



Alaska's Offshore Mega Promise Mega Uncertainty

**House Resources - Lunch & Learn
March 30, 2010**

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Alaska Government Affairs Manager**

Draft Proposed Program
2007 - 2012
**Outer Continental Shelf
Alaska Planning Areas**

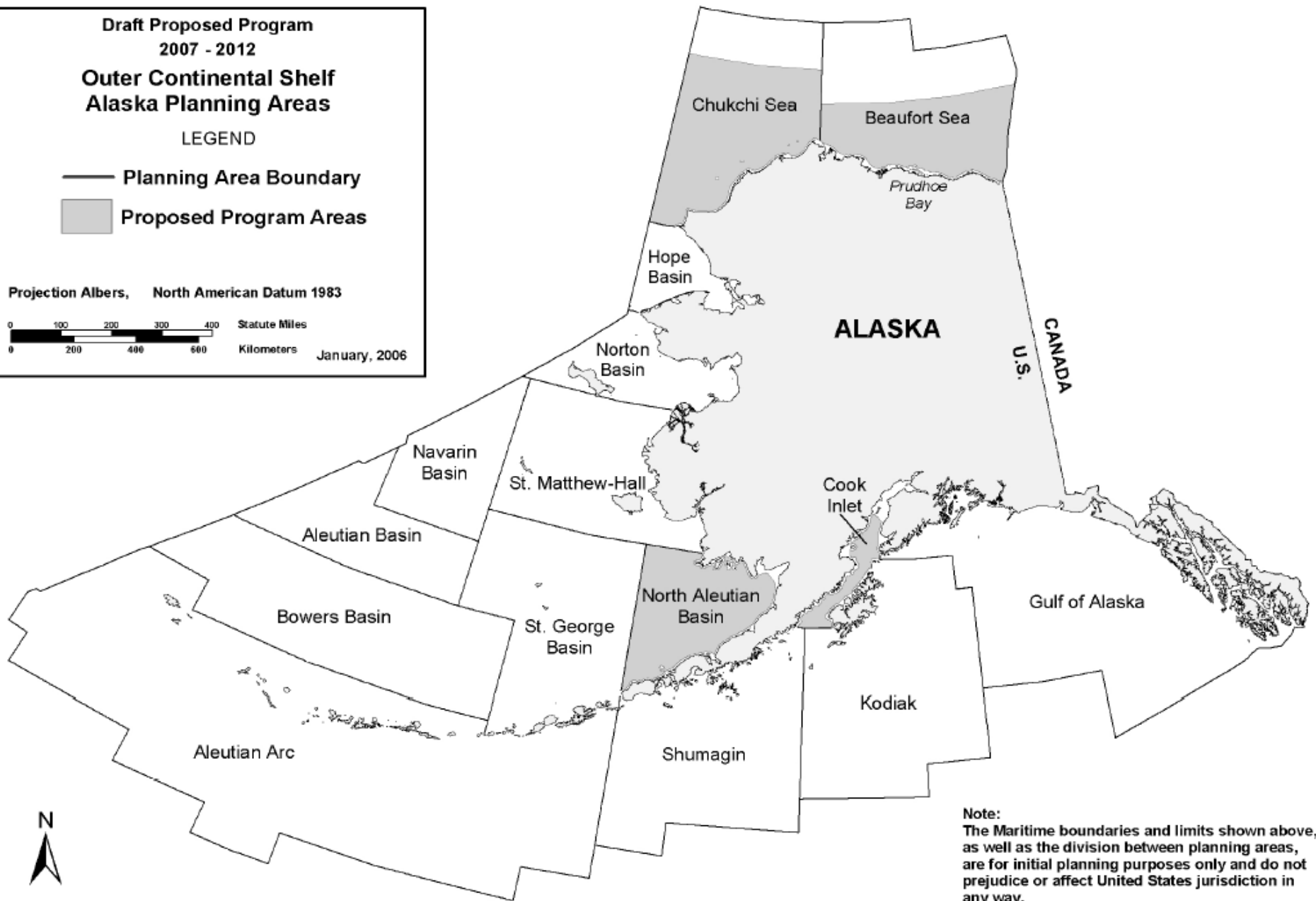
LEGEND

- Planning Area Boundary
■ Proposed Program Areas

