

Alaska Region Update

**AAPL OCS Workshop
The Woodlands, Texas**

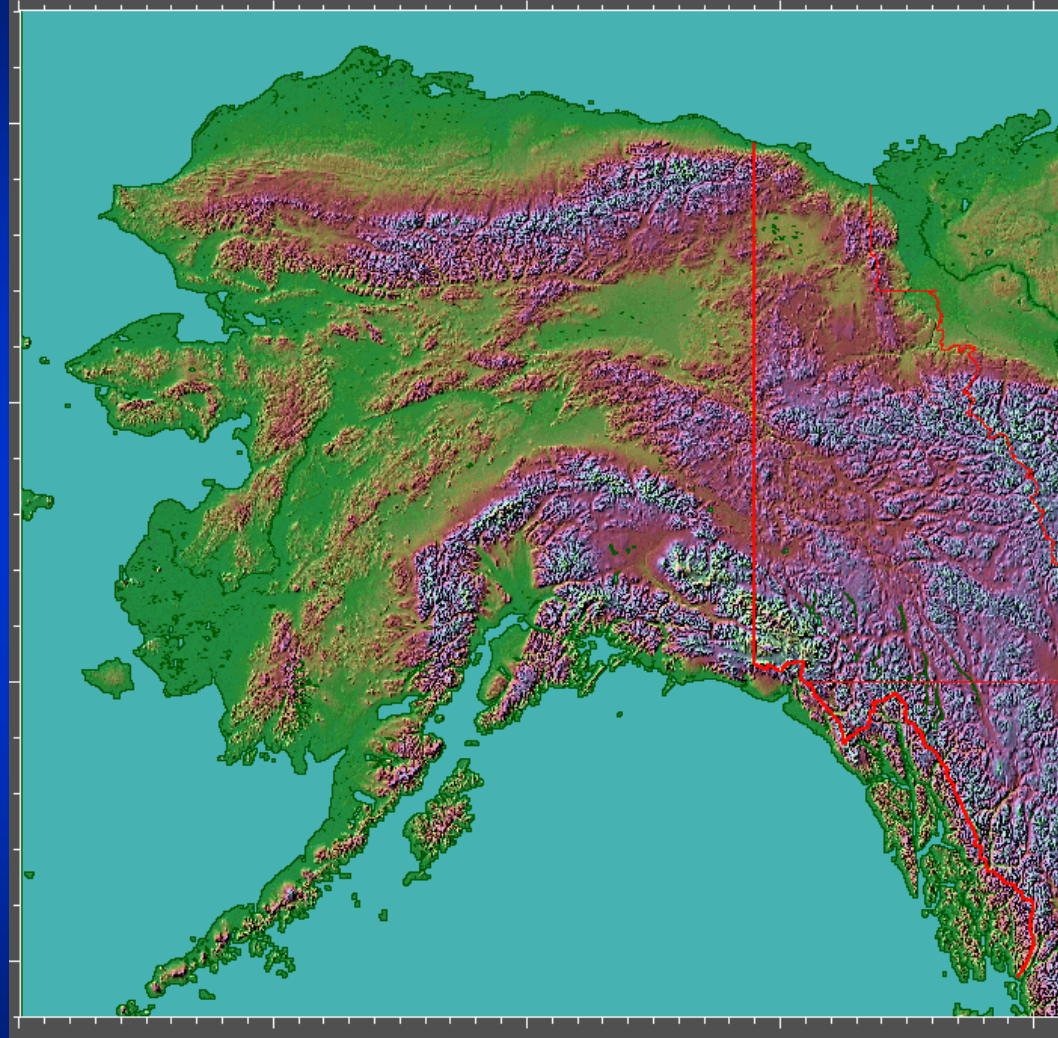
**John Goll
MMS Alaska Regional
Director**

January 19, 2006



Today's Topics

- Access
 - Lease Sales
 - Beaufort Sea
 - Chukchi
 - Cook Inlet
 - Economic Incentives
- The 2007-12 Five Year Plan
 - North Aleutian ?
- Info Sources



DOI Alaska Goals

- Increase Access to Prospective Lands
- Ensure Clarity of the Permitting Regimes
- Consider Reasonable Incentives Offshore
- Keep the Environment Safe and Available for Local Uses

Alaska OCS Potential

(Risked, Undiscovered, Conventionally Recoverable)
(MMS 2000 National Assessment)

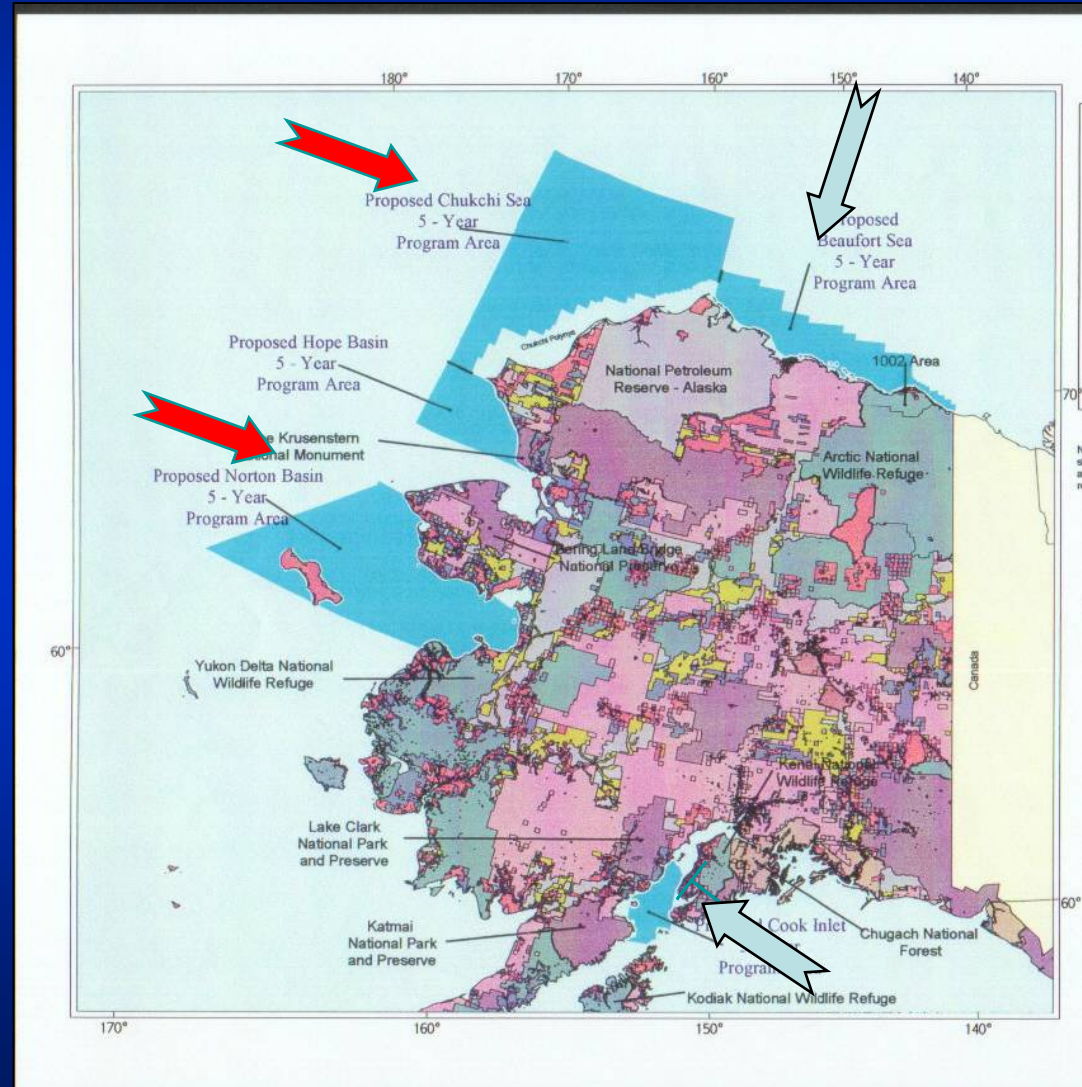
	OIL	(Billion	Barrels)	Gas	(TCF)	
	95%	Mean	5%	95%	Mean	5%
<u>Alaska OCS Total</u>	<u>17</u>	<u>25</u>	<u>35</u>	<u>55</u>	<u>123</u>	<u>227</u>
Chukchi	9	15	25	14	60	154
Beaufort	4	7	12	13	32	63
Hope	0	0.1	0.3	0	3	11
Norton	0	0.05	0.2	0	3	9
Cook Inlet	0.3	0.8	1.4	0.7	1.4	2.5
N.Aleutian (2005 est.)	0	0.8	2.5	0.4	9	23



