

US Army Corps of Engineers Alaska District

Regulatory Division (1145) CEPOA-RD Post Office Box 6898 JBER, Alaska 99506-0898

Public Notice of Application for Permit

PUBLIC NOTICE DATE:	February 16, 2017
EXPIRATION DATE:	March 17, 2017
REFERENCE NUMBER:	POA-1994-757-M4
WATERWAY:	BEAUFORT SEA

PUBLIC NOTICE REVISION

Interested parties are hereby notified that a Department of the Army permit application has been received for work in waters of the United States as described below and shown on the enclosed project drawings.

Comments on the described work, with the reference number, should reach this office no later than the expiration date of this Public Notice to become part of the record and be considered in the decision. Please contact Heather Markway at (907) 753-2797, toll free from within Alaska at (800) 478-2712, by fax at (907) 753-5567, or by email at regpagemaster@usace.army.mil if further information is desired concerning this notice.

<u>APPLICANT</u>: Hilcorp Alaska, LLC, 3800 Centerpoint Drive, Suite 1400, Anchorage, Alaska 99503; Ms. Deborah Heebner, (907) 670-3382, dheebner@hilcorp.com.

LOCATION: The project site is located in Milne Point Unit, within Section 6, T. 13 N., R. 10 E., Umiat Meridian; USGS Quad Map Beechey Point C-5; Latitude 70.507606° N., Longitude -149.660607° W.; North Slope Borough, Alaska.

<u>PURPOSE</u>: The applicant's stated purpose is to expand Milne Point Unit (MPU) F Pad to provide space for up to eight additional development wells.

<u>PROPOSED WORK</u>: The placement of 43,500 cubic yards (cy) of gravel fill material into 3.2 acres of jurisdictional Palustrine emergent wetlands for the expansion of F Pad and construction of up to 8 additional wells. Space is also needed to install associated infrastructure to facilitate production activities from the new development wells at MPU F Pad.

All work would be performed in accordance with the enclosed plan (sheets 1 of 4), dated December 2016.

<u>ADDITIONAL INFORMATION</u>: The original permit was issued to BP Exploration (Alaska) Incorporated on November 3, 1994, authorizing the placement of approximately 253,000 cubic yards of gravel fill material into approximately 16 acres of tundra wetlands and 5 acres of nearshore tidelands of Simpson Lagoon, to construct Milne Point Unit F Pad and a road connecting F Pad to L Pad. On January 4, 1996, permit special condition #2b was modified to allow a time extension for submitting the final study plan of the mitigation 4-year study on saline tundra habitats. On February 25, 1997, the permit was modified to include placement of fill in 3 acres of wetlands and 8 acres of nearshore tidelands to expand F Pad. The permit was modified a 3rd time on August 12, 2009, when BP Exploration (Alaska) Inc., was granted authorization to include placement of fill in 0.3-acre of wetlands to construct a small gravel pad to support the replacement of a segment of the production pipeline.

The permit (and all subsequent modifications) was transferred to Hilcorp Alaska, LLC on December 5, 2014.

This would be the 4th modification to the permit POA-1994-757.

<u>APPLICANT PROPOSED MITIGATION</u>: The applicant provided the following statements (in italics) regarding proposed measures to avoid, minimize, and compensate for impacts to waters of the United States from activities involving discharges of dredged or fill material. The Corps has not evaluated the applicants proposed mitigation statements (below) at this time:

- 1. Avoidance of impacts to waters of the U.S., including wetlands:
 - Hilcorp has reviewed options to avoid an extension of F Pad, but an expansion could not be avoided. A gravel extension to the existing F Pad is required to drill additional development wells and accommodated these additional wells and associated infrastructure. The wells must be drilled south of the existing F Pad to reach our targets in the Schrader Reservoir without running in to all the other wells on F Pad. Space is required between the wellhead and the edge of the pad for drill rigs and workover rigs on the new wells. The drill rigs are larger than drill rigs used when the pad was originally built. When the drill rigs are positioned on the well heads, there is not enough space for the entire drill rig and associated equipment, between the well head and the pad edge. Access to all sides of the rig is required, while the rig is drilling the wells. If access to the rig is blocked on any one side, it will require crane access only to the load pipe, for drill cuttings transfer, mud chemical loading and equipment service and repair. Additional pad space is also required for rig associated infrastructure while the rig is working on F Pad.

