



US Army Corps
of Engineers
Alaska District

Public Notice of Application for Permit

Regulatory Division (1145)
CEPOA-RD
44669 Sterling Highway, Suite B
Soldotna, Alaska 99669-7915

PUBLIC NOTICE DATE: December 29, 2016
EXPIRATION DATE: January 30 2017
REFERENCE NUMBER: POA-2016-171
WATERWAY: Trading Bay

Interested parties are hereby notified that a Department of the Army (DA) 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 Katherine A. McCafferty at (907) 753-2692, by fax at (907) 420-0813, or by email at Katherine.a.mccafferty2@usace.army.mil if further information is desired concerning this notice.

APPLICANT: Cook Inlet Energy, LLC, Attn: Mr. Conrad Perry, 601 West 5th Avenue, Suite 310, Anchorage, AK 99501

AGENT: Jacobs Engineering, Attn: Kristi Neptun, 4300 B Street, Suite 600, Anchorage, AK 99503

LOCATION: The project site is located at, over, and below the mean high water mark (MHWM, 20.39 feet above the mean low low water elevation of 0 feet) of Trading Bay, within Section 36, T. 9 N., R. 14 W., Seward Meridian; USGS Quad Map Alaska-Kenai D-5; Latitude 60.820764° N., Longitude 151.690172° W.; approximately 3 miles off-shore in Trading Bay; 65 miles southwest of Anchorage, Alaska.

PURPOSE: The applicant's stated purpose is to explore for natural gas and oil resources.

PROPOSED WORK: The applicant proposes to conduct exploratory drilling at one new well location utilizing the Spartan 151 jack-up rig (or a similar jack-up rig). In addition to the proposed drilling, other activities that would require a DA authorization include the installation of a 30 inch diameter steel drive pipe, and installation of a subsea production tree and a protective cap. These activities would take place at, over, and below the MHW of Trading Bay, which is a navigable water of the United States (U.S.). The depth of the substrate at the well location is 40 below the mean low low water (MLLW) elevation of 0 feet.

The Spartan 151 jack-up rig is an A-1 self-elevating mobile offshore drilling unit, with three-250 feet long triangular truss-type legs, with a 232 foot overall length. It has a drilling depth capability of 25,000 feet and can operate in water depths of up to 150 feet.

Installation of the drive pipe would require driving the pipe to a depth of up to 150 feet below the substrate surface using an impact hammer. The drive pipe prevents loose substrate from collapsing onto and obstructing the well bore.

If results of flow testing of the well are poor, the well will be permanently abandoned according to Alaska Oil and Gas Conservation Commission (AOGCC) regulations, which includes cutting and removing all casings 10 feet below the seabed.

If, flow testing results are promising, the applicant will complete the well and conduct further testing to determine the quality of the reservoir and reservoir pressures. The completion of the well would include the installation of a subsea tree and protective shielding will be installed at the sea floor. The subsea tree would be a maximum of 8 feet wide and 11 feet tall. The subsea tree would be covered by a 15 foot wide x 15 foot long x 20 foot tall protective cap which would be pinned or bolted to the subsea tree. If testing results or market conditions do not support development, the subsea tree would be removed using the Spartan 151 jack-up rig and the well would be plugged and abandoned within 12 months of drilling the well. Further development, including any subsea pipelines, would be evaluated as a separate action.

The operation is proposed to begin in late March or early April of 2017, with drilling scheduled to commence in April 2017. The operation would take a total of 70 days to complete. Driving of the drive pile would take 1 to 3 days at the well site.

All work would be performed in accordance with the enclosed plan (sheet 1-6), dated November 1, 2016.

ADDITIONAL INFORMATION:

Additional authorizations required for the proposed project:

Permit/Approval	Approval Date	Expiration Date
Alaska Department of Environmental Conservation		
Alaska Pollutant Discharge Elimination System (APDES) Permit – Individual or General Permit	Expected March 2017	To be determined
Domestic Wastewater Treatment and Disposal System Approval (concurrent with APDES)		
Minor Air Permit	Expected April 2017	To be determined
Oil Discharge Prevention and Contingency Plan	Major amendment approval expected November 2016	August 2017
Alaska Oil and Gas Conservation Commission		
Permit to Drill	Expected March 2017	To be determined
Application for Sundry Approval for completion and well testing (concurrent with Permit to Drill)		
Alaska Department of Natural Resources		
Unit Plan of Operations	Expected February 2017	To be determined
Alaska State Historic Preservation Office		
National Historic Preservation Act Section 106 Review	Expected March 2017	
National Marine Fisheries Service		
Endangered Species Act (ESA) Section 7 Consultation	Expected January 2017	To be determined
Magnuson-Stevens Essential Fish Habitat (concurrent with ESA)		
Marine Mammal Protection Act (MMPA) Incidental Harassment Authorization (IHA) or Letter of Concurrence	Expected March 2017	March 2018
U.S. Fish and Wildlife Service		
Endangered Species Act (ESA) Section 7 Consultation	Expected January 2017	To be determined
U.S. Environmental Protection Agency		
Spill Prevention, Control and Countermeasure (SPCC) Plan	Expected March 2017	To be determined
U.S. Coast Guard		
Vessel and Facility Response Plans	Expected March 2017	To be determined
Private Aids to Navigation Permit		
Notice to Mariners	Prior to rig movement to Sabre site	N/A

