

ALASKA DEPARTMENT OF ENVIRONMENTAL CONSERVATION

Qugruk #2 Pad

Division of Spill Prevention and Response Prevention and Emergency Response Program

SITUATION REPORT

Repsol Q2 Pad Gas and Mud Release

SITREP # 19

SPILL NUMBER: 12399904601

TIME/DATE OF SPILL: Repsol reported the incident to ADEC at 10:29 a.m. on February 15, 2012.

TIME/DATE OF SITUATION REPORT: 3:30 p.m. on March 3, 2012

TYPE/AMOUNT OF PRODUCT SPILLED: Repsol estimates that approximately 42,000 gallons (1,000 barrels) of fresh-water-based drilling mud have been released to the ice drilling pad and adjacent snow-covered tundra. An unknown amount of gas has been released. The mud that was released is a mixture of minerals (primarily barium sulfate) and water. Drilling mud is used to lubricate the drill, control formation pressure, and remove cuttings from the bore. No oil was spilled during the release event.

INCIDENT LOCATION: Qugruk #2 pad (Q2 pad), on the Colville River Delta, approximately 18 miles northeast of Nuiqsut and approximately 150 miles southeast of Barrow (70° 27′ 19″ N, 150° 44′ 52″ W).

CAUSE OF SPILL: Repsol contractor Nabors Drilling was drilling an exploratory well when the drill penetrated a shallow gas pocket at a depth of 2,523 feet, resulting in a gas kick. The gas kick drove drilling mud out of the well and through the gas diverter onto the ice pad and adjacent snow-covered tundra. The gas diverter is a pipe that extends approximately 75 feet from the drilling rig toward the south edge of the pad. Additional mud was pumped into the well in an attempt to control it, but that mud was also forced out by the gas.

POTENTIAL RESPONSIBLE PARTY (PRP): Repsol E&P USA

RESPONSE ACTION: Temperatures remain extremely cold. With an ambient temperature of -44°F and wind chill of -68°F, use of equipment outside the drilling rig continues to be limited.

The first well log, made last night, showed a blockage of the drill pipe. A coiled tubing unit and crane have been contracted to clean out the drill pipe, but the temperature must be above -35°F for them to operate. The weather is not forecasted to warm above -35°F until this Tuesday, March 6. The contracted coiled tubing unit is currently working on another job, which will take about one day to complete once the temperatures warm up above -35°F.

Once the coiled tubing unit completes its present job, it will be moved to the Q2 pad, rigged and used to clean out the blockage. Once the blockage is cleared, the wireline crew will run another well logging. If no further problems are discovered, the information gained in the second well logging will be used to finalize the well-kill plan.

Repsol reports that 68 barrels (2,856 gallons) of liquids (thawed drilling mud and water) were shipped offsite for disposal in the past day, bringing the total to 1,800 barrels (75,600 gallons) of liquids that have been manifested

and shipped offsite. Much of the liquid collected is condensed water from the steam used to thaw and clean the rig. Another 178 cubic yards of solid waste (frozen drilling mud) were manifested and shipped offsite yesterday, bringing the total to 842 cubic yards of solid waste that have been manifested and shipped offsite.

The Unified Command decided to temporarily close the Anchorage Incident Command Post (ICP) until Tuesday morning, March 6, 2012, due to the temperature hold on the wellbore clean out operation. ADEC responders at Palm Pad will remain in place, and ADEC responders working in Anchorage will work out of the local ADEC office until the ICP reopens. If the temperature moderates earlier than currently predicted, the ICP will reopen earlier as well.

SOURCE CONTROL: The well ceased flowing at about 9:00 p.m. on February 16. Preparations for a well-control operation are ongoing.

RESOURCES AFFECTED: Snow-covered tundra and ice pad. Drilling mud can affect tundra plants by changing soil pH and salinity. Brackish water produced by the well may also increase soil salinity.

FUTURE PLANS AND RECOMMENDATIONS: Cleanup cannot safely begin until the well is under control. The well-control team will provide cleanup personnel approximately 24-hours notice in advance of completion of the well-control operation. Plans are in place for sampling the drill mud, delineating and cleaning up the spill and mobilization of necessary personnel crews and equipment. A reduced incident management team will continue to monitor the operation from Anchorage and two ADEC responders will remain at Palm Pad until cleanup operations are imminent, at which time additional staff will be recalled.