Projection Albers, North American Datum 1983

0 100 200 300 400 Statute Miles
0 200 400 600 Kilometers

January, 2006



Alaska Offshore: Mega Potential

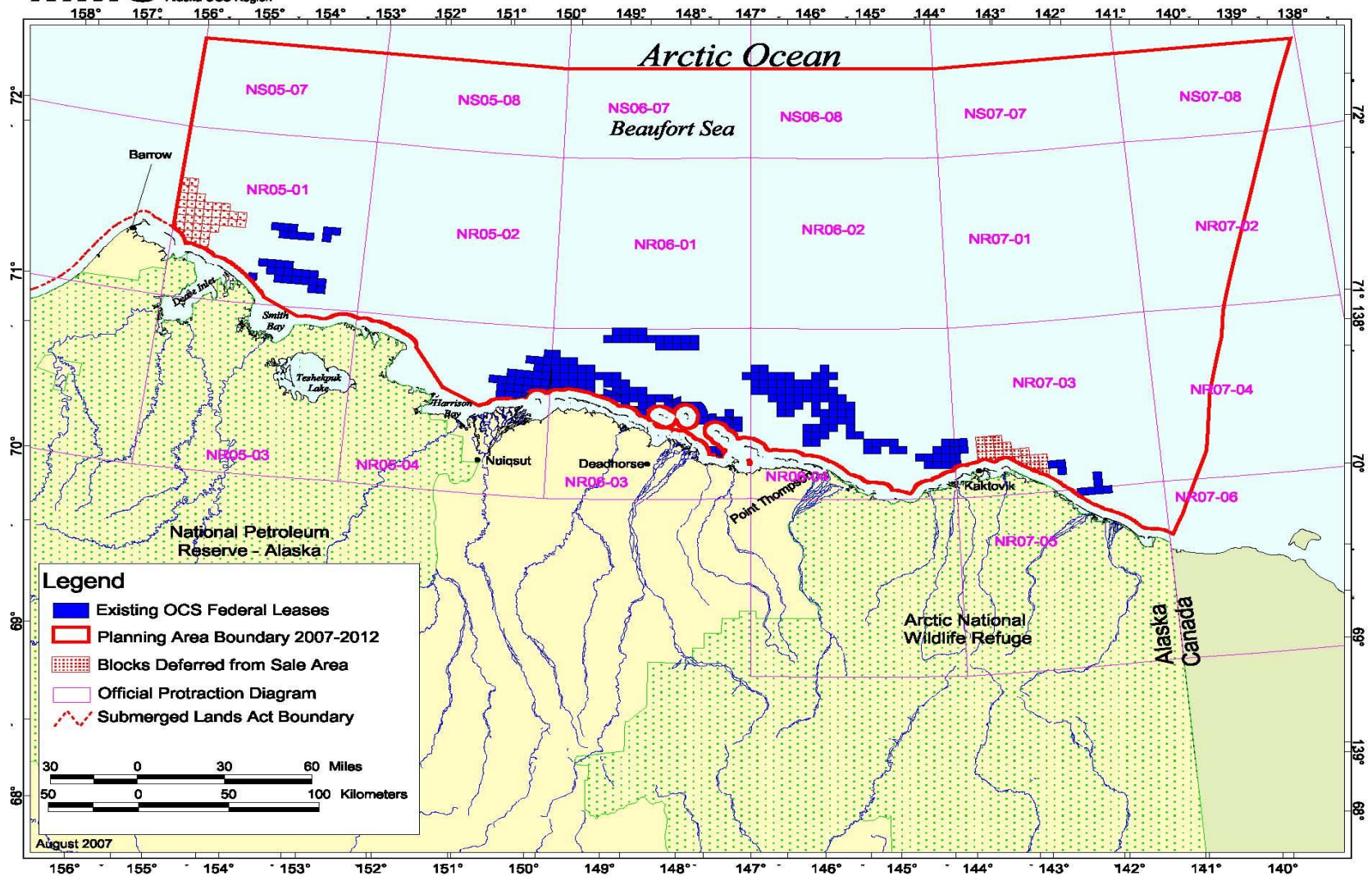
- 25 Billion barrels of Oil
– 120 TCF Natural Gas*
- Successor to North Slope Production
- US Imports 60% of oil and 20% Natural Gas

*Numbers for Chukchi and Beaufort are based on MMS mean estimates.