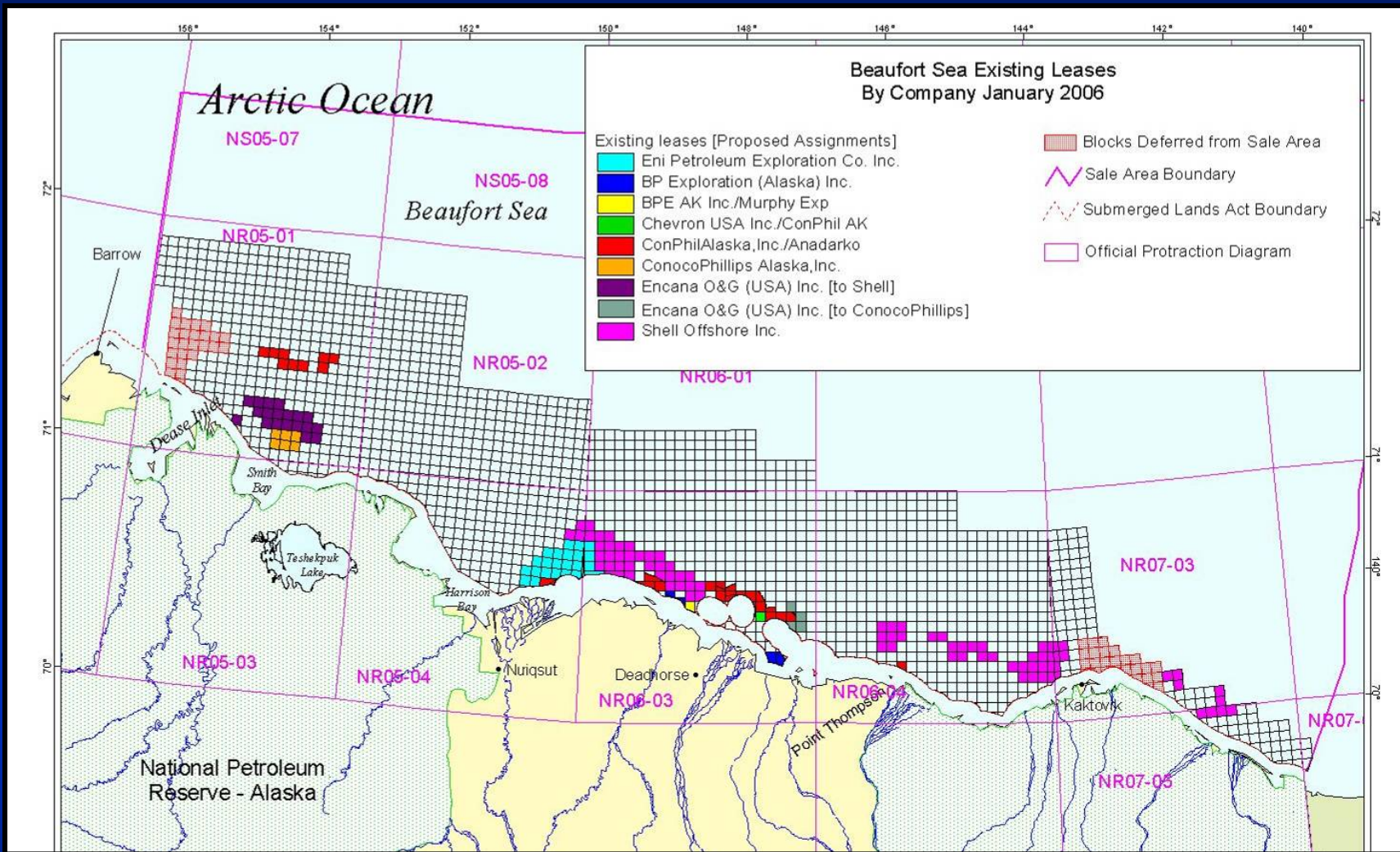
Where Have We Been?

The 5 Year Plan -- 2002-2007-- Alaska

- Access
- Keeping Options Open
- Traditional Sales 
 - Beaufort Sea
 - Cook Inlet
- Interest Based Sales 
 - Chukchi Sea/Hope Basin
 - Norton Basin



Beaufort Sea – Sales 186 and 195



Sale 202 – scheduled March 2007

Proposed Notice of Sale – October 2006

Beaufort Sea Economic Incentives



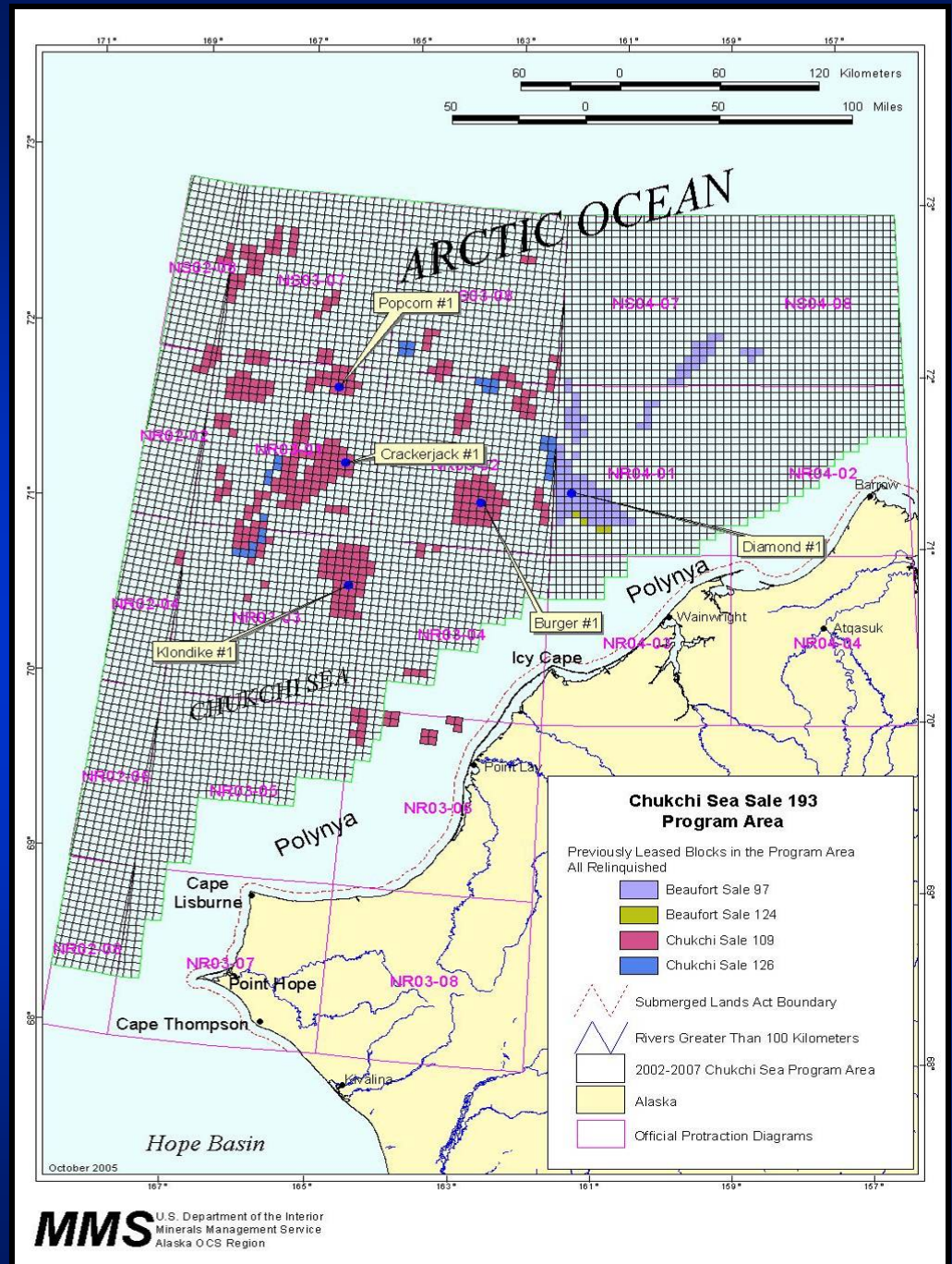
- Royalty Suspension volumes/per lease

- Up to 30 or 45 Million barrels, (depending on Zone A or B)
- With price floor \$21/barrel
- With price ceiling (\$39/barrel 1994 inflation adjusted)

