



United States Department of the Interior



MINERALS MANAGEMENT SERVICE
Alaska Outer Continental Shelf Region
3801 Centerpoint Drive, Suite 500
Anchorage, Alaska 99503-5823

FEB 15 2007

Ms. Susan Childs
Shell Offshore Inc.
3601 C Street, Suite 1334
Anchorage, Alaska 99503

Dear Ms. Childs:

The Minerals Management Service (MMS) has completed its review of Shell Offshore Inc.'s (Shell) Beaufort Sea Regional Exploration Oil Discharge Prevention and Contingency Plan (ODPCP) dated January 2007. The ODPCP was submitted to satisfy the MMS regulations 30 CFR 254 for compliance with the Federal Oil Pollution Act of 1990.

The MMS hereby approves the contingency plan pursuant to 30 CFR 254.2(a) subject to Shell submitting the information and complying with the conditions below:

1. Pg. MMS-1, Cross Reference - 254.23(d) States that locations for spill response operations center, including phone numbers are listed in Section 1.4. Neither of these items of information is provided in this section. Include this information in this section. If valid Prudhoe Bay telephone numbers are not currently available for the spill response operations center, insert a place holder indicating that these phone numbers will be provided prior to commencement of operations.
2. Pg 1-1, Section 1.1 - Provide a more detailed description of initial on-site incident management for Tier II and Tier III spill events prior to arrival of the Anchorage-based Incident Management Team (IMT).
3. Pg 1-9, Table 1-5 - Add the Department of the Interior Office of Environmental Policy and Compliance (DOI-OEPC) to this list. Ms. Pamela Bergmann is the point of contact for this office. The phone number is (907) 271-5011 and the fax number is (907) 271-4102.
4. Pg 1-10, Table 1-6 - Include the MMS written report requirements under the Administrative Written Report Section. See 30 CFR 254.46(b)(2).
5. Pg 1-13, Section 1.4 Communications - The contingency plan covers current and future leases that is more than 100 miles from the existing Alaska Clean Seas (ACS) communications network. Even using variable high frequency (VHF) repeaters on the drill rigs that can extend communications up to 50 miles you will

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still likely be out of range of the VHF repeaters at Alpine and Badami. The contingency plan should describe how communications will be established and maintained during a spill event in remote areas such as Camden Bay and further east to the Canadian border and west to Smith Bay. If a transportable remote area communication system will be necessary, the specifics should be described. The plan indicates a Ku band satellite communications will be utilized on both drill rigs, however the list of Communications and Navigation equipment on the *Frontier Discoverer* doesn't include any Ku band equipment.

6. Pg 1-19 Section 1.5 – This section indicates that Arctic Slope Regional Corporation Energy Services (AES) oil spill personnel designated for the Oil Spill Response Vessel (OSRV) and Oil Spill Response Boat (OSRB) will reside on-board the OSRV or the drilling vessels and support fleet. Provide the minimum number of personnel required to be on-hand to operate the OSRV and OSRB and their skimming systems.
7. Pg 1-24, last paragraph - All activities are occurring on the Outer Continental Shelf so any applications to drill relief wells must be submitted to the MMS not the State of Alaska for approval.
8. Pg 1-25, Section 1.6.4 - Edit second paragraph for clarity.
9. Pg 1-28, Section 1.6.7 - The last paragraph in this section states that Shell will negotiate an agreement with Greater Prudhoe Bay or Kuparuk River Unit for disposal of oil spill recovered fluids transported to Prudhoe Bay. Provide verification that this agreement is in effect prior to commencement of operations.
10. Pg 1-83, Section 1.7.3 - Specify who will be providing in situ burn equipment such as the Heli-torch or hand-held igniters. If AES is providing this equipment, add these items to the AES Tactics Manual (TM).
11. Pg 2-24, Section 2.4.1 - In preparation to move off of location the drill pipe is hung off the "Blowout Prevention Equipment stack", not the "drilling unit" as stated. This text should be corrected.
12. Pg 3-18, Table 3-4 – Identify what hazardous ice conditions are during summer conditions.
13. Pg 3-23, Section 3.6.2 - Only initial inspection of equipment is identified in the AES TM. Inspections of equipment must be conducted at least monthly per 30 CFR 254.43(a).
14. Pg 3-24, Section 3.9 – Identify any training specifically required for AES response personnel to carry out the response tactics cited in the ODPCP.
15. Pg 3-26, Section 3.9.2 - Specify where Shell will maintain training documentation for AES personnel.