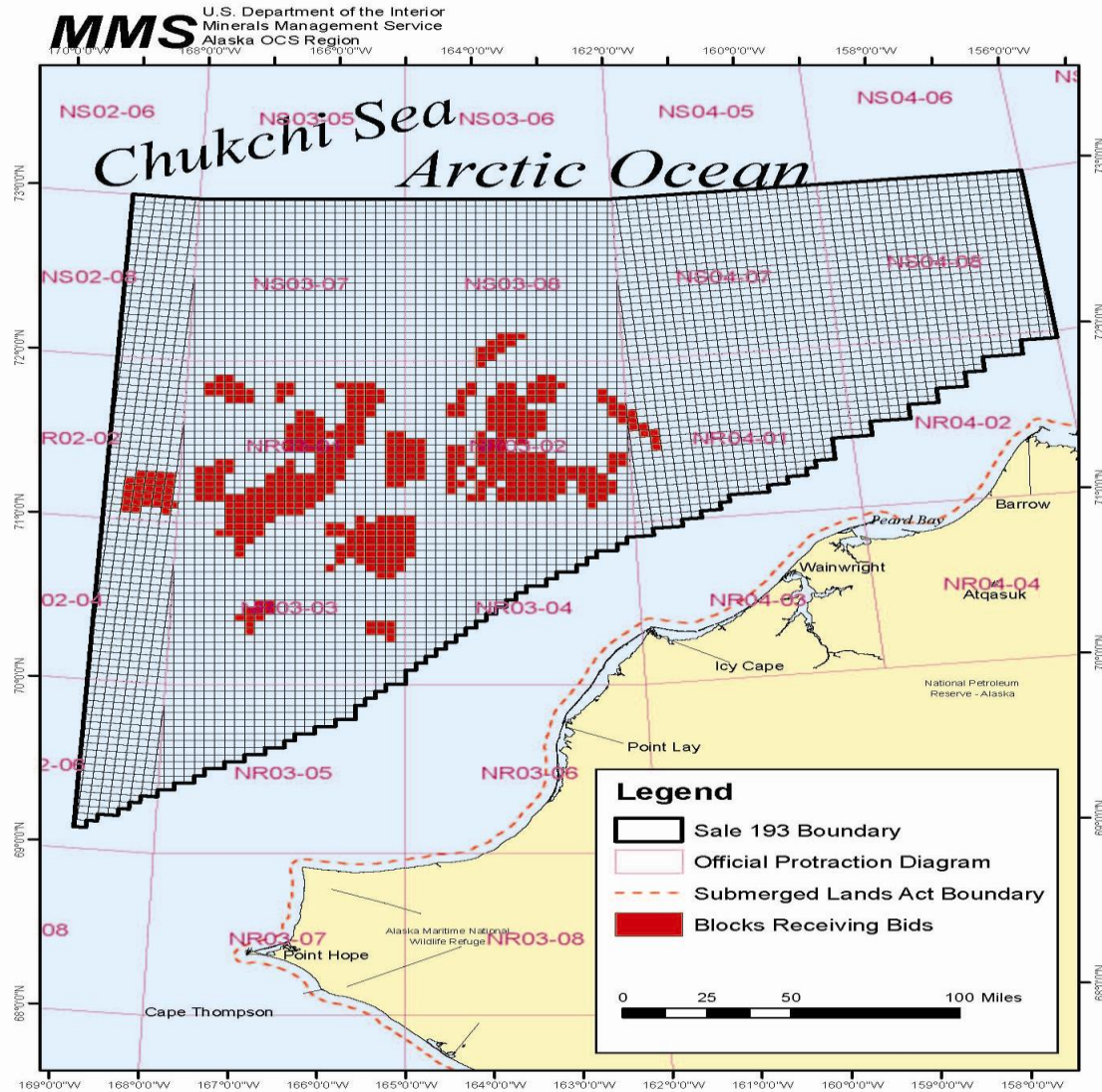


Beaufort Sea

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



Chukchi Sea



Mega Benefits to Alaska & Nation

ISER & Northern Economics 2009 Findings:

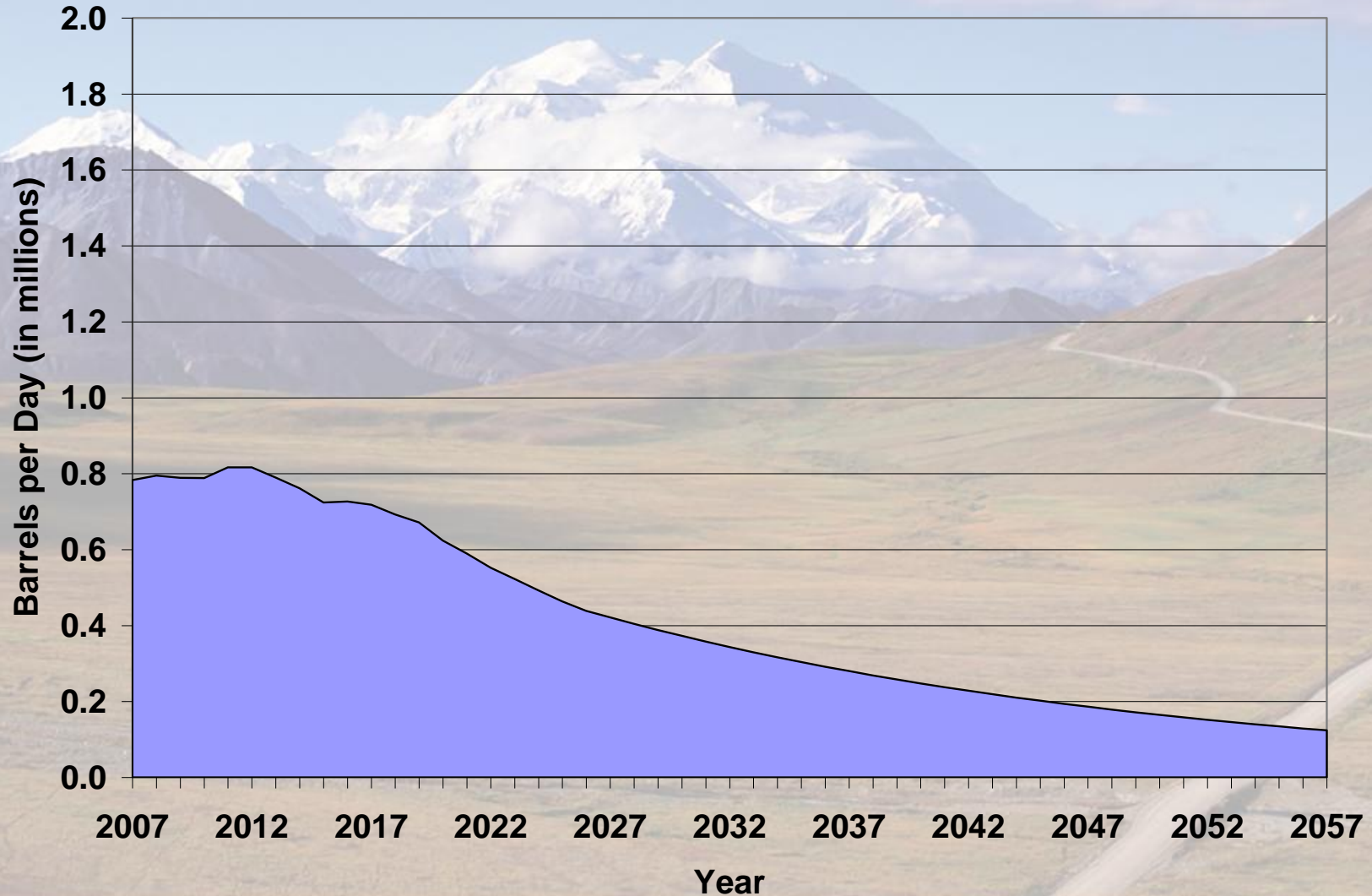
- 35,000 jobs over project life
- Extend the life for Trans-Alaska Pipeline
- Gas reserves for Gasline to Lower 48 States
- Domestic energy security