- Royalty rate 12.5%
- Primary Term 10 years
- Minimum bid \$15/\$10
- Rental rate sliding
 - \$3 – 12.50/acre (Zone A)
 - \$1 – 8/acre (Zone B)

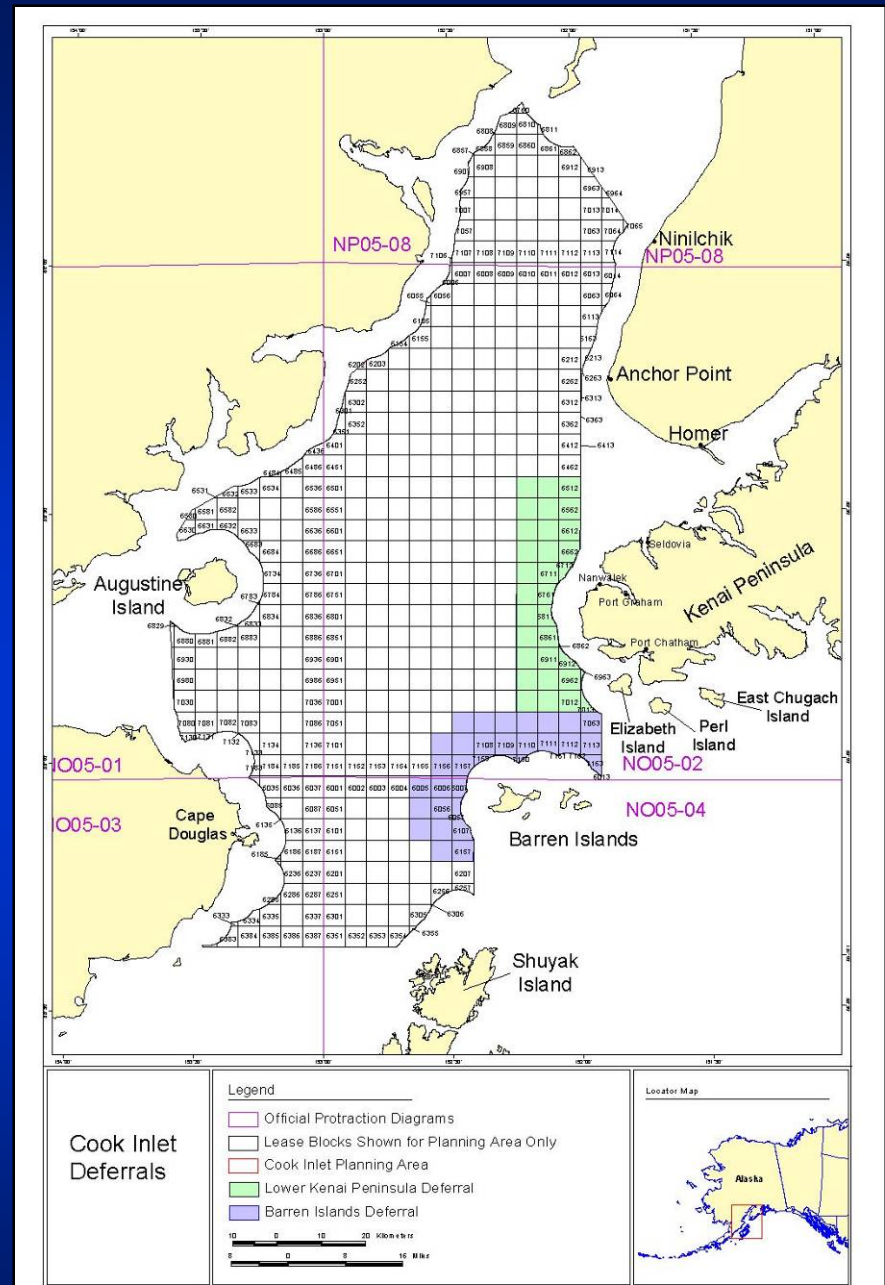
Chukchi Sea Sale 193

- Call in January 2005
 - interest
- NOI for EIS
 - closed Oct. 31
- Scoping
 - early 2006
- Sale
 - November 2007
 - Pending 2007-12
 - 5-Year decisions
- No Polynya (near-shore)
- Last sale 1988
- Seismic – 2006, 7
 - Incidental Take Authorizations



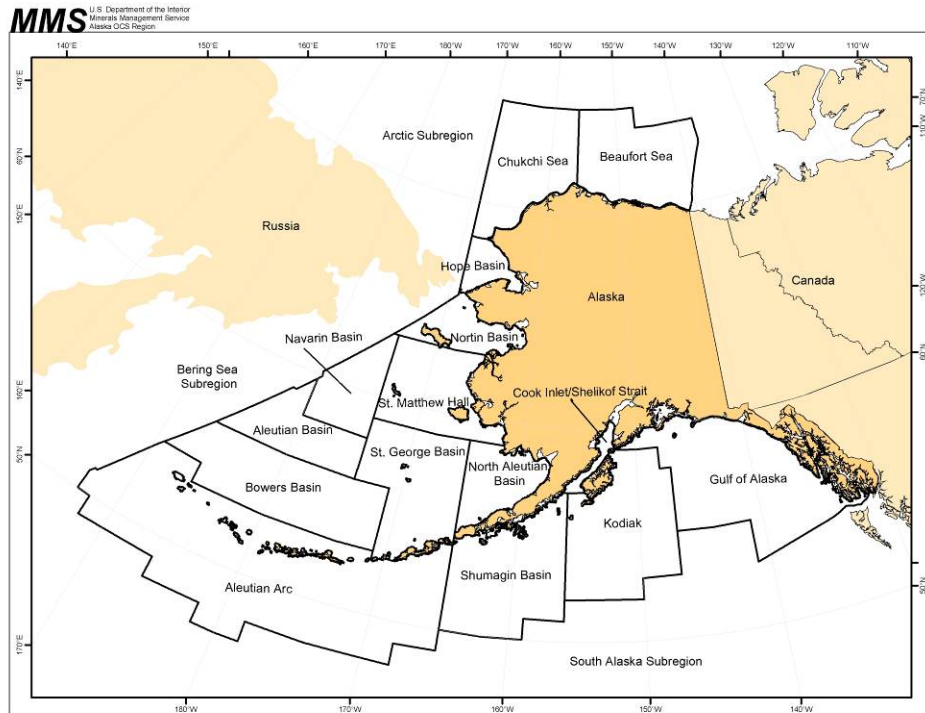
Cook Inlet

- No Takers to Jan. 2005 call
- New Call Dec. 6, 2005
 - Now closed
- May 2007 Sale?



