisdiction for any purpose whatsoever.

For any block or bidding unit in the area of U.S.-Canada difference the procedure for bid acceptance will be different from procedures otherwise identified in this Notice. After MMS completes its bid adequacy review, it will notify bidders of the results of this review. If a bid is found inadequate, it will be rejected and the bidder's deposit will be returned with interest, as prescribed in 30 CFR 218.155. If a bid is found adequate, the bidder will be so notified; however, this notification will not constitute acceptance of the bid. No bid will be accepted until the United States determines that this is in its best interest to do so. At such time as it is so determined, the authorized officer will promptly accept the bid and require the bidder to execute the lease, pay the remaining 4/5th bonus and the first year's rental by EFT, and file a bond as prescribed in 30 CFR 256.47(f). The remaining 4/5th bonus and the first year's rental must be made by EFT using the procedures described in the Sale Notice Package available from the Alaska OCS Regional Office when the Final Notice of Sale is published. Your EFT payment must be received in the appropriate United States Treasury account no later than noon, Eastern Time, on the eleventh business day after receipt of the notice of bid acceptance. The term "business day" is defined as a day on which the Alaska Regional Office is open for business.

At such time as the United States may determine that it will not be in its best interest to accept a bid, MMS shall reject such bids within the area of U.S.-Canada difference and refund the deposit with interest. Interest will accrue and be paid in accordance with 30 CFR 218.155. In any event, if the authorized officer does not accept the bid within 5 years after the date on which bids are opened, the bidder may elect, by notice delivered to the United States after expiration of the 5-year period, to withdraw the bid. If the bid is withdrawn, the deposit and accrued interest will then be refunded promptly to the bidder. Authority for the procedure in this paragraph is in 30 CFR 218.155, 256.46(b), and 256.47(e)(2). Except as set forth in this paragraph, the procedures for submitting bids and awarding leases are the same as for all other blocks or bidding units offered in this sale.

**UPCOMING MILESTONES:** This Proposed Notice of Sale was sent to the Governor of Alaska on the date after it was signed. The Governor of Alaska has 60 days to comment on the size, timing, and location of the proposed sale, as required by Section 19 of the OCS Lands Act (43 U.S.C. 1345). After the Assistant Secretary for Land and Minerals Management receives the Governor's comments a decision will be made on the Final Notice of Sale. The Department of the Interior reserves the right to revise the areas proposed for bidding and associated terms and conditions described in this proposed Notice. If the Assistant Secretary decides to proceed with the sale, a Final Notice of Sale for Beaufort Sea Sale 186 will be published in the Federal Register at least 30 days prior to the date of the public opening of the bids. The Final Notice will also be available at that time from the MMS Alaska OCS Region at the address given in this

document under “Addresses” and on our website at [www.mms.gov/alaska](http://www.mms.gov/alaska). The Final Notice of Sale Package will contain all sale terms and conditions and detailed instructions to bidders.

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# ***Leasing Activities Information***



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## **Lease Stipulations for Oil and Gas Lease Sale 186, Proposed Beaufort Sea September 2003**

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

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

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

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

If any area of biological significance should be discovered during the conduct of any operations on the lease, the lessee shall immediately report such findings to the RS/FO and make every

reasonable effort to preserve and protect the biological resource from damage until the RS/FO has given the lessee direction with respect to its protection.

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

***Stipulation No. 2. Orientation Program.*** The lessee shall include in any exploration or development and production plans submitted under 30 CFR 250.203 and 250.204 a proposed orientation program for all personnel involved in exploration or development and production activities (including personnel of the lessee's agents, contractors, and subcontractors) for review and approval by the Regional Supervisor, Field Operations. The program shall be designed in sufficient detail to inform individuals working on the project of specific types of environmental, social, and cultural concerns that relate to the sale and adjacent areas. The program shall address the importance of not disturbing archaeological and biological resources and habitats, including endangered species, fisheries, bird colonies, and marine mammals and provide guidance on how to avoid disturbance. This guidance will include the production and distribution of information cards on endangered and/or threatened species in the sale area. The program shall be designed to increase the sensitivity and understanding of personnel to community values, customs, and lifestyles in areas in which such personnel will be operating. The orientation program shall also include information concerning avoidance of conflicts with subsistence, commercial fishing activities, and pertinent mitigation.