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 Space is also required to provide a buffer from the Simpson Lagoon to the west of the piping, header and wells. When the drill rigs and workover rigs are working on the wells, this buffer zone is necessary to mitigate the risks associated with erosion and ice encroachment.

- In order to minimize risks form simultaneous operations on the pad, additional space is needed to allow work on existing wells on F Pad. Additional space is also required for drill rig and workover rig movement around the well rows in this location due to the requirement to work on the wells throughout the year. It is necessary to provide space for emergency vehicles, drilling associated equipment and other well servicing equipment to move around the drill rig while the rig is positioned on a well.
- By extending an existing well pad for drilling new development wells, the following factors were incorporated into this project:
 - Avoided impacting as many lakes, ponds and streams as possible;
 - Avoided Anadromous Water crossings to the maximum extent possible;
 - Will use existing material sites and local existing roads to the maximum extent possible.
- By using extended reach, directional drilling to drill new wells from an existing pad, Hilcorp is avoiding building a new pad in Simpson Lagoon. Hilcorp is also avoiding placing a subsea pipeline or solid fill causeway in Simpson Lagoon to bring the oil back to existing pipelines and processing facilities in Milne Point.
- 2. Minimization of unavoidable impacts to waters of the U.S., including wetlands:
 - Hilcorp's decision to extend the gravel pad along the southwest edge of the pad was made as this is the only location where the Schrader Reservoir can be accessed from at F Pad without running into all the other wells on F Pad. Hilcorp demonstrated minimization of impacts to high quality wetland habitat within the Milne Point Unit by extending the existing pad and utilizing existing infrastructure to the maximum extent possible at F Pad for production from new development wells.
 - The proposed expansion has been designed to use the absolute minimum amount of gravel discharge. The proposed pad expansion is oriented and placed with the long axis parallel to the shoreline with the edges conforming to the shape of the shoreline. This design is expected to minimize the potential for erosion from prevailing currents, which will reduce gravel eroded into the Simpson Lagoon and reduce gravel needs for maintenance. When F Pad was expanded in 1997, the gravel footprint was minimized to what was originally needed for the wells and rigs at that time. We are now adding more wells and infrastructure, which will require an extension to the gravel footprint.
 - The rigs currently used are larger than the ones used when the pad was constructed in 1994 and expanded in 1997. When the larger drill rigs are positioned on the well heads additional space to the edge of the pad is required for the drill rigs and workover rigs. The wells at Milne need to be worked over frequently throughout the year. The larger drill rigs are also used to work over wells. In addition, emergency vehicles, service equipment and snow removal equipment will require access around the drilling rig positioned on the well. In order to minimize risks from simultaneous operations on the pad, additional space is necessary.

- The gravel expansion was designed to be minimal in size, but provide the necessary space for the additional drilling and infrastructure required.
- Hilcorp has minimized the footprint necessary for these additional development wells and associated infrastructure including providing access to the F Pad well rows for drilling, completion and operation of existing wells. Hilcorp designed the footprint to minimize impacts while still drilling new development wells and working on existing wells.
- Compensatory Mitigation for unavoidable impacts to waters of the U.S., including wetlands:
 - Hilcorp has investigated compensatory mitigation. Based on the discussion below, Hilcorp has not identified any means of practicable compensatory mitigation. Through Avoidance and Minimization, Hilcorp has worked to limit the impacts to wetlands. Hilcorp's due diligence analysis of methods of compensation is described below.
 - Hilcorp continues to commit to continued improvement of fish passage routes where existing roads and pads meet streams, creeks and rivers.
 - Through Avoidance and Minimization, Hilcorp has worked to limit the impact to wetlands. Hilcorp conducted due diligence analysis to investigate methods of compensation, including options through payment to an approved wetlands mitigation bank or in-lieu fee agency. No approved wetlands mitigation bank is currently available.
 - Hilcorp examined permittee responsible mitigation; including creation/restoration and preservation. Wetland creation/restoration on the North Slope is impracticable because wetlands are primarily developed through permafrost action (taking hundreds of years to develop) and the growing season is only 60 days. This prevents any reasonable success goals from being achieved that would show replacement of lost functions, as required by regulation. Also the perpetual protection instrument that would be required cannot be accomplished because of land ownership and constitutional protection restrictions.
 - Wetland preservation is also impracticable. Lands within the watershed are owned by the State of Alaska, United States Government, or private native corporations. There are currently no parcels of land available for purchase for preservation of the watershed. State lands on the North Slope are identified for resource development, and any purchase/preservation of those lands would appear to contradict the Alaska Constitution that states those lands are for maximum resource development. The federal lands on the North Slope are not available for private purchase. According to communication with the Arctic Slope Regional Corporation's Director of Land Management and Enforcement, there are no private Native owned lands available for purchase in the area.

