

STATE OF ALASKA

SARAH PALIN, GOVERNOR

DEPT. OF ENVIRONMENTAL CONSERVATION
DIVISION OF SPILL PREVENTION AND RESPONSE
INDUSTRY PREPAREDNESS PROGRAM
Exploration Production & Refineries

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March 17, 2009

File No.: 305.30
(ExxonMobil)

OIL DISCHARGE PREVENTION AND CONTINGENCY PLAN APPROVAL

Mr. Craig Haymes
ExxonMobil
3301 "C" Street, Ste. 400
Anchorage, AK 99503

Subject: **Plan Approval for the ExxonMobil Point Thomson Drilling Program, Oil Discharge Prevention and Contingency Plan, North Slope, Alaska.**
Plan Number 08-CP-5097.

Dear Mr. Haymes:

The Alaska Department of Environmental Conservation (ADEC) has completed our review of your application for the above referenced Oil Discharge Prevention and Contingency Plan (plan). ADEC coordinated the State of Alaska's public review for compliance with 18 AAC 75, using the review procedures outlined in 18 AAC 75.455. Based on our review, ADEC has determined that your plan is consistent with the applicable requirements of the referenced statute/regulation and is hereby approved.

This approval applies to the following plan:

Plan Title:	Point Thomson Drilling Program Oil Discharge Prevention and Contingency Plan
Supporting Documents:	Alaska Clean Seas Technical Manual, dated 2008, consisting of two volumes, as revised and updated
Plan Holder:	ExxonMobil 3301 "C" Street, Ste. 400 Anchorage, AK 99503

Covered Facilities: **ExxonMobil facilities will be located near the Beaufort Sea, approximately 60 miles east of Prudhoe Bay at ExxonMobil's Unit 3 Pad. The plan is for a multi-well drilling program from an existing gravel pad used for the Point Thomson Unit (up to 6 wells at PTU 3) well, the existing gravel pad for the N. Stains No.1 well (1 well at East Pad) and an ice pad located west of PTU 3 (2 wells at west pad).**

PLAN APPROVAL: Approval of the referenced plan is hereby effective **March 17, 2009.**

A certificate of approval stating that the contingency plan has been approved by ADEC is enclosed. **This approval is subject to the following terms and conditions:**

TERMS AND CONDITIONS

The following items must be completed and/or received as specified to complete the plan in accordance with AS 46.04.030(e).

- 1. Proof of Oil Spill Primary Response Action Contractor.** The plan holder must submit to ADEC fully executed Statement of Contractual Terms with the attestations required by 18 AAC 75.445(i)(1) with Alaska Clean Sea's to provide response resources as identified in the plan.

The plan holder has submitted a completed Statement of Contractual Terms to ADEC prior to undertaking drilling operations on the project. The actual contracts are not required to be part of the contingency plan document. The Statement of Contractual Terms form can be found on ADEC's website (www.dec.state.ak.us).

This condition is reasonable and necessary to assure ADEC that all the necessary contracts to implement a response to a discharge or well control event are in place prior to the start of drilling operations. 18 AAC 75.425(e)(3)(H) and 18 AAC 75.445(i)

- 2. Notice of Changed Relationship with Response Action Contractor.** Because the plan relies on the use of a response contractor for its implementation, ExxonMobil must immediately notify us in writing of any change in the contractual relationship with the plan holder's response action contractor, and of any event including but not limited to any breach by either party to the response contract that may excuse a response contractor from performing, that indicates a response contractor may fail or refuse to perform, or that may otherwise affect the response, prevention, or preparedness capabilities described in the approved plan.

This condition is reasonable and necessary because there are certain risks associated with allowing a plan holder to rely in part or total upon a response contractor instead of obtaining its own response capability. The risks arise, in part, because the certainty of the contractor's response is dependent upon the continuation of the legal relationship between

the contractor and the plan holder. Given this risk, ADEC must be promptly informed of any change of the contractual relationship between the plan holder and the response contractor, and of any other event that may arguably excuse the response contractor from performing or that would otherwise affect the response, prevention, or preparedness capabilities described in the approved plan. ADEC may seek appropriate modifications to the plan or take other steps to ensure that the plan holder has continuous access to sufficient resources to protect the environment and to contain, cleanup, and mitigate potential oil spills. 18 AAC 75.425(e)(3)(H) and 18 AAC 75.445(i)

- 3. Well Control Event:** ExxonMobil has indicated the desire to use voluntary ignition in the event of a gas condensate blowout if well control cannot be regained by surface control measures as allowed in 18 AAC 75.434(g). ExxonMobil has provided air dispersion modeling information to the ADEC Air Quality section for review to ensure State and Federal air quality standards would not be exceeded in the event they did ignite the blowout. The ADEC Air Quality group has not yet completed their review and therefore as a condition of approval ExxonMobil cannot drill below 5000 feet true vertical depth until this review has been completed. ADEC approval for voluntary ignition language written in Section 1.1.3 must be removed from the ODPCP until the Air Quality review is finalized and approved. ExxonMobil must maintain sufficient response equipment and personnel to respond to their established 5700 bopd blowout RPS during well drilling operations. Once the Air Quality review is completed the standard seasonal drilling restrictions as outlined in condition of approval #7 will apply to drilling operations.