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

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

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



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

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

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

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

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

recommended by the NSB, the AEW, industry, NOAA-F, and MMS. The results of these peer reviews will be provided to the RS/FO for consideration in final approval of the monitoring program and the final report, with copies to the NSB, AEW, and the State of Alaska.

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

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

**Spring Migration Area: April 1 through June 15**

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

6102-6111	6302-6321	6504-6523	6717-6723
6152-6167	6354-6371	6554-6573	
6202-6220	6404-6423	6604-6623	
6252-6270	6454-6473	6654-6673	

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

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

**Central Fall Migration Area: September 1 through October 31**

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

6102-6111	6354-6371	6604-6623	6856-6873
6152-6167	6404-6423	6654-6673	6908-6923
6202-6220	6454-6473	6704-6723	6960-6973
6252-6270	6504-6523	6754-6773	7011-7023
6302-6321	6554-6573	6804-6823	7062-7073
			7112-7123

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

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

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

6015-6024	6067-6072
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**OPD: NR 05-04, Harrison Bay.** Blocks included:

6001-6023	6157-6173	6309-6324	6461-6471
6052-6073	6208-6223	6360-6374	6513-6519
6105-6123	6258-6274	6410-6424	6565-6566

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

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

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

6002-6014	6202-6220	6401-6424	6618-6624
6052-6064	6251-6274	6456-6474	6671-6674
6102-6114	6301-6324	6509-6524	6722-6724
6152-6169	6351-6374	6868-6574	6773

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

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

**Eastern Fall Migration: August 1 through October 31**

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

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

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

6401-6405	6601-6605	6801-6807	7010-7013
6451-6455	6651-6655	6851-6859	7061-7067
6501-6505	6701-6705	6901-6911	7113-7117
6551-6555	6751-6756	6958-6963	

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

6016-6022                      6118-6125                      6221-6226                      6323-6326  
6067-6072                      6169-6175                      6273-6276

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

6201                              6251                              6301                              6351

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

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

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

In the event no agreement is reached between the parties, the lessee, the AEWK, the NSB, the National Oceanic and Atmospheric Administration-F (NOAA-F), or any of the subsistence communities that could be affected directly by the proposed activity may request that the RS/FO assemble a group consisting of representatives from the subsistence communities, AEWK, NSB, NOAA-F, and the lessee(s) to specifically address the conflict and attempt to resolve the issues

before making a final determination on the adequacy of the measures taken to prevent unreasonable conflicts with subsistence harvests. Upon request, the RS/FO will assemble this group if the RS/FO determines such a meeting is warranted and relevant before making a final determination on the adequacy of the measures taken to prevent unreasonable conflicts with subsistence harvests.

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

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

Subsistence whaling activities occur generally during the following periods:

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

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

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

**Stipulation No. 7. Lighting of Lease Structures to Minimize Effects to Spectacled and Steller's Eider.** To minimize the likelihood that migrating spectacled or Steller's eiders will strike lease structures associated with offshore drilling, all structures so identified by MMS must be lighted and/or marked in a manner that does not attract them and minimizes the likelihood they would collide with the structures. The MMS and the Fish and Wildlife Service will cooperatively develop lighting requirements and identify where, when, and on what type of structures the requirements should be applied. Specific lighting requirements will be developed by April 1, 2004, at which time MMS will issue these requirements.

The radiation of light outward from structures must be minimized by shading and/or light fixture placement to direct light inward and downward to living and work surfaces while minimizing light radiating upward and outward. These requirements will not apply between October 31 and May 1 of each year, when eiders are not likely to be present.

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

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# ***Leasing Activities Information***



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

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## **Information to Lessees for Sale 186, Proposed Beaufort Sea September 2003**