The Future: 2007-12 Five Year Plan

- **Next Step:**
 - **Draft Proposed Program**



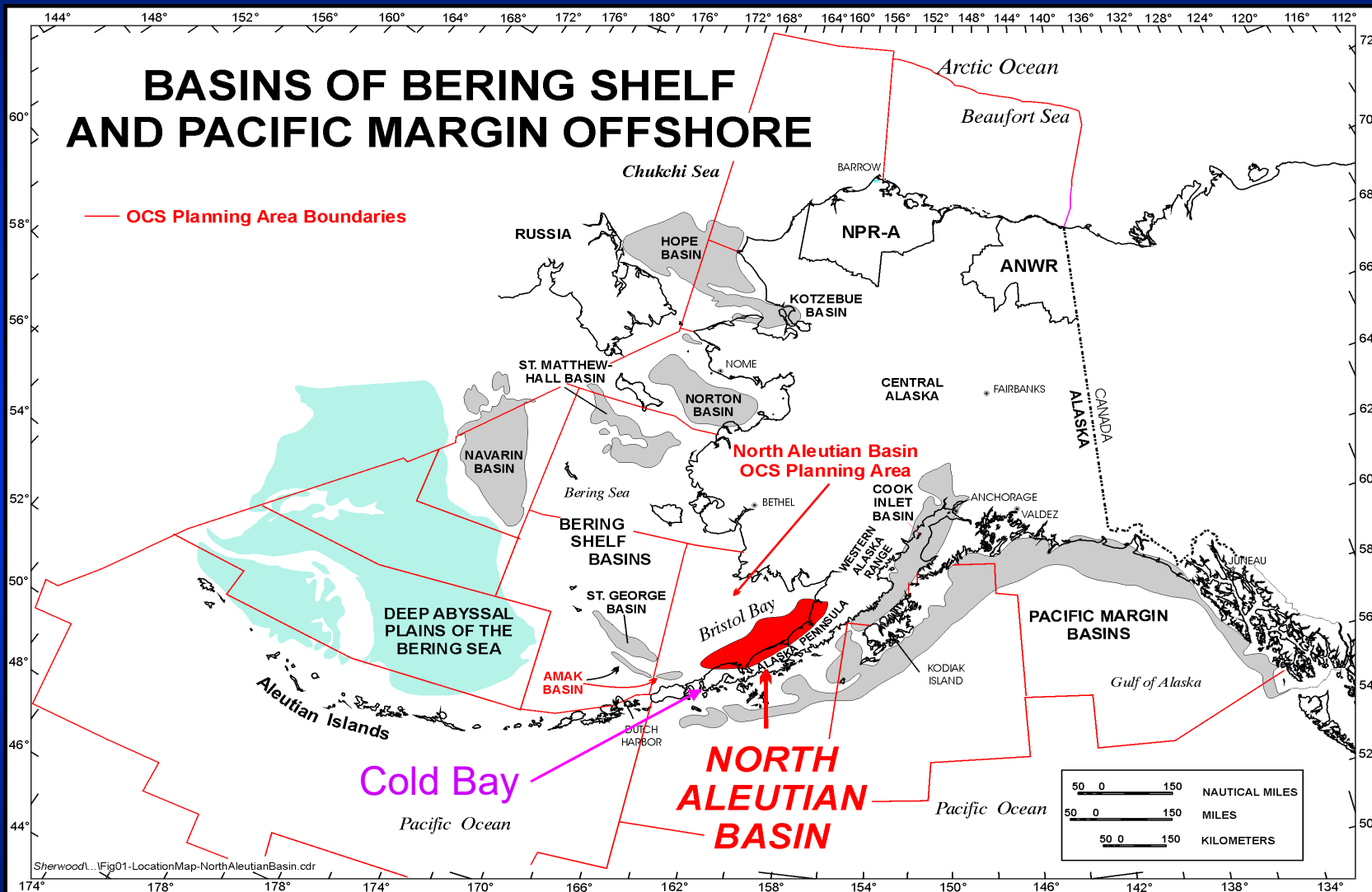
- What areas to consider for leasing?
 - Size, timing, and location
- Moratoria/withdrawal areas
 - Keep? Modify? Expand?
 - North Aleutian Basin? (Bristol Bay)
- Keep “special interest” sales in Alaska?
- Drop restricted joint bidding in Alaska?

Preparation of the OCS Oil and Gas Leasing Program for 2007-2012



* Request for Comments and Information [45-day comment period]

North Aleutian/Bristol Bay Basin



Working with the Communities

- North Slope Borough
- Kenai Peninsula Borough
- Aleutians East Borough
- Tribes - Government-to-government
- AEWC -- the bowhead whale >>
- Keep communities informed
- Visits
- Consultation on Projects
- Nuiqsut Paisanich:
Nuiqsut Heritage: A Cultural Plan
- In this Place:
A Guide for Those Who Would Work in the Country of the Kaktovikmuit.



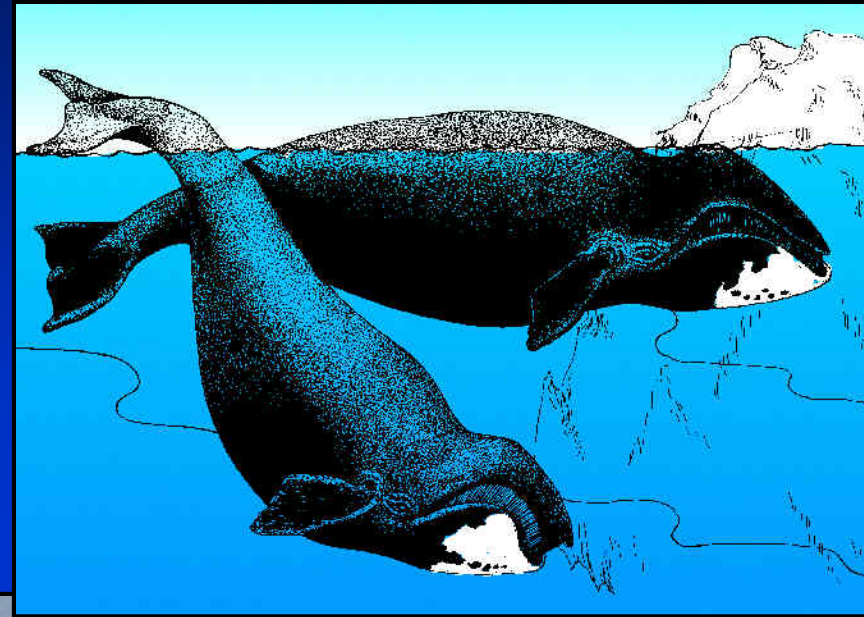
Bowhead whale



Kaktovik

NSB/AEWC/ICAS

- 7 Points
 - Offshore activities and the bowhead subsistence hunt
 - Conflict Avoidance Agreements and the Good Neighbor Policy
 - Public Input
 - Oil Spill Risk Assessments
 - Cumulative Effects and the NSB Comprehensive Plan
 - Scientific Studies and Peer Review
 - Bowhead Whale Feeding Study
- MOA – NV Kaktovik



Partnerships (present and future information sources)

- **ARLIS – Alaska Resources Library and Information Services**
 - www.arlis.org



- **Coastal Marine Institute**
 - University of Alaska



- **AOOS – Alaska Ocean Observing System**
 - www.aoot.org

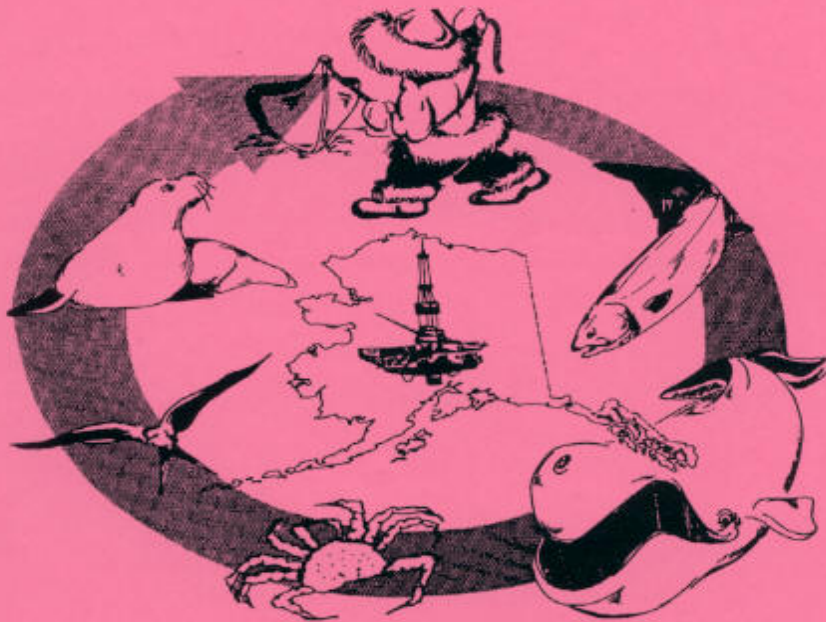


- **NSSI – North Slope Science Initiative**
 - DOI, State of Alaska, North Slope Borough, et al



Alaska Outer Continental
Shelf Region

Alaska Annual Studies Plan
Final FY 2006



MMS U. S. Department of the Interior
Minerals Management Service
Alaska Outer Continental Shelf Region

2006 Alaska Region Environmental Studies Plan

Planning ongoing for 2007

[www.mms.gov/
alaska/ess/essp/sp2006
.pdf](http://www.mms.gov/alaska/ess/essp/sp2006.pdf)