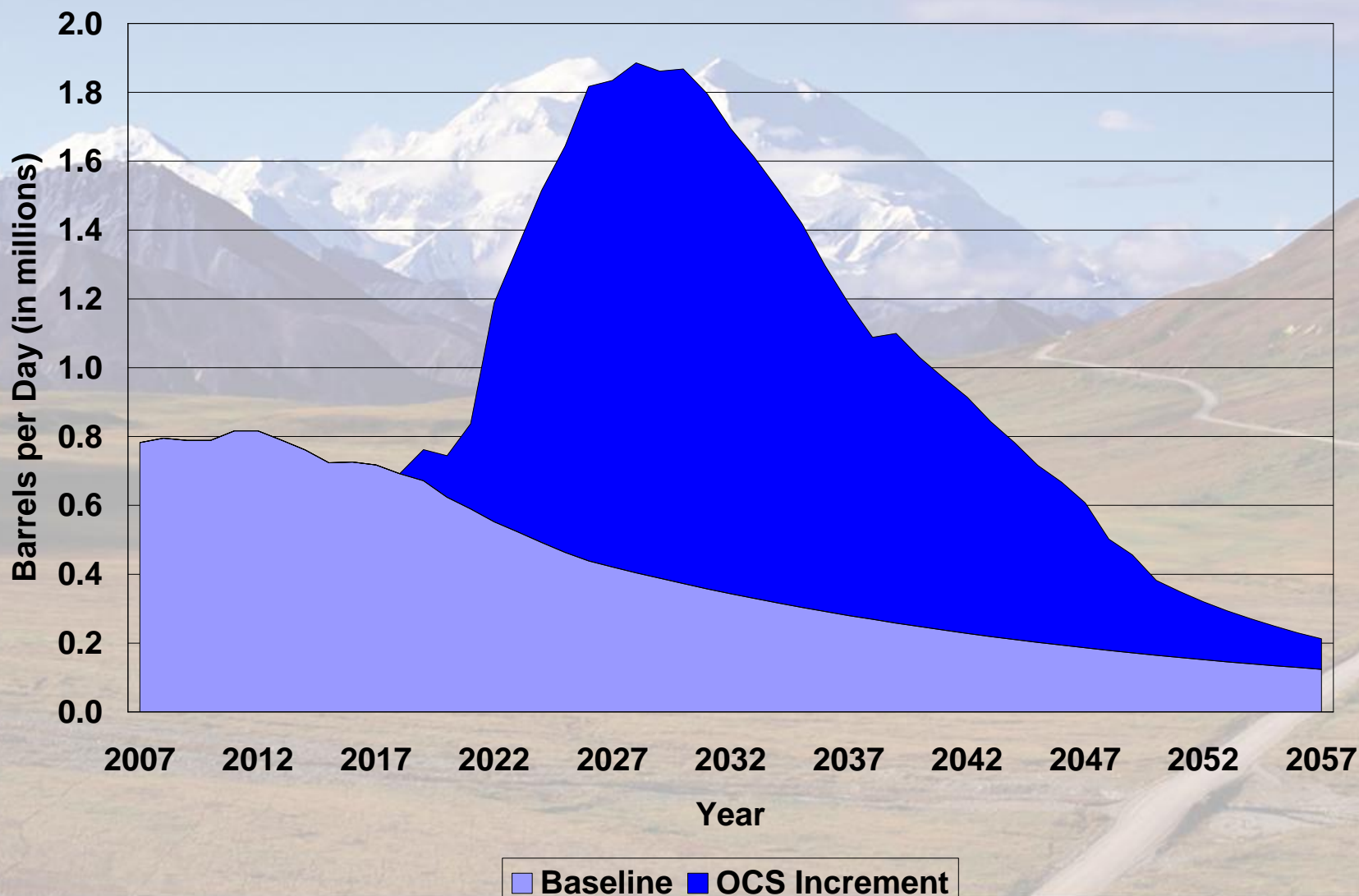
Alaska's Future with OCS: Mega Findings

- Jobs represent a total **payroll of \$72 billion** (2007\$) over the 50-year period.
- Provides **\$5.8 billion** direct to State and local government
- **Reduces pipeline tariffs** for onshore production and enables development of marginal oil and gas fields
- Underpin **success of the natural gas pipeline** project

North Slope Oil Production Without OCS



North Slope Oil Production With OCS



Alaska's OCS: Mega Responsibility

Onshore

Vessels

- Landing craft and utility vessels

Booms



Misc Equipment

- Storage and tools

Near shore

Vessels

- Barge
- Work boats
- Skimming vessel
- Mini barges



Skimmers & Pumps

Booms

Misc Equipment

- Decon connex
- Workshop/Tool connex

Offshore



Vessels

- OSRV (Nanuq)
- Arctic Tanker
- Work boats
- Vessel of Opportunity

Skimmers & Pumps






Booms



Alaska's OCS: Mega Study & Research

SINTEF

- Full scale field experiment took place in Barents Sea May 9th – May 25th 2009
- 11 different tests
- A total release of crude oil of over 5000 bls. Treated by burning, mechanical and dispersants.
- Studies of oil slick drift, tests of new mechanical recovery equipment, in-situ burning of oil in broken ice, use of oil spill dispersants on oil weathered in high ice concentrations, and remote sensing systems for monitoring of oil



AOGA

Looking Ahead

- Full scale field experiment took place in Barents Sea May 9th – May 25th 2009
- 11 different tests

-
- A detailed map of the Arctic Ocean and its surroundings. The map shows the North Pole at the center, surrounded by Russia, Canada, Greenland, Iceland, Norway, Sweden, Finland, Denmark, and parts of Europe and Asia. Major cities like Moscow, London, Stockholm, Oslo, Copenhagen, Reykjavik, and Nuuk are marked. The map also displays various seas and gulfs, including the Bering Sea, Chukchi Sea, Laptev Sea, Kara Sea, East Siberian Sea, Beaufort Sea, Barents Sea, and Norwegian Sea. A scale bar indicates distances up to 600 miles and kilometers. A compass rose shows the cardinal directions. The map is labeled with latitude and longitude coordinates. At the bottom left, there is a logo for MAPQUEST.COM.