- (a) Community Participation in Operations Planning
- (b) Kaktovikmiut Guide - "In This Place."
- (c) Nuiqsutmiut Paper
- (d) Bird and Marine Mammal Protection
- (e) River Deltas
- (f) Endangered Whales and MMS Monitoring Program
- (g) Availability of Bowhead Whales for Subsistence Hunting Activities
- (h) Geological and Geophysical Survey Activity
- (i) Polar Bear Interaction
- (j) Spectacled Eider and Steller's Eider
- (k) Sensitive Areas To Be Considered in the Oil-Spill Contingency Plans (OSCP)
- (l) Response Plans for Facilities Located Seaward of the Coast Line
- (m) Oil Spill Financial Responsibility (OSFR) for Offshore Facilities
- (n) Coastal Zone Management
- (o) Navigational Safety
- (p) Offshore Pipelines
- (q) Discharge of Produced Waters
- (r) Use of Existing Pads and Islands
- (s) Affirmative Action Requirements
- (t) Bonding Requirements
- (u) Electronic Funds Transfer (EFT)
- (v) Archaeological and Geological Hazards Reports and Surveys
- (w) Rentals/Minimum Royalties and Royalty Suspension Provisions
- (x) MMS Inspection and Enforcement of Certain Coast Guard Regulations
- (y) Statement Regarding Certain Geophysical Data

**(a) Community Participation in Operations Planning.** Lessees are encouraged to bring one or more residents of communities in the area of operations into their planning process. Local communities often have the best understanding of how oil and gas activities can be conducted safely in and around their area without harming the environment or interfering with community activities. Involving local community residents in the earliest stages of the planning process for proposed oil and gas activities can be beneficial to the industry and the community. Community representation on management teams developing plans of operation, oil spill contingency plans, and other permit applications can help communities understand permitting obligations and help the industry to understand community values and expectations for oil and gas operations being conducted in and around their area.

**(b) Kaktovikmiut Guide - "In This Place."** The people of Kaktovik, the Kaktovikmiut, have compiled "A Guide for Those Wishing to Work in The Country of the Kaktovikmiut." The guide's intent, in part, is to provide information that may promote a better understanding of their concerns. Lessees are encouraged to obtain copies of the guide and to incorporate it into their Orientation Program to assist in fostering sensitivity and understanding of personnel to community values, customs, and lifestyles in areas in which they will be operating.

**(c) Nuiqsutmiut Paper.** The people of Nuiqsut, the Nuiqsutmiut, have compiled a paper for people working in their country. The paper provides information that may promote a better understanding of their concerns. Lessees are encouraged to obtain copies of the paper and to incorporate it into their Orientation Program to assist in fostering sensitivity and understanding of personnel to community values, customs, and lifestyles in areas in which they will be operating.

**(d) Bird and Marine Mammal Protection.** Lessees are advised that during the conduct of all activities related to leases issued as a result of this sale, the lessee and its agents, contractors, and subcontractors will be subject to the provisions of the Marine Mammal Protection Act (MMPA) of 1972, as amended (16 U.S.C. 1361 et seq.); the Endangered Species Act (ESA), as amended (16 U.S.C. 1531 et seq.); and applicable International Treaties.

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



Incidental taking of marine mammals and endangered and threatened species is allowed only when the statutory requirements of the MMPA and/or the ESA are met. Section 101(a)(5) of the MMPA (16 U.S.C. 1371(a)(5)) allows for the taking of small numbers of marine mammals incidental to a specified activity within a specified geographical area. Section 7(b)(4) of the ESA (16 U.S.C. 1536(b)(4)) allows for the incidental taking of endangered and threatened species under certain circumstances. If a marine mammal species is listed as endangered or threatened under the ESA, the requirements of both the MMPA and the ESA must be met before the incidental take can be allowed.

Under the MMPA and ESA, the NOAA-F is responsible for species of the order Cetacea (whales and dolphins) and the suborder Pinnipedia (seals and sea lions) except walrus; the FWS is responsible for polar bears, sea otters, walrus, and birds. Procedural regulations implementing the provisions of the MMPA are found at 50 CFR Part 18.27 for FWS, and at 50 CFR Part 228 for NOAA-F.

Lessees are advised that specific regulations must be applied for and in place and that a Letter of Authorization (LOA) or Incidental Harassment Authorization (IHA) must be obtained by those proposing the activity to allow the incidental take of marine mammals whether or not they are endangered or threatened. The regulatory process may require 1 year or longer.

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

Lessees should exercise particular caution when operating in the vicinity of species whose populations are known or thought to be declining and which are not protected under the ESA; such as, Pacific walrus. These regulations have been extended until March 31, 2003 (50 CFR 18.123 et seq.). Incidental take regulations are promulgated only upon request and the FWS must be in receipt of a petition prior to initiating the regulatory process. Incidental, but not intentional, taking is authorized only by U.S. citizens holding an LOA issued pursuant to these regulations. An LOA or IHA must be requested annually.