UNIFIED COMMAND AND PERSONNEL:

Incident Commander: Jeremy Michels, O'Brien's Response Management

S.O.S.C.: Tom DeRuyter, ADEC F.O.S.C.: Matt Carr, EPA

L.O.S.C.: Gordon Brower, North Slope Borough

Field SOSC: John Engles, ADEC

WEATHER: Today: Partly cloudy with a few flurries. Patchy ice fog. Highs around 35 below. Southwest winds

around 10 mph.

Tonight: Partly cloudy. Areas of ice fog. Lows 40 to 45 below. Southwest winds around 10 mph.

TIME/DATE OF THE NEXT SITUATION REPORT: 3:30 p.m. on March 06, 2012

FOR ADDITIONAL INFORMATION CONTACT: Ty Keltner, Public Information Officer, ADEC (907) 465-5009

Photographs and other spill information will be available for viewing at: http://www.state.ak.us/dec/spar/perp/index.htm

AGENCY/STAKEHOLDER NOTIFICATION LIST: This situation report was distributed to the agencies listed on the standard distribution list, which includes the governor's office, Senator Begich's office, the State Emergency Operations Center, and the federal agencies DOI, NMFS, and USFWS. This situation report was also distributed to the following agencies and stakeholders:

| AGENCY / | NAME | SENT VIA | ADDITIONAL | TELEPHONE | FAX |
|-----------------|-------------|----------|------------------------|-----------|-----|
| STAKEHOLDER | | | INFORMATION | | |
| Repsol | Jan Sieving | email | jan.sieving@repsol.com | | |
| Nabors Drilling | Denny Smith | email | denny.smith@nabors.com | | |

| AGENCY / | NAME | SENT VIA | ADDITIONAL | TELEPHONE | FAX |
|----------------------------|---------------------------|----------|---------------------------|----------------|------------|
| STAKEHOLDER | | | INFORMATION | | |
| AOGCC | | Fax | | | 276-7542 |
| ADNR | Melissa Head/ | Fax | melissa.head@alaska.gov | 451-2719/ | 451-2751 |
| | Brian Jackson/ | | brian.jackson@alaska.gov | 451-2732/ | or |
| | Sean Willison | | sean.willison@alaska.gov | 451-2724 | 659-2965 |
| ADNR Div of Oil & Gas | Bill Barron | | bill.barron@alaska.gov | | |
| ADF&G | Jack Winters | Fax | jack.winters@alaska.gov | 459-7285 or | 459-7303 |
| | Todd Nichols | | todd.nichols@alaska.gov | 459-7279 | |
| EPA | Matt Carr/Robert Whittier | Fax | Carr.matthew@epa.gov or | 271-5083 or | 271-6340 |
| | | | whittier.robert@epa.gov | 271-3247 | |
| Attorney General Office | Cam Leonard/ | Fax | Cam.leonard@alaska.gov | 451-2811 or | 451-2985/ |
| | Steve Mulder | | Steve.mulder@alaska.gov | 269-5100 | 278-7022 |
| Governor's Office | Parnell/Treadwell | Fax | Sean.parnell@alaska.gov | 451-2920 | 451-2858 |
| (Fairbanks) | | | Mead.treadwell@alaska.gov | | |
| Lt. Governor's Office | Parnell/Treadwell | Fax | Sean.parnell@alaska.gov | | 465-5400 |
| (Juneau) | | | Mead.treadwell@alaska.gov | | |
| Senator Murkowski's | Chief of Staff | Fax | North Slope only | (202) 224-6665 | (202) 224- |
| Washington DC Office | | | | | 5301 |
| Senator Murkowski's Office | | Fax | North Slope only | 456-0233 | 451-7146 |
| in Fairbanks | | | | | |
| North Slope Borough | Charlotte Brower | Fax | Mayor | 852-0200 | 852-0337 |
| North Slope Borough | Rhoda Ahmaogak | Fax | Planning Director | 852-0440 | 852-5991 |
| Senate T/ Nome | Donnie Olson | Fax | Nome 5/16-1/09 | 465-3707 | 465-4821 |
| | | <u> </u> | Juneau 1/10-5/15 | | |
| House 40/ Kotzebue | Reggie Joule | Fax | Kotzebue 5/16-1/09 | 465-4833 or | 465-4586 |
| | | | Juneau 1/10-5/15 | (800) 782-4833 | |



A stockpile of frozen material recovered from the pad awaits transport offsite for disposal. ADEC Photo.