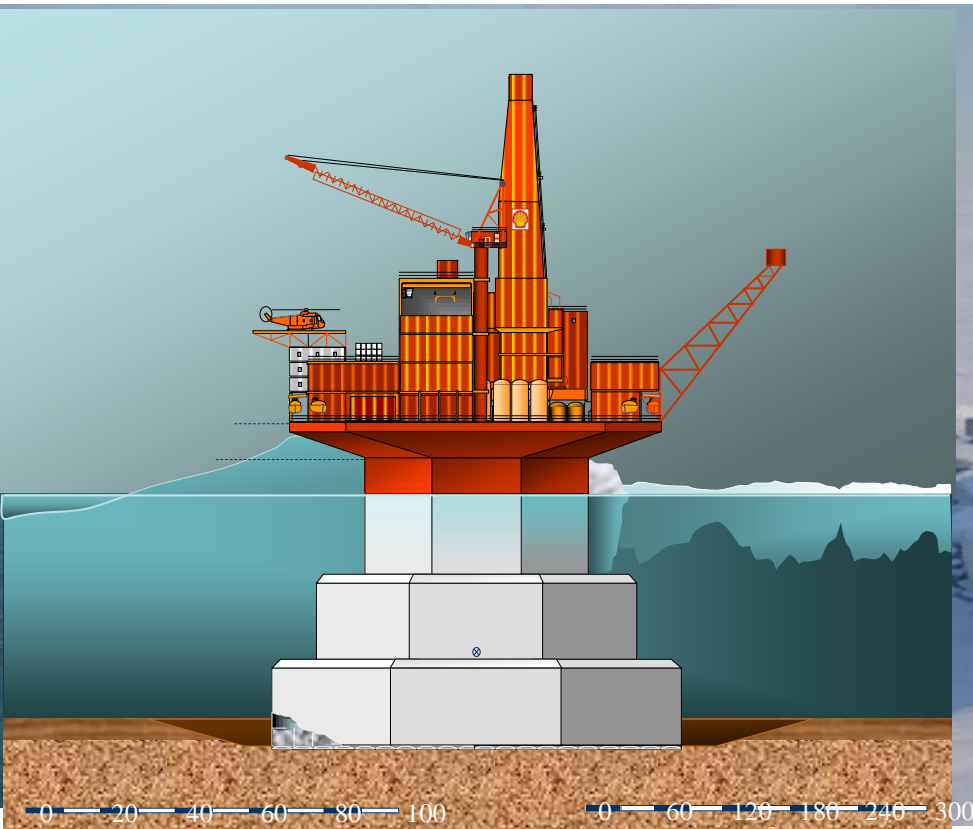
SINTEF Highlights

- The released oil was **effectively recovered and treated** by combining different response technologies in different ice conditions.
- **Ice can assist** in confining a spill and reduce further spreading and weathering of oil
- Confirmed a longer "**window of opportunity**" i.e. the time the different clean-up technologies can be used effectively.



Technical Solutions

- Ice – Cold - Remote



Arctic Class Platforms

- Pack Ice Pressure



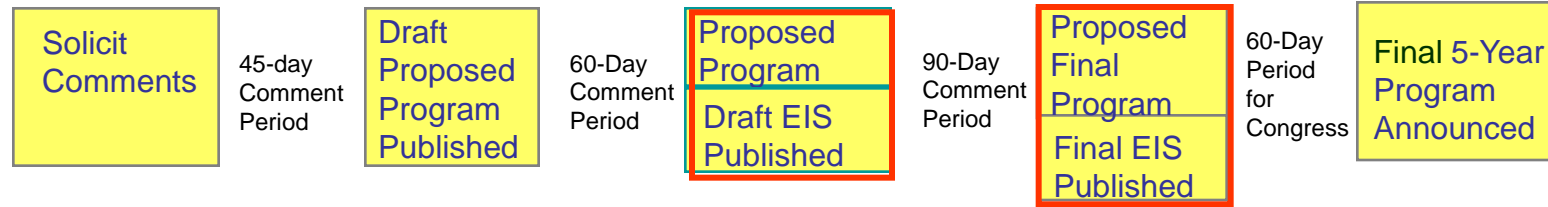
Alaska's OCS: Mega Challenges & Risk

- Short Season
- Lacking Infrastructure
- Logistics
- Ice Class Vessels & Drill Ships
- Investment in Baseline Data
- Permits/Litigation

