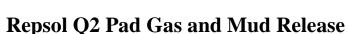


ALASKA DEPARTMENT OF ENVIRONMENTAL CONSERVATION

Qugruk #2 Pad

Division of Spill Prevention and Response Prevention and Emergency Response Program

SITUATION REPORT



SITREP # 20

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 6, 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. 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: The primary actions being taken now continue to be work towards successful well control.

A coiled tubing unit and crane are on site and is being rigged to clean out the blockage. The first step is to pump a heavy mud into the well annulus (the space between the drill pipe and the formation) to stabilize it. With the annulus stabilized, Repsol will run the coil tube down the drill stem and attempt to melt and wash out the obstruction. Once the coil tube has cleared the obstruction and the coiled tubing crew get down towards the foot near the drill bit, they will start pumping in a heavy completion fluid. If the coiled tubing effort is successful and the blockage is cleared, Repsol will evaluate the condition of the well and work to finalize the well-kill plan.

Since the previous Sitrep (19), Repsol reports that 58 barrels (2,436 gallons) of liquids (thawed drilling mud and water) were shipped offsite for disposal, bringing the total to 1,858 barrels (78,036 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 569 cubic yards of solid waste (frozen drilling mud) were manifested and shipped offsite, bringing the total to 1,411 cubic yards of solid waste that have been manifested and shipped offsite.

SOURCE CONTROL: The well ceased flowing at about 9:00 p.m. on February 16. Preparations for the 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. The ADEC incident management team will continue to monitor the operation and two ADEC responders will remain at Palm Pad until cleanup operations are imminent, at which time additional staff will be recalled to both the Anchorage ICP and the site.

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: Mostly sunny. Patchy ice fog in the morning. Highs around 26 below. Light winds becoming

west around 10 mph.

Tomorrow: Mostly cloudy. Patchy ice fog in the morning. Highs 19 below to 25 below zero. Southwest

winds around 15 mph.

TIME/DATE OF THE NEXT SITUATION REPORT: As the situation warrants.

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		
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

AGENCY /	NAME	SENT VIA	ADDITIONAL	TELEPHONE	FAX
STAKEHOLDER			INFORMATION		
(Fairbanks)			Mead.treadwell@alaska.gov		
Lt. Governor's Office (Juneau)	Parnell/Treadwell	Fax	Sean.parnell@alaska.gov Mead.treadwell@alaska.gov		465-5400
Senator Murkowski's Washington DC Office	Chief of Staff	Fax	North Slope only	(202) 224-6665	(202) 224- 5301
Senator Murkowski's Office in Fairbanks		Fax	North Slope only	456-0233	451-7146
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 Juneau 1/10-5/15	465-3707	465-4821
House 40/ Kotzebue	Reggie Joule	Fax	Kotzebue 5/16-1/09 Juneau 1/10-5/15	465-4833 or (800) 782-4833	465-4586