Behavioral disturbance of most birds and mammals found in or near the lease area would be unlikely if aircraft and vessels maintain at least a 1-mile horizontal distance and aircraft maintain at least a 1,500-foot vertical distance above known or observed wildlife concentration areas, such as bird colonies and marine mammal haulout and breeding areas.

For the protection of endangered whales and marine mammals throughout the lease area, it is recommended that all aircraft operators maintain a minimum 1,500-foot altitude when in transit between support bases and exploration sites. Lessees and their contractors are encouraged to minimize or reroute trips to and from the leasehold by aircraft and vessels when endangered whales are likely to be in the area. Human safety will take precedence at all times over these recommendations.

(e) **River Deltas**. Lessees are advised that certain river deltas of the Beaufort Sea coastal plain (such as the Kongakut, Canning, and Colville) have been identified by the FWS as special habitats for bird nesting and fish overwintering areas, as well as other forms of wildlife. Shore-based facilities in these river deltas may be prohibited by the permitting agency.

(f) **Endangered Whales and MMS Monitoring Program**. Lessees are advised that MMS intends to continue its area wide endangered bowhead whale monitoring program in the Beaufort Sea. The program will gather information on whale distribution patterns which will be used by MMS and others to assess impacts on bowhead whales.

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

Lessees are further advised that the RS/FO has the authority and intends to limit or suspend any operations, including preliminary activities, as defined under 30 CFR 250.201, on a lease whenever bowhead whales are subject to a threat of serious, irreparable, or immediate harm to the species. Should the information obtained from MMS's or lessees' monitoring programs indicate that there is a threat of serious, irreparable, or immediate harm to the species, the RS/FO will take action to protect the species. The RS/FO may require the lessee to suspend operations causing such effects, in accordance with 30 CFR 250.168. Any such suspensions may be terminated when the RS/FO determines that circumstances which justified the ordering of suspension no longer exist.

(g) **Availability of Bowhead Whales for Subsistence Hunting Activities**. Lessees are advised that the NOAA-F issues regulations for incidental take of marine mammals, including bowhead whales. Incidental take regulations are promulgated only upon request and the NOAA-F must be in receipt of a petition prior to initiating the regulatory process. Incidental takes of bowhead whales are allowed only if an LOA or an IHA is obtained from the NOAA-F pursuant to the regulations in effect at the time. An LOA or an IHA must be requested annually. In issuing an LOA or an IHA, the NOAA-F must determine that proposed activities will not have an unmitigable adverse effect on the availability of the bowhead whale to meet subsistence needs by causing whales to abandon or avoid hunting areas, directly displacing subsistence users, or placing physical barriers between whales and subsistence users.

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

The MMS and the NOAA-F will establish procedures to coordinate results from site-specific surveys required by Stipulation No. 4 and NOAA-F LOAs or IHAs to determine if further modification to lease operations are necessary.

***(h) Geological and Geophysical Survey Activity.*** Lessees are advised of the potential effect of geological and geophysical (G&G) activity to bowhead whales and subsistence hunting activities. High resolution G&G surveys are distinguished from 2-D and 3-D geophysical surveys by the magnitude of the energy source used in the survey, the size of the survey area, the number and length of arrays used, and duration of the survey period. High resolution G&G surveys are typically conducted after a lease sale in association with a specific exploration or development program or in anticipation of future lease sale activity. The 2-D and 3-D geophysical surveys are typically conducted prior to lease sales.

Lessees are advised that all G&G survey activity conducted in the Beaufort Sea Planning Area, either under the pre-lease permitting regulations at 30 CFR 251, or as part of an approved exploration or development and production plan under 30 CFR 250, is subject to environmental and regulatory review by MMS. It is the intention of MMS to treat pre-lease G&G activities in a manner similar to the post-lease G&G activities. The MMS has standard mitigating measures which are applied to these activities, and lessees are encouraged to review these measures before developing their applications for G&G permits. Copies of the non-proprietary portions of all G&G permit applications will be provided by MMS to the NSB, the AEWC, and directly affected subsistence communities for comment. The MMS may impose restrictions (including the timing of operations relative to open water) and other requirements (such as having a locally approved coordinator on board) on G&G surveys to minimize unreasonable conflicts between the G&G survey and subsistence whaling activities.