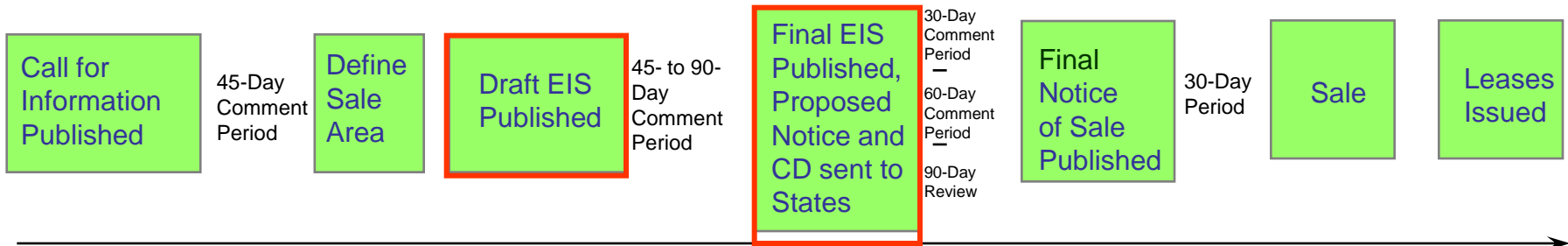
The OCS Leasing, Exploration, and Development Process

Prelease

Develop 5-Year Program

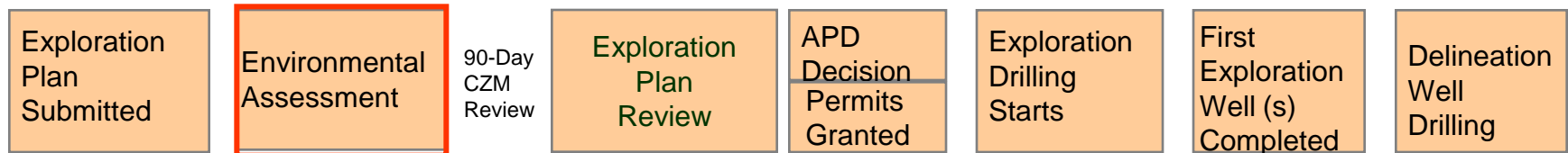


Planning for Specific Sale

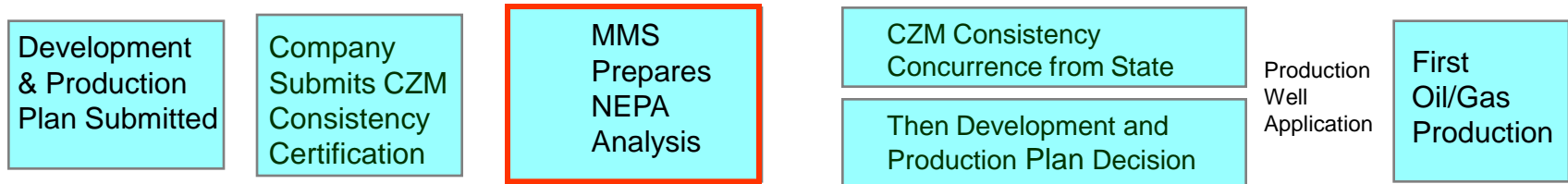


Post Lease

Exploration Plan Approval



Development and Production Plan Approval



Mega Regulatory Challenges - Permits

- Regulation has several layers

Federal

State

Local

- 37 Permits/10 Major
- Regulatory Capacity
- Invites Court action



National Marine Fisheries Service



Minerals Management Service



Environmental Protection Agency



Fish and Wildlife Service



Alaska Dept. of Environmental Conservation



North Slope Borough



Northwest Arctic Borough



Alaska Eskimo Whaling Commission

Mega Stakeholders

- Finding common ground with the people of Alaska
- Hundreds of meetings with stakeholders
- Incorporating feedback
- Revised program



