



Highlights of [GAO-10-276](#), a report to the Chairman, Subcommittee on Interior, Environment, and Related Agencies, Committee on Appropriations, House of Representatives

Why GAO Did This Study

Interest has re-emerged in developing oil and gas in the nation's offshore areas, such as the North Aleutian Basin. Located on the outer continental shelf (OCS) where the Aleutian Islands meet the Alaskan mainland around Bristol Bay, the basin may contain sizable oil and gas deposits, although the area's environmental and cultural sensitivity has made oil and gas development in the area controversial. The Alaska OCS Region within the Department of the Interior's Minerals Management Service (MMS) oversees oil and gas development in this offshore area.

GAO was asked to examine issues related to oil and gas development in the North Aleutian Basin. This report (1) describes the basin's estimated quantities of oil and gas and needed infrastructure; (2) identifies steps MMS is to take to meet federal requirements for oil and gas development; and (3) identifies challenges, if any, MMS faces in meeting these requirements in its Alaska OCS Region. GAO analyzed laws and documents and interviewed representatives from MMS, other federal agencies, state agencies, industry, and other stakeholders.

What GAO Recommends

GAO recommends that MMS develop additional, comprehensive guidance for conducting and reviewing environmental analyses and fully implement agency policy on information sharing. Interior generally agreed with our findings and fully concurred with our recommendations.

View [GAO-10-276](#) or [key components](#). For more information, contact Mark E. Gaffigan at (202) 512-3841 or gaffiganm@gao.gov.

OFFSHORE OIL AND GAS DEVELOPMENT

Additional Guidance Would Help Strengthen the Minerals Management Service's Assessment of Environmental Impacts in the North Aleutian Basin

What GAO Found

MMS estimates that substantial amounts of natural gas could exist in the North Aleutian Basin, although the estimates range widely and the upper ranges are highly uncertain. MMS estimates that, with existing conventional techniques, there is a 19 in 20 chance that at least 20 million barrels of oil, and 400 billion cubic feet of natural gas, exist in the basin but a 1 in 20 chance that as much as 2.5 billion barrels of oil, and 23.3 trillion cubic feet of natural gas, exist. MMS officials attribute the estimates' wide range to a lack of data. Although the estimates are much lower than those for other offshore areas, they are high enough to generate oil industry interest. But limited infrastructure exists in the basin for oil and natural gas development, and building the needed infrastructure—such as pipelines, processing facilities, and a tanker terminal—would likely cost billions of dollars.

MMS has taken the first of many steps in an extensive process for meeting federal requirements to develop oil and gas in the North Aleutian Basin. Under the OCS Lands Act, MMS's process for oil and gas development comprises four stages: (1) preparing a nationwide 5-year program, (2) planning for and holding a specific lease sale, (3) approving a company's exploration plan, and (4) approving a company's development and production plan. Figuring prominently at each of these stages, the National Environmental Policy Act (NEPA) requires MMS to evaluate the likely environmental effects of proposed actions. As of December 2009, MMS had not proceeded beyond the second stage—the lease sale stage—in the basin. According to MMS officials, completing all four stages could take at least 10 more years. Moreover, delays can occur at any stage; indeed, a number of delays have already occurred in developing oil and gas in the Alaska OCS Region.

GAO found that MMS faces challenges in the Alaska OCS Region in carrying out its responsibilities under NEPA. Although Interior policy directs its agencies to prepare handbooks providing guidance on how to implement NEPA, MMS lacks such a guidance handbook. The lack of a comprehensive guidance handbook, combined with high staff turnover in recent years, has left the process for meeting NEPA requirements ill defined for the analysts charged with developing NEPA documents. This absence has also left unclear MMS's policy on what constitutes a significant environmental impact. Furthermore, guidance is also lacking for conducting and documenting NEPA-required analyses to address environmental and cultural sensitivities, which have often been the topic of litigation over Alaskan offshore oil and gas development. In addition to litigation, MMS has been subjected to allegations by stakeholders and former MMS scientists of suppression or alteration of their work on environmental issues. GAO also found that the Alaska OCS Region shares information selectively. This practice is inconsistent with agency policy, which directs that information, including proprietary data from industry, be shared with all staff involved in environmental reviews. According to regional staff, this practice has hindered their ability to complete sound environmental analyses under NEPA.