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- Out of kind mitigation (working with state/private/federal owners) is not considered practicable because:
 - These projects (e.g. culvert replacement, DOT road reinforcement) are a compliance issue and specifically excluded from gaining credits through compensatory mitigation.
 - Ownership, long term maintenance, adaptive management strategies, financial assurance mechanisms, and perpetual conservation instruments would render any alternatives as being impracticable.
- Hilcorp will continue to explore options to remove gravel structures from the tundra if the structure is not in use.
- Hilcorp will continue to provide support to Polar Bear International and Brigham Young University for their Polar Den Monitoring Study (Hilcorp sponsors this study every year by providing all the housing and logistical support - there may be additional options for funding).
- Hilcorp is open to additional Wildlife, Bird and Vegetation Monitoring Studies.

WATER QUALITY CERTIFICATION: A permit for the described work will not be issued until a certification or waiver of certification, as required under Section 401 of the Clean Water Act (Public Law 95-217), has been received from the Alaska Department of Environmental Conservation.

<u>CULTURAL RESOURCES</u>: The latest published version of the Alaska Heritage Resources Survey (AHRS) has been consulted for the presence or absence of historic properties, including those listed in or eligible for inclusion in the National Register of Historic Places. There are no listed or eligible properties in the vicinity of the worksite. Consultation of the AHRS constitutes the extent of cultural resource investigations by the District Commander at this time, and he is otherwise unaware of the presence of such resources. This application is being coordinated with the State Historic Preservation Office (SHPO). Any comments SHPO may have concerning presently unknown archeological or historic data that may be lost or destroyed by work under the requested permit will be considered in our final assessment of the described work.

<u>ENDANGERED SPECIES</u>: The project area is within the known or historic range of the polar bear (*Ursus maritimus*), Steller's eider (*Polysticta stelleri*), and spectacled eider (*Somateria fischeri*).

We have determined the described activity may affect the threatened the polar bear, Steller's eider, and spectacled eider. We have initiated the appropriate consultation procedures under section 7 of the Endangered Species Act with the U.S. Fish and Wildlife Service. Any comments they may have concerning endangered or threatened wildlife or plants or their critical habitat would be considered in our final assessment of the described work.

ESSENTIAL FISH HABITAT: The Magnuson-Stevens Fishery Conservation and Management Act, as amended by the Sustainable Fisheries Act of 1996, requires all Federal agencies to consult with the NMFS on all actions, or proposed actions, permitted, funded, or undertaken by the agency, that may adversely affect Essential Fish Habitat (EFH). No EFH species are known to use the project area.

<u>TRIBAL CONSULTATION</u>: The Alaska District fully supports tribal self-governance and government-to-government relations between Federally recognized Tribes and the Federal government. Tribes with protected rights or resources that could be significantly affected by a proposed Federal action (e.g., a permit decision) have the right to consult with the Alaska District on a government-to-government basis. Views of each Tribe regarding protected rights and resources will be accorded due consideration in this process. This Public Notice serves as notification to the Tribes within the area potentially affected by the proposed work and invites their participation in the Federal decision-making process regarding the protected Tribal right or resource. Consultation may be initiated by the affected Tribe upon written request to the District Commander during the public comment period.

<u>PUBLIC HEARING</u>: Any person may request, in writing, within the comment period specified in this notice, that a public hearing be held to consider this application. Requests for public hearings shall state, with particularity, reasons for holding a public hearing.