MMS Geological Information

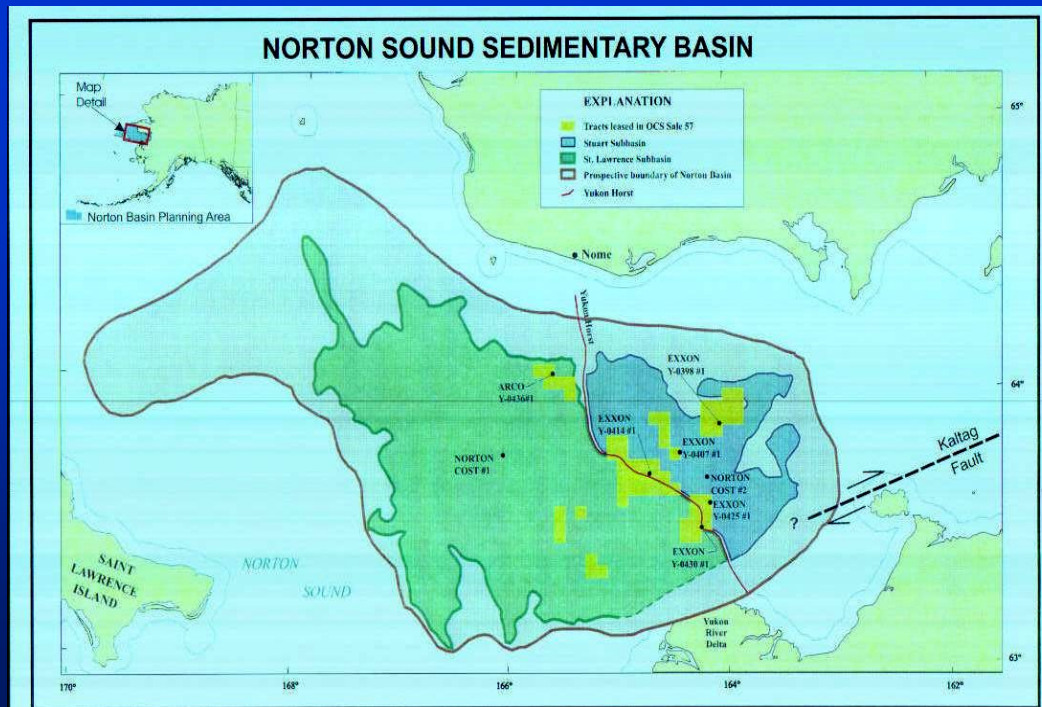
<http://www.mms.gov/alaska/ref/akref.htm>

- **Geological Reports**

- Beaufort Sea
- Chukchi Sea
- Norton Basin
- Gulf of Alaska

- **Summary packages**

- Beaufort Sea
- Chukchi
- Cook Inlet
- Norton Basin



Upcoming Potential MMS OCS Sales

www.mms.gov/alaska/

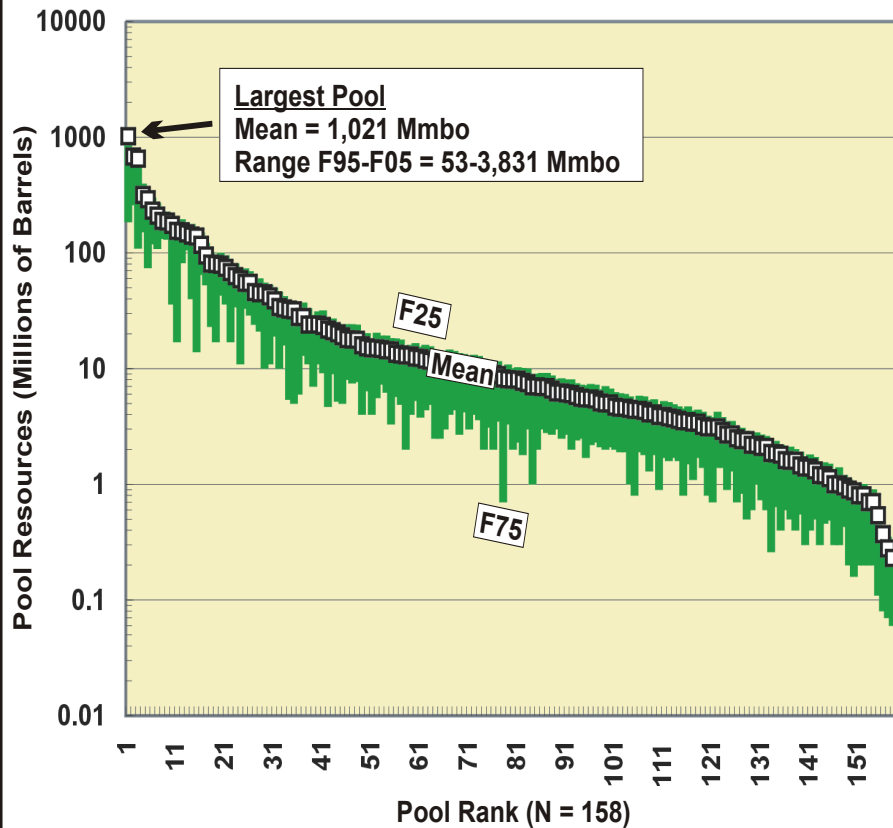
[907-334-5200](tel:907-334-5200)

- **Beaufort Sea 202**
– **March 2007**
- **Cook Inlet 199**
– **May 2007 - ??**
- **Chukchi Sea 193**
– **November 2007**
 - *Pending 2007-12*
5-Year decisions

