STATE OF ALASKA

FRANK H. MURKOWSKI, GOVERNOR

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

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CHRONOLOGICAL

April 15, 2005

File No.: 305.30 (BRPC – NS Exploration)

OIL DISCHARGE PREVENTION AND CONTINGENCY PLAN APPROVAL

Mr. John Jay Darrah
Brooks Range Petroleum Corporation
1311 West 7th Avenue
Anchorage, AK 99508

Re: Plan Approval for the Brooks Range Petroleum Corporation, North Slope Exploration Program, Oil Discharge Prevention and Contingency Plan, North Slope, Alaska. Plan Number 054-CP-5113.

Dear Mr. Darrah:

The Alaska Department of Environmental Conservation (Department) has completed its review of the Brooks Range Petroleum Corporation (BRPC) Oil Discharge Prevention and Contingency Plan, Plan Number 054-CP-5113, submitted on January 14, 2005 for approval. The application for the plan approval was reviewed in accordance with the provisions outlined in 18 AAC 75.455.

This approval applies to the following Oil Discharge Prevention and Contingency Plan (plan):

Plan Title:	**Brooks Range Petroleum Corporation, North Slope Exploration Program, Oil Discharge Prevention and Contingency Plan, dated April 2005.**
Supporting Documents:	**Alaska Clean Seas Technical Manual, dated 1999, revised 2001, 2003, and 2004, consisting of three volumes, as revised, updated, and amended upon approval.**
Plan Holder:	**Brooks Range Petroleum Corporation** **1311 West 7th Avenue** **Anchorage, AK 99508** **Kansas Office:** **225 North Market, Suite 300** **Wichita, KS 67202**

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Covered Facilities: **Exploration drilling activities on the North Slope. The Sakonowyak River #1 Exploration Well Project (addressed in Appendix A) ice pad, will be located 500 feet inland on the west side of Gwydyr Bay, approximately 6 miles northeast of S Pad (located in the Prudhoe Bay Unit). Latitude 70 degrees 25 minutes 29.18 seconds North, Longitude 148 degrees 58 minutes 3.97 seconds West.**

PLAN APPROVAL: Approval of the referenced plan is hereby **effective April 15, 2005.** This approval supersedes all previous Department approvals and Certificates of Approval.

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

1. **Proof of Oil Spill Primary Response Action Contractor.** The planholder must submit to the Department a fully executed Statement of Contractual Terms with the attestations required by 18 AAC 75.445(i)(1) with Alaska Clean Seas to provide response resources as identified in the plan. O.E.S. Incorporated will provide primary support for staffing the incident command system as identified in the plan; therefore BRPC will also submit a Statement of Contractual Terms with O.E.S. Incorporated.

   The plan holder will submit these completed Statements of Contractual Terms to the Department 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 the Department's website (www.state.ak.us/dec).

   This condition is reasonable and necessary to assure the Department 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. AS 46.04.030(e), 18 AAC 75.425(e)(3)(H), and 18 AAC 75.445(i).

2. **Notice of Changed Relationship with Response Contractor.** Because the plan relies on the use of response contractor(s) for its implementation, the plan holder must immediately notify the Department in writing of any change in the contractual relationship with the plan holder's response contractor(s), 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 reasonably 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 it and the plan holder. Given this risk, the Department 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. The Department 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 75.445(i).

3. **Documentation of Mutual Aid Agreement.** BRPC must provide documentation or written assurance of a mutual aid agreement for response resources, including an agreement with BP Exploration (BP) regarding potential use of BP assets as described in Appendix A, Scenario 1. Documentation is to be submitted prior to drilling activities for inclusion in the Department's files.

   This condition is reasonable and necessary to assure the Department 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. AS 46.04.030(e), 18 AAC 75.434, and 18 AAC 75.445(d).

4. **Drilling Rig Information.** After selecting a drilling rig for the Sakonowyak River #1 project, BRPC must provide rig-specific information, including on-site BRPC representative and drilling company contact information, a rig-specific schematic and floor plan, and a record of any spills greater than 55 gallons associated with this rig.