Lessees and applicants are advised that MMS will require any proposed G&G activity to be coordinated with directly affected subsistence communities, the North Slope Borough (NSB), and the Alaska Eskimo Whaling Commission to identify potential conflicts and develop plans to avoid these conflicts. Copies of the results of any required monitoring plans will be provided by MMS to the directly affected subsistence communities, the NSB, and the AEWC for comment.

***(i) Polar Bear Interaction.*** Lessees are advised that polar bears may be present in the area of operations, particularly during the solid-ice period. Lessees should conduct their activities in a manner which will limit potential encounters and interaction between lease operations and polar bears. The FWS is responsible for the protection of polar bears under the provisions of the MMPA of 1972, as amended. Lessees are advised to contact the FWS regarding proposed operations and actions that might be taken to minimize interactions with polar bears. Lessees also are advised to consult “OCS Study MMS 93-0008, Guidelines for Oil and Gas Operations in Polar Bear Habitats.”

The FWS must be in receipt of a petition for incidental take prior to initiating the regulatory process. Incidental takes of polar bears are allowed only if an LOA or an IHA is obtained from the FWS pursuant to the regulations in effect at the time. An LOA or an IHA must be requested annually.

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

**(j) Spectacled Eider and Steller's Eider.** Lessees are advised that the spectacled eider (*Somateria fischeri*) and Steller's eider (*Polysticta stelleri*) are listed as threatened by the FWS and are protected by the ESA of 1973, as amended (16 U.S.C. 1531 et seq.).

Spectacled eiders and Steller's eiders are present in the Chukchi and Beaufort seas during spring migration in May and June. Males return to the open sea in late June, while nesting females remain on the arctic coastal tundra until late August or early September. Onshore activities related to Outer Continental Shelf exploration, development, and production during the summer months (May-September) may affect nesting spectacled and Steller's eiders.

Lessees are advised that exploration and development and production plans submitted to MMS will be reviewed by the FWS to ensure that spectacled and Steller's eiders and their habitats are protected.

**(k) Sensitive Areas To Be Considered in the Oil-Spill Contingency Plans (OSCP).** Lessees are advised that certain areas are especially valuable for their concentrations of marine birds, marine mammals, fishes, other biological resources, or cultural resources, and for their importance to subsistence harvest activities, and should be considered when developing OSCPs. Identified areas and time periods of special biological and cultural sensitivity include:

- (1) the lead system off Point Barrow, April-June;
- (2) the salt marshes from Kogru Inlet to Smith Bay, June-September;
- (3) the Plover Islands, June-September;
- (4) the Boulder Patch in Stefansson Sound, June-October;
- (5) the Camden Bay area (especially the Nuvugag and Kaninniivik hunting sites), January, April-September, November;
- (6) the Canning River Delta, January-December;
- (7) the Barter Island - Demarcation Point Area, January-December;
- (8) the Colville River Delta, January-December;
- (9) the Cross, Pole, Egg, and Thetis Islands, June-October;
- (10) the Flaxman Island waterfowl use and polar bear denning areas, January-December;  
(Leffingwell Cabin, a National Historic Site, is located on Flaxman Island);
- (11) the Jones Island Group (Pingok, Spy, and Leavitt Islands) and Pole Island are known polar bear denning areas, November-April; and
- (12) the Sagavanirktok River delta, January-December.

These areas are among areas of special biological and cultural sensitivity to be considered in the OSCP required by 30 CFR 250.300. Lessees are advised that they have the primary responsibility for identifying these areas in their OSCPs and for providing specific protective measures. Additional areas of special biological and cultural sensitivity may be identified during review of exploration plans and development and production plans.

Industry should consult with FWS or State of Alaska personnel to identify specific environmentally sensitive areas within National Wildlife Refuges or state special areas which should be considered when developing a project-specific OSCP.

Consideration should be given in an OSCP as to whether use of dispersants is an appropriate defense in the vicinity of an area of special biological and cultural sensitivity. Lessees are advised that prior approval must be obtained before dispersants are used.