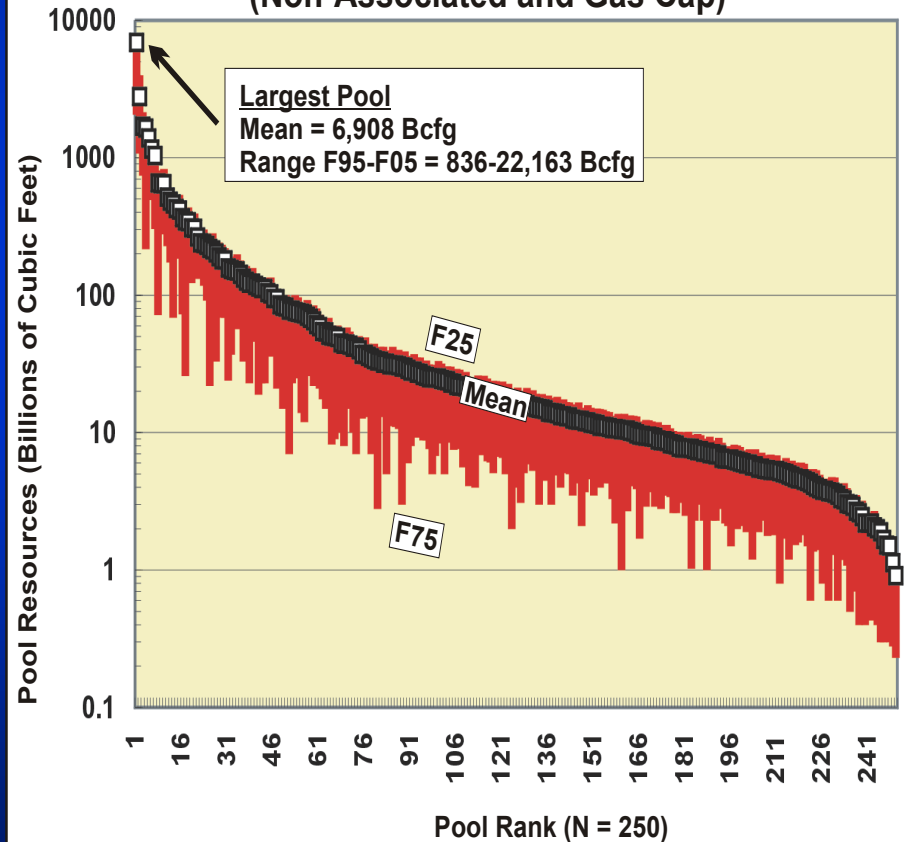


Beaufort Sea

Undiscovered Oil Pools for Beaufort Sea Planning Area



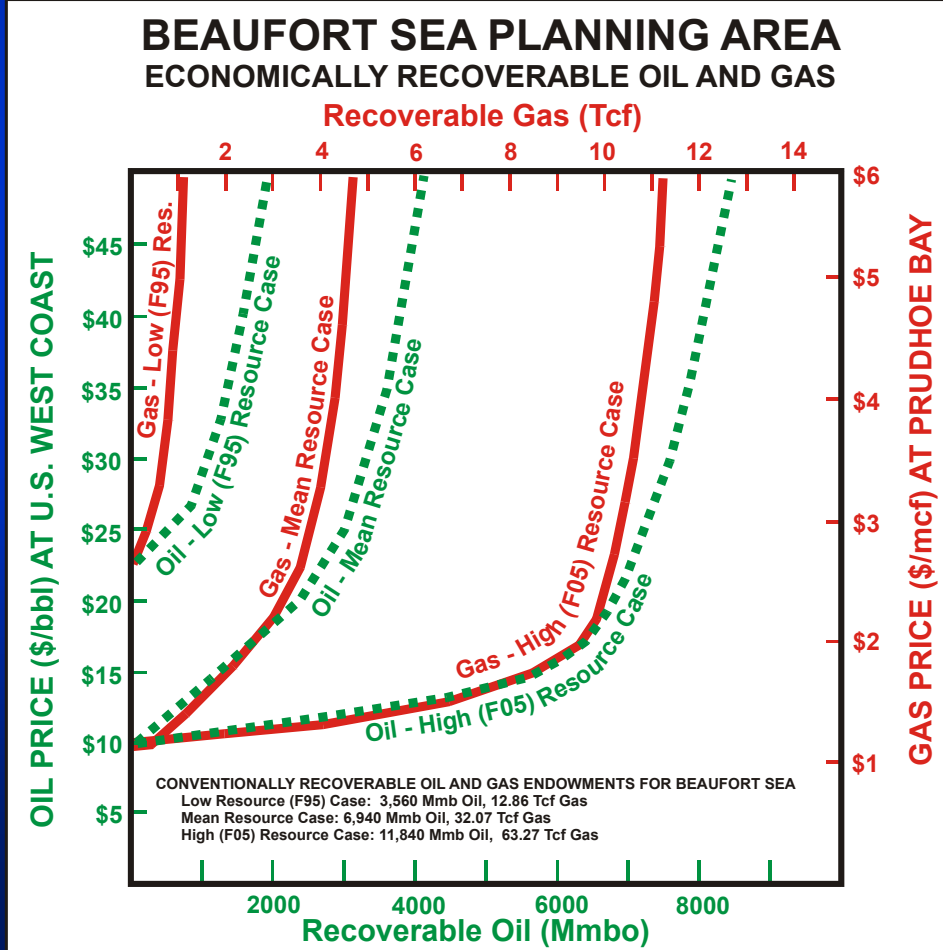
Undiscovered Gas Pools for Beaufort Sea Planning Area (Non-Associated and Gas Cap)



Beaufort Sea Planning Area	Oil (billion barrels)	Gas (trillion cubic ft)
CRR	3.6 - 6.9 - 11.8	12.9 - 32.1 - 63.3
ECR (\$18/bbl; \$2.11/mcf)	0.0 - 1.8 - 6.6	0.0 - 2.9 - 9.7
ECR (\$30/bbl; \$3.52/mcf)	1.0 - 3.2 - 7.8	0.6 - 4.2 - 10.7

Beaufort Sea models assume that oil is transported through TAPS and on to West Coast markets. Natural gas produced with oil would be reinjected for enhanced oil recovery until oil depletion and then produced and transported by a future gas pipeline to outside markets.

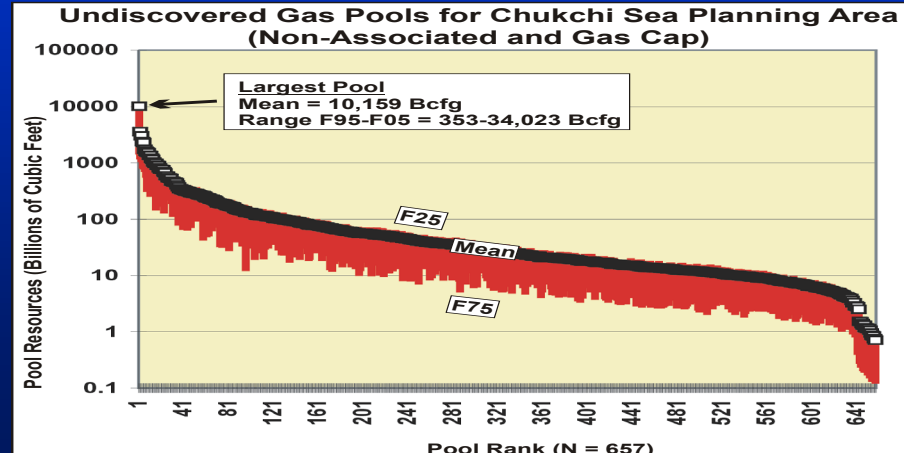
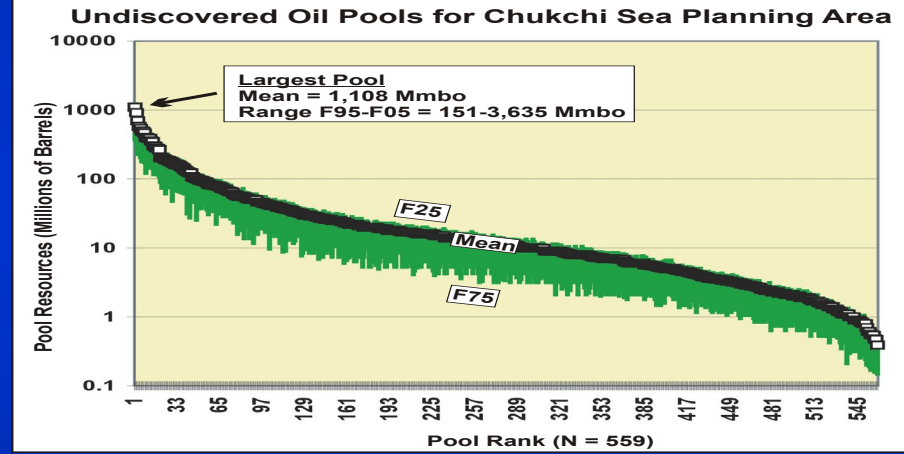
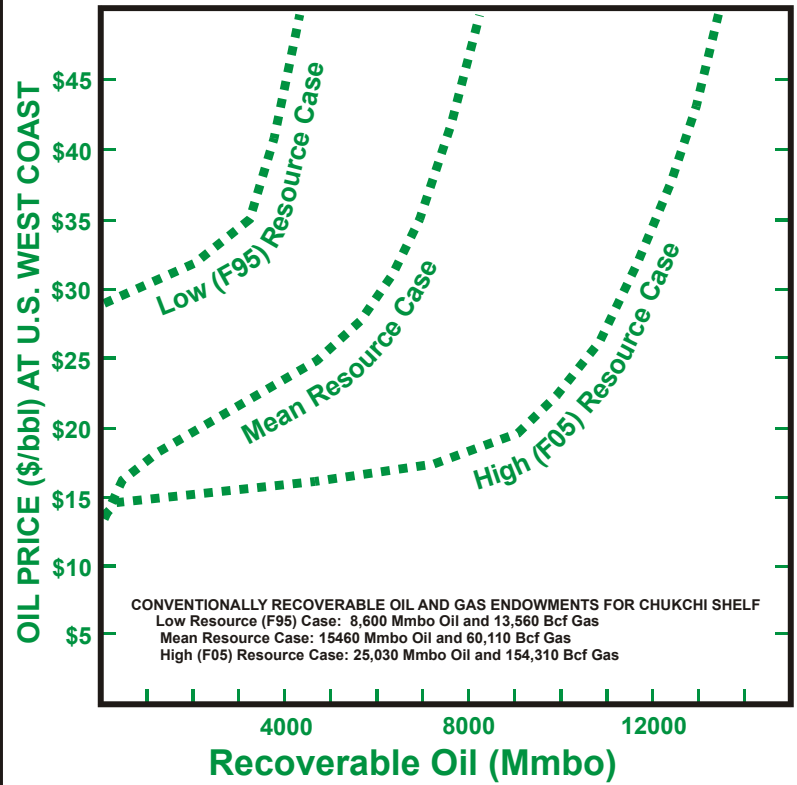
- Sale 202
– March 2007



Chukchi Sea Planning Area **Oil (billion barrels)** **Gas (trillions cubic ft)**
CRR 8.6 - 15.5 - 25.0 13.6 – 60.1 – 154.3
ECR (\$18/bbl; \$2.11/mcf) 0.0 - 1.0 - 7.2 not available
ECR (\$30/bbl; \$3.52/mcf) 1.4 - 6.1 - 11.0 not available

Chukchi Sea models assume that oil is transported through TAPS and on to West Coast markets. Natural gas was not assessed owing to lack of gas transportation system and availability of known gas reserves close to current facilities at Prudhoe Bay.