APPLICANT PROPOSED MITIGATION: The applicant proposes the following mitigation measures to avoid, minimize, and compensate for impacts to waters of the United States from activities involving discharges of dredged or fill material.

a. Avoidance: There would be no discharges of dredged or fill material into waters of the United States as part of the proposed project. The applicant states that there would be no impacts to wetlands or other non-navigable waters during this project. In addition, a subsea tree would have a smaller footprint on the seafloor than a traditional offshore platform and would not result in a navigational obstacle for smaller vessels.

b. Minimization: Discharges of drilling fluids do not require Department of the Army authorization. If discharge of drilling fluids is allowed under the APDES permit during well construction, the toxicity of the fluids will be minimized by using the least toxic products required to achieve the appropriate fluid properties for the formations and situations encountered. Daily sheen tests will be conducted prior to discharge, and those fluids that exhibit sheen will be containerized and disposed of onshore or in a permitted injection well.

c. Compensatory Mitigation: No compensatory mitigation is proposed.

CULTURAL RESOURCES:

The scope of analysis (permit area) for the proposed project is the area occupied by the Spartan 151 jack up rig when the legs are deployed. The lateral extent of this area is 163 feet wide and 175 feet long, the length and width of the Spartan 151 jack-up rig.

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.

The Bureau of Ocean Energy Management (BOEM) shipwreck database was searched for shipwrecks in the area. No vessels were lost or destroyed by fire in the vicinity of Trading Bay. There are no known shipwrecks in the vicinity of the proposed project. Consultation of the AHRs and the shipwreck database 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.

The applicant has stated that prior to placement of the jack-up rig on the seafloor, a high resolution geographical survey (e.g. side scan sonar) of the seafloor will be conducted to ensure the area is clear of any hazards or obstacles. Divers will also be deployed to inspect the area below the legs to ensure no obstacles are present that might damage the legs. These steps will ensure safe placement of the temporary structure onto the seafloor. The drilling of the well and the deployed legs would disturb bottom substrate, however bottom sediments are highly mobile in the Cook Inlet and the presence of historic properties is unlikely.

The Corps has determined that the proposed project will have no effect on historic properties and requests concurrence from the State Historic Preservation Office.

ENDANGERED SPECIES: The project area is within the known or historic range of the Steller sea lion (*Eumetopias jubatus*), Cook Inlet beluga whale (*Delphinapterus leucas*), the Western North Pacific Distinct Population Segment (DPS) of the humpback whale (*Megaptera novaeangliae*), the Mexico DPS of the humpback whale, and the fin whale (*Balaenoptera physalus*). The project is also within the range of Cook Inlet beluga whale critical habitat.

We have determined the described activity may affect the endangered Steller sea lion, Cook Inlet beluga whale, Western North Pacific DPS of the humpback whale, and fin whale; and the threatened Mexico DPS of the humpback whale. We will initiate the appropriate consultation procedures under section 7 of the Endangered Species Act with the National Marine Fisheries Service (NMFS). Any comments they may have concerning endangered or threatened wildlife or plants or their critical habitat will 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).

The project area is within the known range of the pink salmon (*Oncorhynchus gorbuscha*), chum salmon (*Oncorhynchus keta*), sockeye salmon (*Oncorhynchus nerka*), Chinook salmon (*Oncorhynchus tshawytscha*), and the coho salmon (*Oncorhynchus kisutch*).

We have determined the described activity would not adversely affect EFH in the project area.

TRIBAL CONSULTATION: 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.

PUBLIC HEARING: 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 quality, 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)(1) 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) Perform work in or affecting navigable waters of the United States – Section 10 Rivers and Harbors Act 1899 (33 U.S.C. 403).

Project drawings are enclosed with this Public Notice.

District Commander
U.S. Army, Corps of Engineers

Enclosures