***(l) Response Plans for Facilities Located Seaward of the Coast Line.*** The regulations at 30 CFR 254 Subpart D implements the facility response planning provision of the Oil Pollution Act of 1990 (OPA). The rule superseded an interim rule in effect since February 18, 1993, and allows one plan to be used to cover multiple offshore facilities. This allows operators to reduce the cost of spill response compliance without sacrificing environmental protection.

***(m) Oil Spill Financial Responsibility (OSFR) for Offshore Facilities.*** Bidders should note that MMS has implemented regulations regarding the financial responsibility provision of the OPA. The regulations, which appear at 30 CFR 250 and 253, require those responsible for offshore oil facilities to demonstrate that they can pay for cleanup and damages caused by facility oil spills. See also 30 CFR 254.

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

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

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

***(n) Coastal Zone Management.*** MMS advises lessees that under the Coastal Zone Management Act (16 U.S.C. 1451 et. seq., Section 307), as amended, a state with an approved Coastal Zone Management (CZM) Plan reviews certain OCS activities to determine whether they will be conducted in a manner consistent with their approved CZM plan. This review authority is applicable to activities described in OCS exploration plans and development and production plans that affect any land or water use or natural resource within the state's coastal zone. Generally, MMS may not issue a permit for activities described in a plan unless the state concurs or is conclusively presumed to have concurred that the plan is consistent with its CZM plan. In cases where concurrence is not given or presumed, the matter may be appealed to the Secretary of Commerce.

The Department of Commerce, NOAA revised the regulations at 15 CFR 930 implementing the federal consistency provisions of the Coastal Zone Management Act effective January 8, 2001. These revised regulations were published in the Federal Register on December 8, 2000, at 65 FR 77124, et. seq.

The Alaska Coastal Management Plan includes statewide standards found in 6 AAC 80 and enforceable policies found within approved coastal district programs. For the Beaufort Sea OCS mineral lease sales, the enforceable policies of the NSB Coastal Management Program and the statewide standards are applicable.

**(o) Navigational Safety.** Operations on some of the blocks offered for lease may be restricted by designation of fairways, precautionary zones, anchorages, safety zones, or traffic separation schemes established by the U.S. Coast Guard pursuant to the Ports and Waterways Safety Act (33 U.S.C. 1221 et seq.), as amended. Lessees are encouraged to contact the USCG regarding any identified restrictions. The U.S. Army Corps of Engineers permits are required for construction of any artificial islands, installations, and other devices permanently or temporarily attached to the seabed located on the OCS in accordance with Section 4(e) of the OCS Lands Act, as amended.

For additional information, prospective bidders should contact the U.S. Coast Guard, 17th Coast Guard District, P.O. Box 3-5000, Juneau, Alaska 99802, (907) 586-7355. For Corps of Engineers information, prospective bidders should contact U.S. Army Corps of Engineers, Alaska District, Regulatory Branch (1145b), P.O. Box 898, Anchorage, Alaska 99506-0898, (907) 753-2724.

**(p) Offshore Pipelines.** Lessees are advised that the Department of the Interior and the Department of Transportation have entered into a Memorandum of Understanding (MOU), dated December 10, 1996, concerning the design, installation, and maintenance of offshore pipelines. See also CFR 250.1000(c)(1). Bidders should consult both departments for regulations applicable to offshore pipelines. Copies of the MOU are available from the MMS Internet site and the MMS Alaska OCS Region.

**(q) Discharge of Produced Waters.** Lessees are advised that the State of Alaska prohibits discharges of produced waters on state tracts within the ten-meter depth contour. Discharges of produced waters into marine waters are subject to conditions of National Pollutant Discharge Elimination System permits issued by the Environmental Protection Agency, and may also include a zero-discharge requirement on federal tracts within the ten-meter contour.

**(r) Use of Existing Pads and Islands.** During the review and approval process for exploration and development and production plans, MMS will encourage lessees to use existing pads and islands wherever feasible.

**(s) Affirmative Action Requirements.** Lessees are advised that they must adhere to the rules of the Department of Labor, Office of Federal Contract Compliance, at 41 CFR Chapter 60. Companies with questions regarding those rules should contact one of the various regional Department of Labor Offices of Federal Contract Compliance.