EVALUATION: The decision whether to issue a permit will be based on an evaluation of the probable impacts, including cumulative impacts of the proposed activity and its intended use on the public interest. Evaluation of the probable impacts, which the proposed activity may have on the public interest, requires a careful weighing of all the factors that become relevant in each particular case. The benefits, which reasonably may be expected to accrue from the proposal, must be balanced against its reasonably foreseeable detriments. The outcome of the general balancing process would determine whether to authorize a proposal, and if so, the conditions under which it will be allowed to occur. The decision should reflect the national concern for both protection and utilization of important resources. All factors, which may be relevant to the proposal, must be considered including the cumulative effects thereof. Among those are conservation, economics, aesthetics, general environmental concerns, wetlands, cultural values, fish and wildlife values, flood hazards, floodplain values, land use, navigation, shore erosion and accretion, recreation, water supply and conservation, water guality, energy needs, safety, food and fiber production, mineral needs, considerations of property ownership, and, in general, the needs and welfare of the people. For activities involving 404 discharges, a permit will be denied if the discharge that would be authorized by such permit would not comply with the Environmental Protection Agency's 404(b)(l) guidelines. Subject to the preceding sentence and any other applicable guidelines or criteria (see Sections 320.2 and 320.3), a permit will be granted unless the District Commander determines that it would be contrary to the public interest.

The Corps of Engineers is soliciting comments from the public; Federal, State, and local agencies and officials; Indian Tribes; and other interested parties in order to consider and evaluate the impacts of this proposed activity. Any comments received will be considered by the Corps of Engineers to determine whether to issue, modify, condition or deny a permit for this proposal. To make this decision, comments are used to assess impacts on endangered

species, historic properties, water quality, general environmental effects, and the other public interest factors listed above. Comments are used in the preparation of an Environmental Assessment and/or an Environmental Impact Statement pursuant to the National Environmental Policy Act. Comments are also used to determine the need for a public hearing and to determine the overall public interest of the proposed activity.

AUTHORITY: This permit will be issued or denied under the following authority:

(X) Discharge dredged or fill material into waters of the United States – Section 404 Clean Water Act (33 U.S.C. 1344). Therefore, our public interest review will consider the guidelines set forth under Section 404(b) of the Clean Water Act (40 CFR 230).

Project drawings and a Notice of Application for State Water Quality Certification are enclosed with this Public Notice.

District Commander U.S. Army, Corps of Engineers

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Enclosures

BILL WALKER, GOVERNOR

STATE OF ALASKA

DEPT. OF ENVIRONMENTAL CONSERVATION DIVISION OF WATER 401 Certification Program Non-Point Source Water Pollution Control Program

DEPARTMENT OF ENVIRONMENTAL CONSERVATION WQM/401 CERTIFICATION 555 CORDOVA STREET ANCHORAGE, ALASKA 99501-2617 PHONE: (907) 269-7564/FAX: (907) 334-2415

NOTICE OF APPLICATION FOR STATE WATER QUALITY CERTIFICATION

Any applicant for a federal license or permit to conduct an activity that might result in a discharge into navigable waters, in accordance with Section 401 of the Clean Water Act of 1977 (PL95-217), also must apply for and obtain certification from the Alaska Department of Environmental Conservation that the discharge will comply with the Clean Water Act, the Alaska Water Quality Standards, and other applicable State laws. By agreement between the U.S. Army Corps of Engineers and the Department of Environmental Conservation, application for a Department of the Army permit to discharge dredged or fill material into navigable waters under Section 404 of the Clean Water Act also may serve as application for State Water Quality Certification.

Notice is hereby given that the application for a Department of the Army Permit described in the Corps of Engineers' Public Notice No. **POA-1994-757-M4**, **Beaufort Sea**, serves as application for State Water Quality Certification from the Department of Environmental Conservation.

After reviewing the application, the Department may certify there is reasonable assurance the activity, and any discharge that might result, will comply with the Clean Water Act, the Alaska Water Quality Standards, and other applicable State laws. The Department also may deny or waive certification.

Any person desiring to comment on the project, with respect to Water Quality Certification, may submit written comments to the address above by the expiration date of the Corps of Engineer's Public Notice.





Project Location: Milne Point Unit - F-PAD

Latitude (Decimal Degrees): 70.507606, NAD 1983 Longitude (Decimal Degrees): -149.660607, NAD 1983

Alaska State Plane Zone 4, NAD 1983 X = 1193256.2 Y = 6035247.6

Sec. 6, T13N, R10E, Umiat Meridian

ADL 025509 Adjacent Property Owner: State of Alaska

> Milne Point Unit MPU F-PAD Pad Extension Vicinity Map Figure 1 of 4

Legend







Map Date: 12/27/2016 POA-1994-757-M4

Hilcorp Alaska, LLC





GRAVEL EXPANSION CROSS-SECTION A & B.DWG



GRAVEL EXPANSION CROSS-SECTION C & D.DWG