

Northstar Factsheet

Ever since the discovery of the massive Prudhoe Bay oil field on Alaska's North Slope in 1968, the oil industry has longed to search for and develop offshore. Extreme Arctic conditions and the immensely powerful and shifting Arctic ice pack meant that exploration, and particularly production, would be extremely expensive and risky. Flying in the face of its 'green' rhetoric and pronouncements on the dangers of climate change, BP Amoco is now trying to move offshore, to develop new oil which will inevitably add to the burden of greenhouse gases in the atmosphere.

BP Amoco's Northstar project is located about six miles north of Point Storkersen in the Beaufort Sea, just west of Prudhoe Bay. An existing gravel island, Seal Island, will be enlarged to cover five acres, and will be a platform for up to 30 wells, production facilities, and accommodation for a production crew of 50 workers. The latest estimated size of the field is 185 million barrels of oil, and estimates of BP Amoco's total investment in the project run from 500 million to 1.5 billion USD. The most dangerous part of the project is a pipeline to bring the oil ashore. The pipeline carrying 'hot' (between 130-180°F/55-82°C) oil will be buried 6-8 feet under the ocean floor, which is beneath the Arctic ice pack for up to 10 months of the year, in shifting permafrost soils. The project has a design life of 15 years.

Estimates by US federal government agencies as to the likelihood of a major oil spill during the life of the project run as high as one in four, with potentially devastating local and regional environmental impacts. Responding to an oil spill in Arctic conditions is extremely difficult at the best of times, and is for all practical purposes impossible during the 'broken ice' periods during autumn freeze-up and spring break-up.

The Northstar Unit is composed of a combination of state and federal offshore leases acquired between 1980 and 1983 by Shell, Amoco, Amerada Hess, Enterprise Oil, and Murphy Oil, the majority of which came to be controlled by Shell and Amerada Hess. Between 1983 and 1986 a total of six exploratory wells were drilled to delineate the field. After drilling one more well in 1994, Shell and Amerada Hess decided not to go ahead with development and looked to sell their leases.

On December 31, 1994 British Petroleum Exploration Alaska (BPXA) acquired the Amerada Hess Co. and Shell leases. BP became the Sole Operator of the Northstar Unit, while Murphy Oil retained an interest in 10 percent of the federal portion of the Unit. During 1995 and 1996 BP negotiated a 'sweetheart deal' with the State of Alaska where the state gave up a very significant portion of its royalties on the leases in order to make it economic for BP to proceed. A court challenge to this deal delayed development for more than a year.

The Final Environmental Impact Statement for Northstar was finally released in February of 1999, about two years behind schedule. After

wrangling between Federal agencies, the route for the pipeline was resolved in late April, and agencies began issuing permits for the project. BPXA plans to begin construction on the project in the winter of 1999/2000, and bring the field into production in late 2001. The construction of the gravel island involves moving over 700,000 cubic yards (535,000 cubic meters) from the mine site on shore...more than 16,000 truck loads on the shore based portion, and then transferred to more than 27,000 smaller truckloads for transport over the roads constructed on the sea ice. Pipeline construction involves digging through approximately six feet (two meters) of sea ice, then digging a 7-10 foot (2.1 – 3 meter) trench in the seabed, which lies up to 35 feet (10.7 meters) underwater on the offshore portion of the pipeline. Both the construction methods and this technology for delivering the oil ashore are untried and untested.

Greenpeace legal challenges over various parts of the project have also served to delay the start of construction, but BP Amoco seems determined to begin building the project during this winter's construction season. A number of legal issues remain, and Greenpeace will continue to fight the project every step of the way.