**(t) Bonding Requirements.** The MMS general bonding requirements are found at 30 CFR 256 Subpart I. Please be advised that Section 30 CFR 256.58, “Termination of the period of liability and cancellation of a bond” was amended on December 3, 2001 and became effective on January 2, 2002. This amendment defines the terms and conditions under which MMS will terminate the period of liability of a bond or cancel a bond. The MMS Notice to Lessees No. 98-18N, Supplemental Bonding Procedures, became effective on December 28, 1998. This document is an updated summary of the procedures that will be used in assessing the financial strength of OCS lessees as they implement the requirement to submit a supplemental bond in compliance with 30 CFR 256. These procedures apply to all OCS Regions.

**(u) Electronic Funds Transfer (EFT).** Bidders are advised of the mandatory use of EFT for payment of the 1/5<sup>th</sup> deposit on bonus bids. Since 1999, 30 CFR 256.46(b) allows MMS to require a specific method (or methods) of payment of the deposit of bonus bids submitted at OCS lease sales. For Sale 186, MMS will require the submitter of high bids to use EFT procedures for payment of the deposit of bonus bids. Current OCS lessees and/or operators may secure such payment using only a signed bid form as prescribed in the Sale Notice Package; others are required to guarantee their EFT payments by any one of several methods, such as a third party guaranty, amended areawide bond coverage, letter of credit, or by using advanced EFT to prepay the guarantee. Specific details on the use of EFT will be contained in the document “Instruction for Making EFT Bonus Payments” to be included in the Final Sale Notice Package. This document will also be available [www.MMS.gov/alaska](http://www.MMS.gov/alaska).

Bidders are reminded that the 4/5ths bonus bid amount and the first year’s rental EFT instructions for lease payoff have been revised and updated by MMS Minerals Revenue Management. Companies may now use either the Fedwire Deposit System or the Automated Clearing House (overnight payments).

**(v) Archaeological and Geological Hazards Reports and Surveys.** Lessees are referred to the regulations at 30 CFR 250.194, Archaeological Reports and Surveys, and 30 CFR 250.203(b)(1)(ix) for geologic hazard surveys and reports. Following is a list of specific blocks in the Beaufort Sea Planning Area on which an archaeological resource may exist and for which an archaeological report will be required.

OPD: NR 05-01, Dease Inlet: Blocks: 6604-6606, 6654-6657, 6704-6709, 6754-6761, 6804-6812, 6856-6864, 6909-6915, 6960-6969, 7011-7023, 7062-7073, 7113-7123

OPD: NR 05-02, Harrison Bay North; Blocks: 7001-7007, 7051-7059, 7101-7112

OPD: NR 05-03, Teshekpuk: Blocks: 6015-6024, 6067-6072

OPD: NR 05-04, Harrison Bay: Blocks: 6001-6015, 6052-6066, 6106-6115, 6157-6168, 6208-6223, 6258-6274, 6309-6324, 6360-6374, 6410-6424, 6461-6471, 6513-6519, 6565-6566

OPD: NR 06-03, Beechey Point: Blocks: 6202-6207, 6251-6257, 6301-6308, 6351-6361, 6401-6417, 6456-6469, 6509-6520, 6561-6570, 6612-6614, 6616, 6618-6623, 6664-6674, 6717-6724, 6768-6771, 6819-6822, 6870-6871

OPD: NR 06-04, Flaxman Island: Blocks: 6651, 6701-6702, 6751-6754, 6802-6808, 6857-6860, 6910-6912, 6920-6924, 6961-6974, 7013-7022, 7066-7070, 7118-7119

OPD: NR 07-03, Barter Island: Blocks: 6853-6855, 6901-6909, 6958-6960, 7010-7011, 7061-7063, 7113-7114

OPD: NR 07-05, Demarcation Point: Blocks: 6016-6017, 6067-6069, 6118-6120, 6169-6170, 6222-6223, 6273-6275, 6324-6325

The regulations at 30 CFR 250.203(b)(1)(ix) require a shallow hazards report be included in all Exploration Plans (EPs) or Development and Production Plans (DPPs) at the time they are submitted to MMS for completeness review. In addition, for the blocks listed above, lessees must include a final archaeological resources report as required by 30 CFR 250.194 as part of any EP or DPP submitted to MMS for completeness review. Lessees are encouraged to combine surveys whenever feasible. The MMS will not consider a plan complete or initiate the regulatory review process without these documents.

