

MMS Alaska OCS Region

Focus Sheet

Northstar Oil and Gas Development Project in the Beaufort Sea

The Minerals Management Service manages mineral exploration and development on the Outer Continental Shelf in an environmentally safe manner. The OCS is the offshore area beginning 3 miles from the coast and extending seaward.

The Northstar Project

BP Exploration (Alaska) is developing a reservoir off Alaska that will produce the first OCS oil off Alaska. The Northstar reservoir is managed under a joint Federal/State unit located in the Alaska Beaufort Sea about six miles north of Pt. Storkerson and 12 miles northwest of Prudhoe Bay. The unit includes three federal and five State of Alaska leases. The BPXA, with controlling interest in these leases, is unit operator and along with Murphy Oil are owners of these leases. The Northstar Project consists of an offshore gravel island located in 39 feet of water within State of Alaska waters, a subsea pipeline in the Alaska Beaufort Sea, and onshore above-ground pipelines that connect Northstar to existing onshore facilities. The BPXA recently estimated that the Northstar reserves could be as high as 175 million barrels of recoverable oil.

About 16 percent of the Northstar reserves could be allocated to Federal leases and would represent approximately \$120 million in Federal royalty. The Federal leases are also within the OCS designated 8(g) boundaries that entitle the State of Alaska to receive 27 percent of Federal revenues.

Status

On September 3, 1999, the MMS Alaska Region approved BPXA's Northstar Development and Production Plan (DPP). The MMS approval is limited to the drilling of wells into the federal OCS from the Northstar Island; other wells that require state approval will be drilled into the State's area.

Island and pipeline construction began in early 2000 and has been completed. The first set of modules, including hotel facilities and pipe racks, were sealifted in summer 2000 and are installed on the island. Development drilling started in December 2000. The Class I disposal well and three development wells have been completed. The remaining production modules have arrived at the island and are being installed. First production is scheduled for the fall of 2001.

The MMS Alaska Region has worked with the State of Alaska to develop an allocation formula for dividing Federal and State production. The MMS is also continuing to coordinate with other Federal and State authorities to administer and manage various permit conditions and regulatory authorities for the project.

The Environmental Impact Statement

The Corps of Engineers was the lead agency for the EIS. The MMS, Environmental Protection Agency, the National Marine Fisheries Service, U.S. Fish and Wildlife Service, and the North Slope Borough cooperated on the EIS. The final EIS was issued in February 1999. In July 1999, MMS officially accepted the Northstar FEIS. The State concurred that the project is consistent with its coastal management plan, and the North Slope Borough approved the required zoning for the project.

The Decision

On September 3, 1999, the MMS signed its Record of Decision approving the Northstar DPP. The MMS approved up to seven wells to be directionally drilled from the facility in State waters with a bottom-hole location in the Northstar reservoir underlying OCS leases. The MMS approval included terms and conditions such as pre-production tests and inspections, identifying a drilling unit for relief well drilling, and continued coordination with local communities and Native subsistence users. Other aspects of the development project, including the island and pipeline, are under the jurisdiction of other Federal, State, and local authorities. All necessary permits and approvals have been granted for the project to proceed.

Oil Spill Response

The BPXA and Alaska Clean Seas (ACS) conducted equipment demonstrations and deployment drills for the barge-based oil spill response tactics in broken ice in 1999 and 2000. These demonstrations were required in the approval of the North Slope Oil Spill Contingency Plans. The MMS, Alaska Department of Environmental Conservation (DEC), Alaska Department of Natural Resources, North Slope Borough, and the U.S. Coast Guard jointly evaluated the results of these demonstrations. The tested mechanical equipment could only perform in limited broken ice and freeze up conditions. In December 2000, MMS, DEC, and the USCG issued a joint report on the tests, explaining the limits of recovery. BPXA is revising their spill plans and response tactics to incorporate the lessons learned during the trials. BPXA has also voluntarily implemented Seasonal Drilling Restrictions which limit drilling operations into major oil bearing zones from Northstar from June 13 until solid ice conditions exist for ½ mile in all directions from the island.

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For More Information

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