CHUKCHI SEA PLANNING AREA
ECONOMICALLY RECOVERABLE OIL
 (Gas is Not Taken to Market in Near Term)

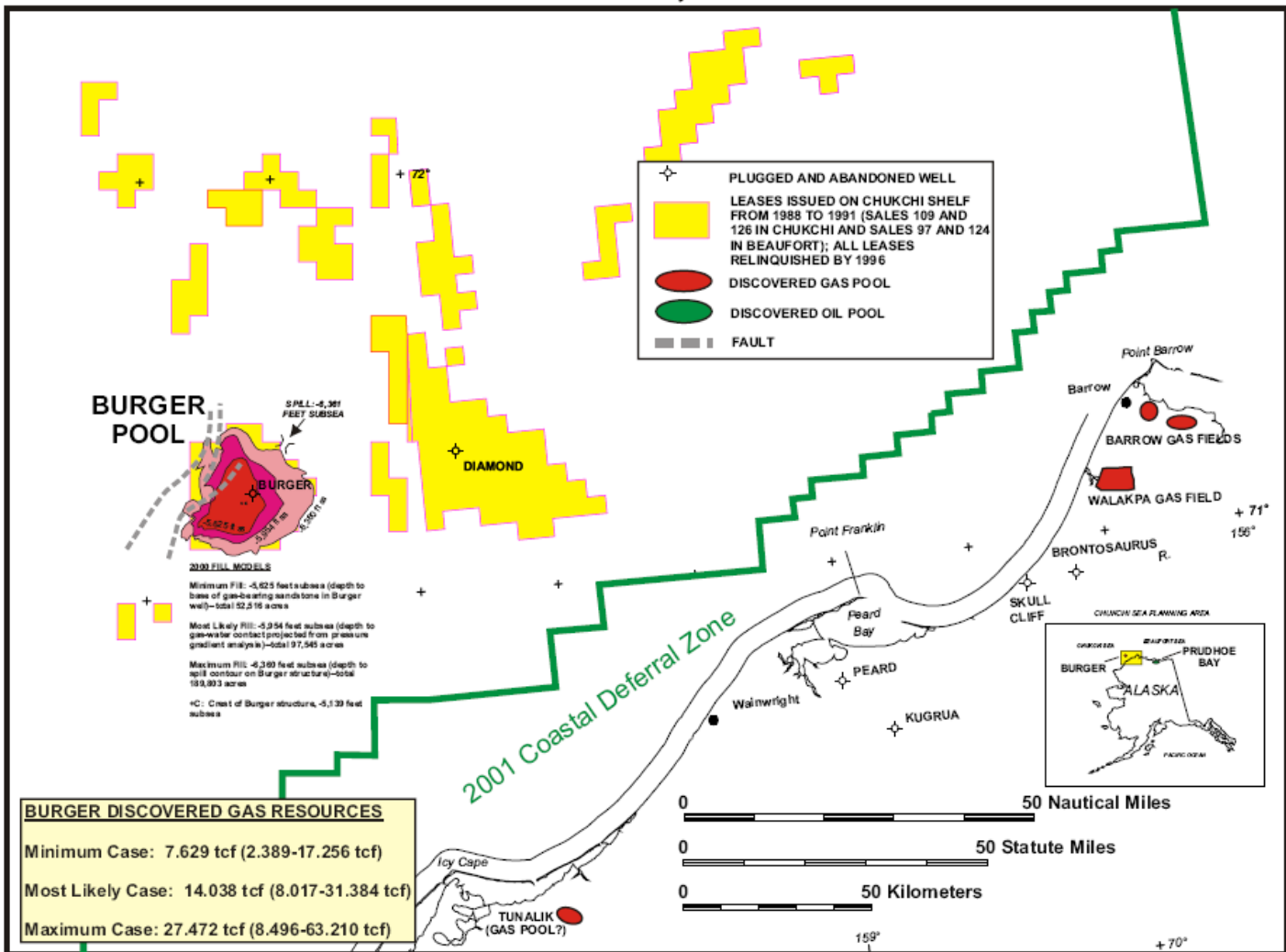


BURGER CONDITIONAL* DISCOVERED RESOURCES-YEAR 2000

Fill Model	Pool Area (Acres)	Gas Resources (Tcf)			Condensate] (Mmb)		
		F95	Mean	F05	F95	Mean	F05
Minimum	52,516	2.389	7.629	17.256	107	393	925
Most Likely	97,545	4.335	14.038	31.384	203	724	1,700
Maximum	189,803	8.496	27.472	63.210	371	1,404	3,370

The Burger Prospect Chukchi Sea

BURGER GAS POOL, CHUKCHI SHELF



Economic Study of the Burger Gas Discovery, Chukchi Shelf, Northwest Alaska
Craig, J.D., and Sherwood, K.W., 2001 (rev. 2004), MMS-AKOCSSR



Cook Inlet Planning Area

CRR
ECR (\$18/bbl; \$2.11/mcf)
ECR (\$30/bbl; \$3.52/mcf)

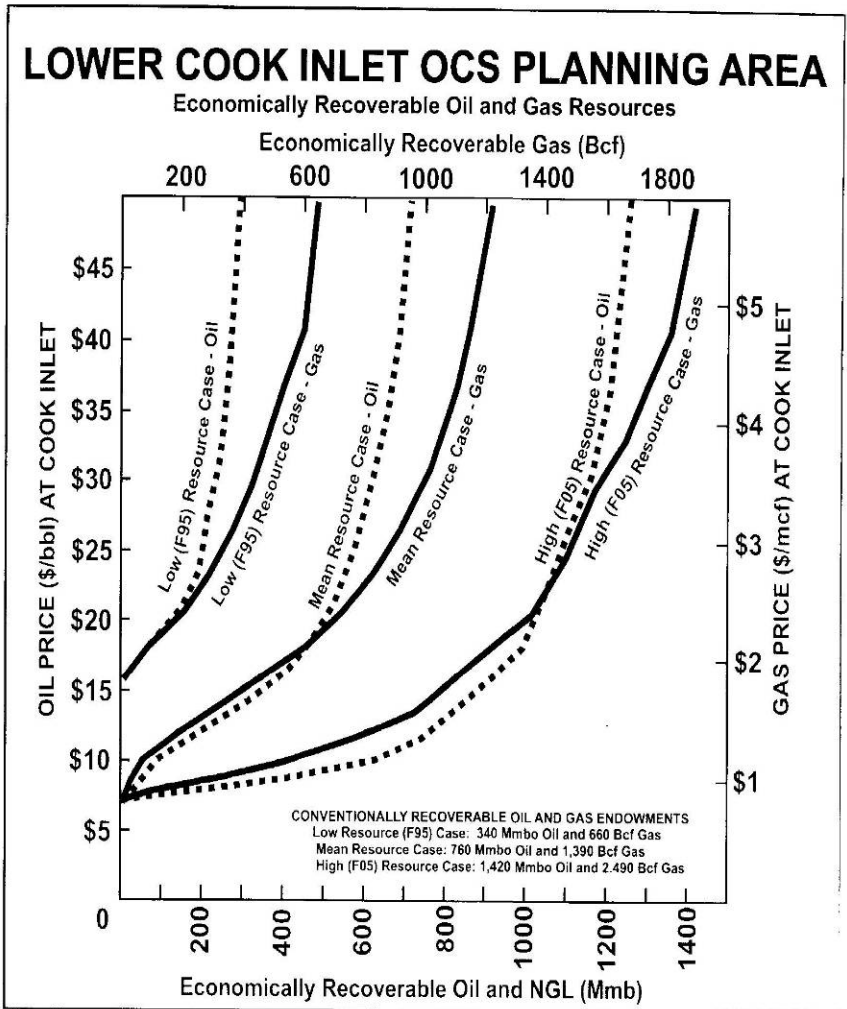
Oil (billion barrels)