   This condition is reasonable and necessary to provide site-specific communication information, a facility diagram, and discharge history in accordance with 18 AAC 75.425(e)(1)(D), 18 AAC 75.425(e)(1)(H), and 18 AAC 75.425(e)(2)(B).

5. **Blowout Contingency Plan.** A copy of the Blowout Contingency Plan (BCP) must be maintained at the drill site and made available to the Department upon request, as specified in 18 AAC 75.425(e)(1)(I) and 18 AAC.445(d)((2).

   This condition is necessary to provide compliance with 18 AAC 75, as described above.

6. **Contact Information and Communications:** Prior to drilling, BRPC must update all contact information for BRPC personnel and supporting operations referenced in Section 1.1 (Emergency Action Checklists) in accordance with 18 AAC 75.425(e)(1)(A) and (B). Additionally, any changes to the Incident Management Team (shown in Appendix A) or other references to BRPC or support personnel must be provided as updates to the plan as required by 18 AAC 75.415(b). Phone numbers and radio communication channels for on-site personnel must be provided prior to drilling as required by 18 AAC 75.425(e)(1)(D).

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

7. **Facility Diagram.** BRPC must provide an as-built of the Sakonowyak River #1 ice pad to all holders of the plan prior to drilling. The as-built 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).

8. **Oil Storage Tanks.** Prior to commencing drilling activities at the Sakonowyak River #1 drill site, BRPC must provide a description of each oil storage tank greater than 10,000 gallons. The description must include an identifying number/designation, service, capacity, design/construction standard, construction date, and the date and type of the last American Petroleum Institute (API) Standard 653 oil storage tank inspection. Additionally, regardless of owner/operator, BRPC is responsible for ensuring that tanks (including portable tanks) used at BRPC's drill site are in compliance with State regulation, as explained below.

   Tanks constructed, installed, or placed into service after May 14, 1992 are considered "new installations" as defined by 18 AAC 75.990(68) and must meet the requirements of 18 AAC 75.065(h); tanks constructed, installed, or placed into service prior to May 14, 1992 are considered "existing installations" as defined by 18 AAC 75.990(39) and must meet the requirements of 18 AAC 75.065(i). These regulations, including 18 AAC 75.065(h)(1) regarding construction standards, also apply to portable tanks such as those in use by drilling rigs. The plan holder is responsible for assuring that tanks used at a drill site are in compliance.

   This condition is reasonable and necessary to ensure that tanks used on site are in compliance with 18 AAC 75.065 and to ensure that specific details of the tanks used at the facility are included in the plan. Complete information about the oil storage tanks used at the facilities must be contained in the plan as required by 18 AAC 75.425(e)(3)(A).

9. **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 for the BRPC Sakonowyak River #1 Exploration Well Project must be completed by April 23rd of each drilling season that the plan approval is in effect. BRPC may continue testing after this date.

   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 22-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, which is prior to the average onset of the Kuparuk River breakup (Ref: Appendix A, Section 3.2 of plan).

10. **Actual Flow Rate and Response Planning Standard.** Once the flow rate of an exploration well has been tested, if that flow rate exceeds 5,500 barrels per day and the facility is to continue operations, BRPC must refer and adhere to the requirements specified in 18 AAC 75.434(d).

    This condition is reasonable and necessary to ensure the plan holder's ability to respond to a larger volume discharge than was originally planned for in accordance with 18 AAC 75.434.

11. **Plan Amendments for Additional Drill Sites.** If BRPC proposes drilling at additional drill sites, an application for amendment approval must be submitted for Department review in accordance with 18 AAC 75.415 and 18 AAC 75.455 prior to commencing drilling activities.

    This condition is reasonable and necessary to ensure that BRPC operates in compliance with 46.04.030, 18 AAC 75 Article 4, and the approved plan.

EXPIRATION: This approval **expires April 15, 2010.** 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 affect, the planholder 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 planholder'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).

REVOCATION, 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. The Department 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). The Department 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 the Department 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 thereunder, or any violation of a lawful order of the Department.