This condition is reasonable and necessary to assure ADEC that all the necessary equipment and personnel to implement a response to a discharge or well control event are in place prior to the start of drilling operations. 18 AAC 75.434 and 18 AAC 75.445(d)

- 4. Blowout Contingency Plan.** A copy of the Blowout Contingency Plan (BCP) must be maintained at the active exploration site and made available to ADEC upon request. The BCP must be developed prior to the onset of drilling activities.

This condition is necessary to ensure that the plan holder is prepared to control a potential well blowout. ADEC may review the blowout contingency plan when performing site inspections and/or in Anchorage. 18 AAC 75.425(e)(1)(I), 18 AAC.445(d)(2), and 18 AAC 75.480

- 5. Contact Information and Communications:** Prior to drilling, ExxonMobil must update all contact information for personnel and supporting operations referenced in Table 1-4 (ExxonMobil Contact List). An email update copy once known will suffice but hard copies must also be provided to ADEC and all plan copy holders in accordance with 18 AAC 75.425(e)(1)(A) and (B).

This condition is reasonable and necessary in order to comply with the above-referenced regulations.

6. **Facility Diagram.** ExxonMobil must provide layout drawings of the ice pad to all holders of the plan prior to drilling. The drawing should detail the geographic orientation of the pad and relative locations of the drilling rig, access ice road, facilities, oil storage tanks, testing tanks, crew quarters, and equipment stored on the pad.

This condition is reasonable and necessary under the requirements of 18 AAC 75.425(e)(1)(H).

7. **Seasonal Drilling Restrictions.** To reduce the risk of an oil discharge and to ensure the effectiveness of planned spill response methods prior to periods when the planned response methods are rendered ineffective by environmental limitations, all drilling operations into hydrocarbon bearing formations must be performed from November 1 through April 15 of each drilling season that the plan approval is in effect. In the initial drilling season, well drilling will not encounter the 5000 feet true vertical depth threshold prior to the April 15 deadline. The well will not be advanced past the threshold into hydrocarbon-bearing formations until drilling resumes in the second season. New drilling penetrations above hydrocarbon-bearing threshold depths and well testing may be conducted as needed.

This condition is reasonable and necessary to reduce the risk of an oil discharge by using specific temporary measures during periods when planned spill response methods are rendered ineffective by environmental limitations, in accordance with 18 AAC 75.445(f). The plan accounts for a 30-day response time, which includes both source control and cleanup. The drilling end date is based on the expected tundra closure date of May 15.

8. **Final Copy of the Plan.** Prior to conducting exploration activities, the plan holder must submit to ADEC updated versions of the approved plan, including all revisions instituted during the recent plan review. ExxonMobil must send three complete plan copies to the ADEC office in Anchorage and one copy to the ADEC office in Fairbanks. In addition, you must send a complete updated version of the plan to each reviewer and any other controlled document holder of your plan.

EXPIRATION: This approval **expires March 17, 2014**. After the approval expires, Alaska law prohibits operation of these facilities until an approved plan is once again in effect.

AMENDMENT: Before any change to this plan may take effect, the plan holder must submit an Application for Amendment to the plan with any additional information needed to evaluate the proposed amendment. This is to ensure that changes to the plan do not diminish the plan holder's ability to respond to a discharge and to evaluate any additional environmental considerations that may need to be taken into account (18 AAC 75.415).

RENEWAL: To renew this approval, the plan holder must submit a completed renewal application and plan to ADEC no later than 180 days prior to the expiration of this approval. This is to ensure that the submitted plan is approved before the current plan in effect expires (18 AAC 75.420).

REVOCACTION, SUSPENSION OR MODIFICATION: This approval is effective only while the plan holder is in "compliance with the plan" and with all of the terms and conditions described above. ADEC may, after notice and opportunity for a hearing, revoke, suspend or require the modification of an approved plan if the plan holder is not in compliance with it, or for any other reason stated in AS 46.04.030(f). In addition, Alaska law provides that a vessel or facility that is not in "compliance with the plan" may not operate (AS 46.04.030). ADEC may terminate approval prior to the expiration date if deficiencies are identified that would adversely affect spill prevention, response or preparedness capabilities.