0.3 - 0.8 - 1.4
0.1 - 0.4 - 1.0
0.2 - 0.6 - 1.2

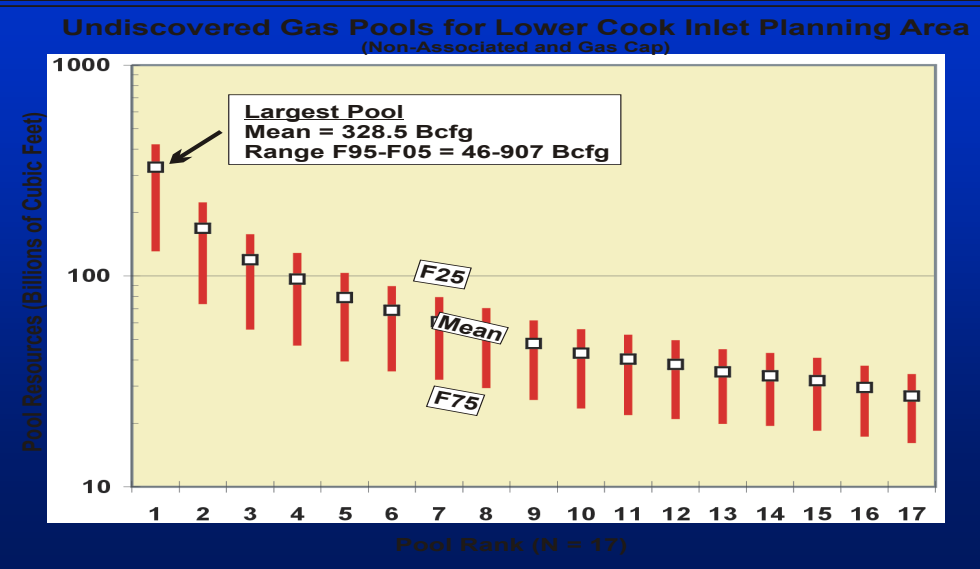
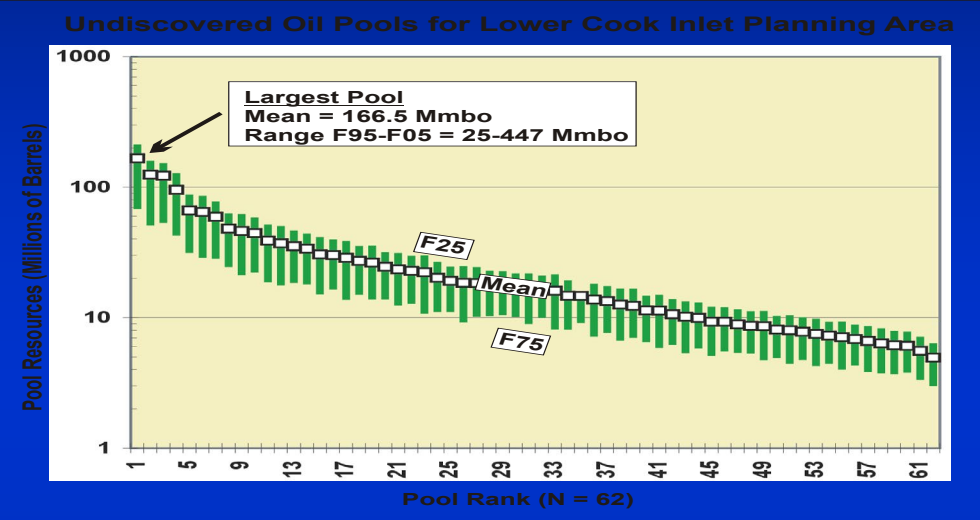
Gas (trillions cubic ft)

0.7 - 1.4 - 2.5
0.1 - 0.6 - 1.3
0.5 - 1.0 - 1.7

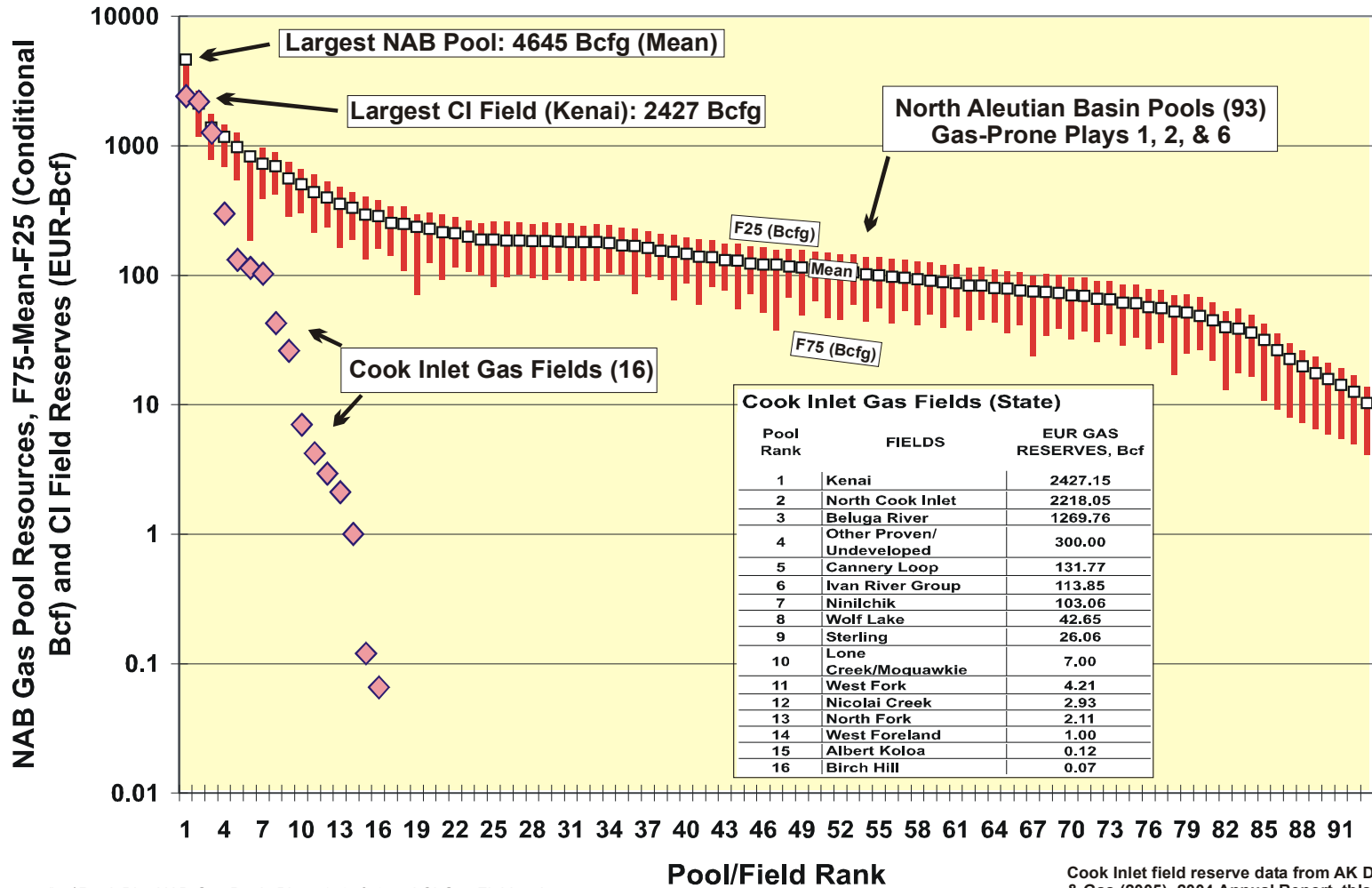
Cook Inlet models assume oil and gas production is sent to local refineries and markets in Alaska.



CookInletIP-SCurves.cdr



Rank Plot, North Aleutian Basin Hypothetical Gas Pools (Conditional Bcf), and Cook Inlet Gas Fields (Bcf EUR)



Sherwood\.....\Rank Plot-NAB Gas Pools Plays 1, 2, & 6 and CI Gas Fields.cdr

Cook Inlet field reserve data from AK Division of Oil & Gas (2005), 2004 Annual Report, tbls. 3.2, IV.6