INSPECTIONS, DRILLS, RIGHTS TO ACCESS AND VERIFICATION OF EQUIPMENT, SUPPLIES AND PERSONNEL: The Department 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. The Department 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, the Department has determined that the plan, as represented to the Department 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. The Department 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 the Department 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 that the plan holder is still required to comply with all other applicable laws.

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 Division Director, 410 Willoughby Avenue, Suite 303, Juneau, Alaska 99801 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, Juneau, Alaska 99801, within 30 days of

the permit decision. If a hearing is not requested within 30 days, the right to appeal is waived.

If you have any questions, please contact Lydia Miner at 269-7680 or me at 269-3054.

Sincerely,

Bill Hutmacher
Program Manager

Attachment: Summary of Basis for Department Decision

Enclosure: Certificate of Approval, Number 05-CER-4635

cc w/o enclosure:

Laurie Silfven, ADEC, Anchorage
Lydia Miner, ADEC, Anchorage
Carl Lautenberger, USEPA, Anchorage
Capt. Ron Morris, USCG, Anchorage MSO
Ed Meggert, ADEC, Fairbanks
Rebecca Bernard, Trustees for Alaska, Anchorage
Kelly Scanlon, Northern Alaska Environmental Center, Fairbanks
Rex Okakok, North Slope Borough
Mark Fink, ADFG, Anchorage
Carol Fries, ADNR, Anchorage
Jack Winters/Mac McLean, ADNR, Fairbanks
Kathleen Sheehan-Dugan, ADNR, OPMP, Anchorage
Robert Watkins, AES Lynx Enterprises,
ASRC Energy Services

ALASKA DEPARTMENT OF ENVIRONMENTAL CONSERVATION
DIVISION OF SPILL PREVENTION AND RESPONSE
INDUSTRY PREPAREDNESS PROGRAM

BROOKS RANGE PETROLEUM CORPORATION OIL DISCHARGE PREVENTION AND CONTINGENCY PLAN FOR NORTH SLOPE EXPLORATION PROGRAM NORTH SLOPE, ALASKA

Summary of Basis for Department Decision
April 15, 2005

Pursuant to 18 AAC 75.460(b)(1), the following is a summary of the basis for the Department's decision to approve the Brooks Range Petroleum Corporation (BRPC), North Slope (Alaska) Exploration Program, Oil Discharge Prevention and Contingency Plan (plan), dated April 2005, including Appendix A, the site-specific appendix for the Sakonowyak River #1 Exploration Well Project; referenced portions of the Alaska Clean Seas Technical Manual, dated 1999 and revised 2001, 2003, and 2004, consisting of three volumes; and subsequent plan revisions and additional information submitted by the applicant. No comments were received during the public comment period.

Response Planning Standard

The BRPC North Slope Exploration plan, including Appendix A (site-specific description of Sakonowyak River #1 prospect), involves exploration drilling without historical formation data. As such, the response planning standard volume for this activity is established under the provisions of 18 AAC 75.434(b) as 16,500 barrels plus an additional 5,500 barrels for each of 12 days beyond 72 hours, or 82,500 barrels. If the actual flow rate of a well exceeds 5,500 barrels per day and the facility is to continue operations, BRPC must submit a plan amendment under AAC 75.415 addressing the increased response planning standard within 30 days.

Response Scenarios

Pursuant to 18 AAC 75.425(e)(1)(f), the plan must contain a description of the discharge containment, control, and cleanup actions to be taken, which clearly demonstrates the strategies and procedures to conduct and maintain an effective response, presented in the form of a response scenario to a discharge of the response planning standard volume.

The Department finds that the response scenarios in Appendix A provide a logical plan of action with tactics, equipment, and personnel requirements identified in the Alaska Clean Seas Technical Manual, or maintained on site during exploration operations, sufficient to demonstrate a response to a discharge equal to the response planning standard for this exploration drilling activity, in addition to smaller, more probable spills. If BRPC elects to drill at additional sites, they must submit a plan amendment under AAC 75.415 addressing any changes to the applicable sections of the plan; depending on site-specific factors, an additional scenario may be required.

North Slope Industry Guidance Planning Assumptions

The planning assumptions identified in the Alaskan Clean Seas Technical Manual have not been used in this plan.