DUTY TO RESPOND: Notwithstanding any other provisions or requirements of this contingency plan, a person causing or permitting the discharge of oil is required by law to immediately contain and cleanup the discharge regardless of the adequacy or inadequacy of a contingency plan (AS 46.04.020).

NOTIFICATION OF NON-READINESS: Within twenty-four (24) hours after any significant response equipment specified in the plan becomes non-operational or is removed from its designated storage location, the plan holder must notify ADEC in writing and provide a schedule for the equipment's substitution, repair, or return to service (18 AAC 75.475[b]).

CIVIL AND CRIMINAL SANCTIONS: Failure to comply with the plan may subject the plan holder to civil liability for damages and to civil and criminal penalties. Civil and criminal sanctions may also be imposed for any violation of AS 46.04, any regulation issued hereunder, or any violation of a lawful order of ADEC.

INSPECTIONS, DRILLS, RIGHTS TO ACCESS, AND VERIFICATION OF EQUIPMENT, SUPPLIES AND PERSONNEL: ADEC has the right to verify the ability of the plan holder to carry out the provisions of its contingency plan and access to inventories of equipment, supplies, and personnel through such means as inspections and discharge exercises, without prior notice to the plan holder. ADEC has the right to enter and inspect the covered vessel or facility in a safe manner at any reasonable time for these purposes and to otherwise ensure compliance with the plan and the terms and conditions (AS 46.04.030[e] and AS 46.04.060). The plan holder shall conduct exercises for the purpose of testing the adequacy of the contingency plan and its implementation (18 AAC 75.480 and 485).

FAILURE TO PERFORM: In granting approval of the plan, ADEC has determined that the plan, as represented to ADEC by the applicant in the plan and application for approval, satisfies the minimum planning standards and other requirements established by applicable statutes and regulations, taking as true all information provided by the applicant. ADEC does not warrant to the applicant, the plan holder, or any other person or entity: (1) the accuracy or validity of the information or assurances relied upon; (2) that the plan is or will be implemented; or (3) that even full compliance and implementation with the plan will result in complete containment, control, or cleanup of any given oil spill, including a spill specifically described in the planning standards.

The plan holder is encouraged to take any additional precautions and obtain any additional response capability it deems appropriate to further guard against the risk of oil spills and to enhance its ability to comply with its duty under AS 46.04.020(a) to immediately contain and clean up an oil discharge.

COMPLIANCE WITH APPLICABLE LAWS: If amendments to the approved plan are necessary to meet the requirements of any new laws or regulations, the plan holder must submit an application for amendment to ADEC at the above address. The plan holder must adhere to all applicable state statutes and regulations as they may be amended from time to time. This approval does not relieve the plan holder of the responsibility for securing other federal, state, or local approvals or permits, and the plan holder is still required to comply with all other applicable laws.

INFORMAL REVIEW OR ADJUDICATORY HEARING: Any person who disagrees with this decision may request an adjudicatory hearing in accordance with 18 AAC 15.195 - 18 AAC 15.340 or an informal review by the Division Director in accordance with 18 AAC 15.185.

Informal review requests must be delivered to the Director of the Division of Spill Prevention and Response, 410 Willoughby Avenue, Suite 303, PO Box 111800, Juneau, Alaska 99811-1800 within 15 days of the permit decision.

Adjudicatory hearing requests must be delivered to the Commissioner of the Department of Environmental Conservation, 410 Willoughby Avenue, Suite 303, PO Box 111800, Juneau, Alaska 99811-1800, within 30 days of the permit decision. If a hearing is not requested within 30 days, the right to appeal is waived. Anyone who submits a request for an informal review or an adjudicatory hearing should also send a copy of the request to the undersigned.

If you have any questions, please contact Gary Evans at 269-7536 or me at 269-3054.

Sincerely,



Betty Schorr
Program Manager

Attachment: Summary of Basis for Department Decision

Enclosure: Certificate of Approval, 09CER 002

Mr. Craig Haymes
ExxonMobil

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March 17, 2009

cc

Gary Evans, ADEC

cc w/o enc:

Ed Meggert, ADEC

Mark Fink, ADF&G

Jack Winters/Mac McLean, ADNR

Carl Lautenberger, USEPA

Capt. Mark Hamilton, USCG Sector Anchorage

Trustees for Alaska

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Gordon Brower, NSB

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Rob Dragnich, ExxonMobil

Lydia Miner, SLR