Mega Legal Challenges

- D.C. Circuit Court Remands 5-year Leasing Plan (Chukchi leases)
- Beaufort and Chukchi Exploration Approvals Challenged in the 9th Circuit Court
- Total of 6 Active Legal Challenges

Drilling Should be Allowed

Baseline Science

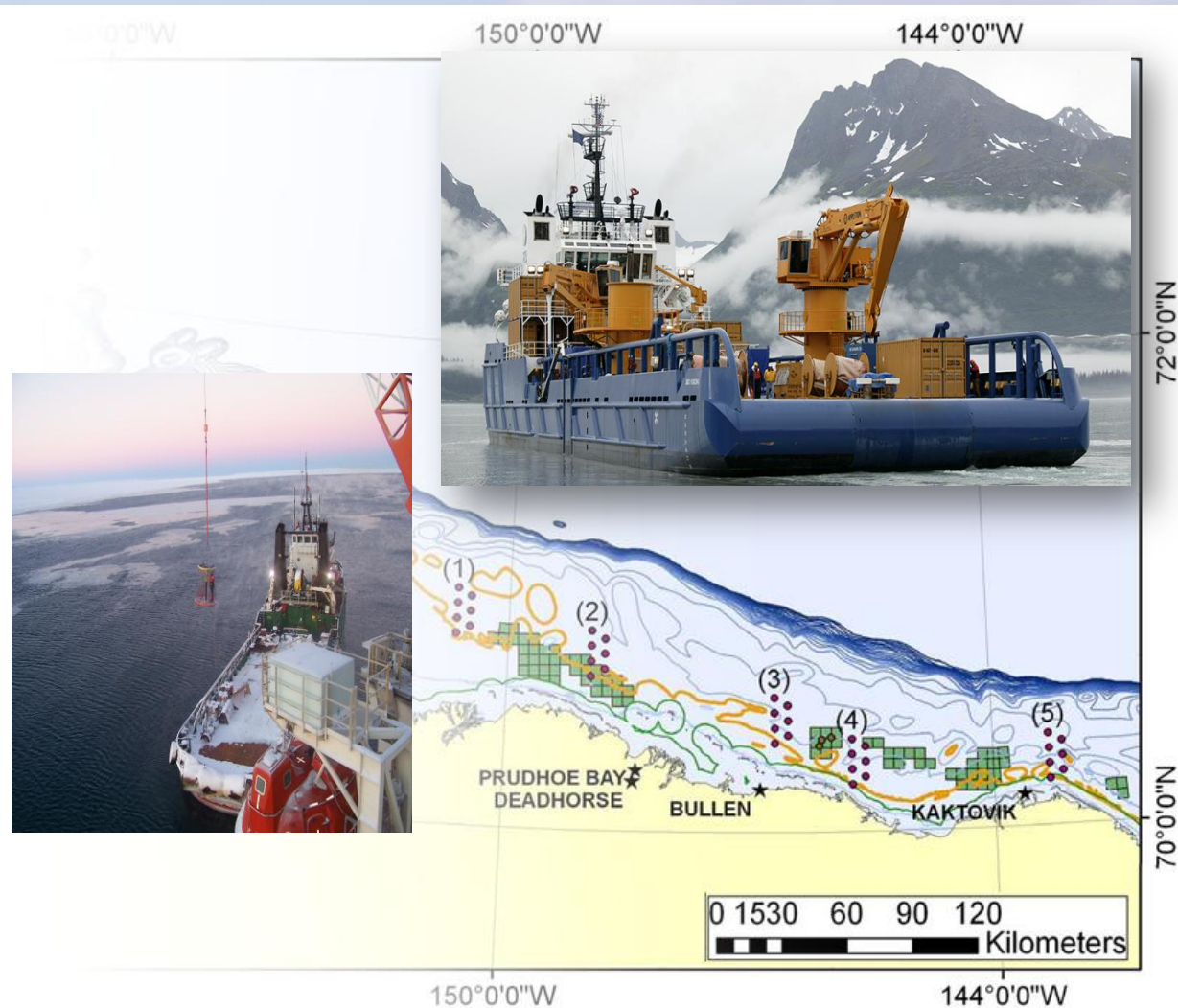
- \$500 Million and growing

Oil Spill Response

- World-Class Contingency Plan

Experience

- Pioneering Alaska Offshore



Alaska's Offshore: Mega Promise

- Alaska offshore resources are significant
- Federal lease sales have been held – \$ billions collected
- “Shovel ready” since 2007 but de facto moratoria blocks drilling