Lessees may not set a drilling or production facility on location until MMS has approved an EP or DPP. Lessees are advised that seasonal constraints may prevent the following from occurring in the same year: collection of required data, obtaining of any necessary permits and coastal consistency certification, and the initiation of operations including mobilization and set down of the facility at location. Lessees are encouraged to plan accordingly.

**(w) Rentals/Minimum Royalties and Royalty Suspension Provisions.** The timing of when rental versus minimum royalty is due has been recently revised. The revised requirement is contained in the Proposed Notice of Sale. For all leases issued as a result of this sale, an Addendum will be added to the lease to modify Sections 4, 5 and 6 of the lease instrument to implement these revised rental/minimum royalty requirements and to address royalty suspension provisions.

**(x) MMS Inspection and Enforcement of Certain Coast Guard Regulations.** On February 7, 2002, the USCG published a final rule (67 FR 5912) authorizing "...the Minerals Management Service (MMS) to perform inspection on fixed Outer Continental Shelf (OCS) facilities engaged in OCS activities and to enforce Coast Guard regulations applicable to those facilities in 33 CFR Chapter I, Subchapter N." Questions regarding this authorization may be directed to the USCG as indicated in the final rule.

**(y) Statement Regarding Certain Geophysical Data.** Pursuant to Section 18 and 26 of the OCS Lands Act, as amended, and the regulations issued there under, MMS has a right of access to geophysical data and information obtained or developed as a result of operations on the OCS. A rule specifying the details and procedures regarding this right of access is found at 30 CFR 251.12. Reimbursement for the cost of reproducing these data will be made in accordance with 30 CFR 251.13.



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# Leasing Activities Information



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

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## **Proposed Notice of Sale Blocks Available for Leasing Beaufort Sea Oil and Gas Lease Sale 186**

The locations of blocks offered for lease in Sale 186 are shown on a Locator Map and on Outer Continental Shelf (OCS) Official Protraction Diagrams. Some of the blocks may be partially leased or transected by administrative lines such as the Federal/State jurisdictional boundary line. All federal blocks and federal portions of blocks that are unleased are considered as available for leasing in the proposed Notice of Sale for Sale 186.

The following OCS Official Protraction Diagrams pertain to this sale area and may be purchased for \$2.00 each from the Minerals Management Service, Alaska OCS Region, 949 East 36<sup>th</sup> Avenue, Public Information Unit, Anchorage, Alaska 99508. Requests may be made in person, in writing, or by telephone at (907) 271-6070 or (800) 764-2627.

- NR 05-01, Dease Inlet, revised September 30, 1997
- NR 05-02, Harrison Bay North, revised September 30, 1997
- NR05-03, Teshekpuk, revised September 30, 1997
- NR 05-04, Harrison Bay, revised September 30, 1997
- NR 06-01, Beechey Point North, approved February 1, 1996
- NR 06-03, Beechey Point, revised September 30, 1997
- NR 06-04, Flaxman Island, revised September 30, 1997
- NR 07-03, Barter Island, revised September 30, 1997
- NR 07-05, Demarcation Point, revised September 30, 1997
- NR 07-06, Mackenzie Canyon, revised September 30, 1997

A listing of unleased blocks and portions of blocks is available at the address given above. Whole blocks cover an area of 2,304 hectares. The descriptions for partial blocks and bidding units (combinations of blocks/portions of blocks) include the hectare figures for each portion. These partial block descriptions are derived from Supplemental Official OCS Block Diagrams and OCS Composite Block Diagrams which are available upon request at the address or phone number given above. The Locator Map is available for use but is not the official description of the blocks available for lease. The OCS Official Protraction Diagrams, the Supplemental Official OCS Block Diagrams, and the OCS Composite Block Diagrams constitute the official descriptions of the areas offered.

# Arctic Ocean

Proposed Notice of Sale, Beaufort Sea Sale 186,  
September 2003

- Zone A
- Zone B
- Submerged Lands Act Boundary
- Sale Area Boundary

40 0 40 80 Kilometers

30 0 30 60 Miles

## Beaufort Sea

Zone B

Zone A

Barrow

Dease Inlet

Smith Bay

Teshkepuk Lake

Harrison Bay

Nuiqsut

Deadhorse

Point Thomson

Kaktovik

National Petroleum Reserve - Alaska

Arctic National Wildlife Refuge

Alaska  
Canada

January 08, 2003