16. Pg 3-26, Sect 3.9.5 - Add that Shell will notify the MMS Alaska Region thirty (30) days in advance of any exercises that meet the requirements of 30 CFR 254.42(b)(2) or (4).
17. Appendix A - Provide vessel specification for the OSRV.
18. Appendix B - Provide additional information on terms of service with AES. Per 30 CFR 254.25, "To provide this proof, submit copies of the contracts or membership agreements or certify that contracts or membership agreements are in effect. The contract or membership agreement must include provisions for ensuring the availability of the personnel and/or equipment on a 24-hour-per-day basis." The only information provided is a signature page. Include a description of the services AES will provide Shell.
19. Appendix C - Fuel transfer procedures for vessel to Kulluk and Frontier Discoverer should include verification that oil containment boom has been deployed around the fueling vessel prior to initiating fuel transfers conducted in the Alaskan Beaufort Sea.

ASRC Energy Services Tactics Manual

20. Page 21 - Per Table 1-16 of the ODPCP, the OSRV, OSRB, mini-barges and Arctic Tanker are assets belonging to AES, but are not listed in the AES TM as their equipment. Update Oil Spill Response Platforms to include these pieces of equipment. Per 30 CFR 254.24 the equipment inventory must include materials, supplies, equipment, and response vessels.
21. Table 3-7 of the ODPCP provides a list of equipment positioned in drilling connex on-site. If this equipment belongs to AES it should be reflected in the inventory.
22. AES Response Operations Maintenance Plan – This section needs to include a segment on routine inspections of response equipment to ensure the equipment can be deployed and operated as described in the ODPCP. Per 30 CFR 254.43(a) equipment inspections are required to be performed at least monthly.

Shell must submit an oil spill trajectory analysis for the Sivulliq prospect. The current oil spill trajectory analysis in the contingency plan is for the Olympia prospect. Additional trajectory analysis may be required for other drilling locations when future exploration sites are determined.

The ODPCP must acknowledge aggregations of polar bears at coastal bone piles, for example at Kaktovik and Cross Island, as sensitive resources and provide plans to protect those areas in the event of an oil spill.

Shell must submit a final Priority Protection Sites list (Table 1-9) for the area between Brownlow Point and Barter Island following the planned 2007 survey and site visits, along with updated tactics, equipment and personnel requirements for each site.

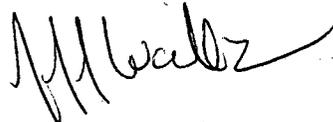
The MMS will require Shell to conduct an equipment deployment exercise and an Incident Management Team tabletop exercise to demonstrate your ability to carry out the offshore response tactics described in the contingency plan. The MMS notes that the 2007 Mutual Aid Drill planned for September 5, 2007 will involve demonstration of near-shore shallow water tactics in remote locations executed by ACS. This exercise will meet the MMS needs for the Shell near-shore response tactics demonstration.

The MMS expects these exercises to be conducted once the Shell response assets are in the Alaskan Beaufort Sea. The MMS intends to invite representatives from Federal, State and Local response agencies to participate. The MMS will coordinate planning this exercise with Shell and the regulatory agencies. The MMS may also conduct additional unannounced response drills during the exploration program.

Shell is reminded that when preparing to conduct annual tabletop, deployment or semi-annual deployment exercises as identified in 30 CFR 254.42(b)(1),(2), and (4), you must notify the Regional Supervisor for Field Operations thirty (30) days before the exercise to provide the MMS personnel the opportunity to witness the exercises.

If you have any questions regarding this action please contact me at (907) 334-5303 or by email at Jeffrey.Walker@mms.gov.

Sincerely,



Jeff Walker
Regional Supervisor
Field Operations