



**Proposed Notice of Sale
Alaska Cook Inlet
Oil and Gas
Lease Sale 258**



Information to Lessees

This document contains Information to Lessees (ITL) clauses designed to inform potential bidders of select applicable Federal requirements and other information that may be of benefit to bidders participating in this sale.

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(1) Seismic Surveys: Environmental and Regulatory Review and Coordination Requirements

Lessees are advised that seismic surveys can affect beluga whales, northern sea otters, other marine mammals, coastal birds, subsistence hunting and fishing activities, and commercial fishing activities. Lessees are advised that all seismic survey activity conducted in the Cook Inlet Planning Area, whether as an ancillary activity or as part of an Exploration Plan (EP) or Development and Production Plan (DPP) (30 CFR part 550), are subject to review by BOEM to ensure the activity complies with the performance standards listed in 30 CFR 550.202. A post-lease or on-lease geological and geophysical (G&G) survey may require a permit in accordance with 30 CFR part 551 when the activity includes acreage beyond the confines of the operator's lease(s) or right-of-way (ROW) or is conducted by a third party not affiliated with the lease/unit.

Pursuant to 30 CFR 550.209, BOEM may require that an activity included in an ancillary activity notice be proposed as a part of a plan, and BOEM may impose appropriate mitigation measures as conditions of approval of the plan. These restrictions or conditions of approval may include, but are not limited to, restrictions on the timing of operations and/or other requirements, such as having a locally approved coordinator on board to minimize unreasonable conflicts between seismic survey activities and subsistence activities and/or commercial fishing activities.

Lessees and applicants are advised that BOEM may require any proposed seismic activities to be coordinated with appropriate wildlife and environmental agencies, co-management organizations, and directly affected subsistence communities to identify potential conflicts and develop plans to avoid these conflicts.

Bidders are advised to review the Lease Stipulations portion of the Final NOS Package, and list of blocks to which the stipulations apply, as certain restrictions on seismic and drilling activities to protect listed species will be included as contractual terms in leases issued as a result of Cook Inlet Sale 258.

(2) Archaeological and Geological Hazards Reports and Surveys

Regulations at 30 CFR 550.214(e) and 30 CFR 550.244(e) require a shallow hazards report to be included in proposed EPs and DPPs. Regulations at 30 CFR 550.227(b)(6) and 30 CFR 550.261(b)(6) also require EPs and DPPs to describe archaeological resources that could be affected by, or affect, proposed activities. Potential submerged archaeological resources range from historic to prehistoric. Historic resources include man-made objects or structures older than 50 years, such as shipwrecks, abandoned relics of historic importance, or submerged airplanes. The likelihood of historic resources is determined by historical records, and tentative locations of historic resources are identified in the Alaska Shipwreck Database. For additional information see <https://www.boem.gov/about-boem/shipwrecks-alaskas-coast>.

Additional guidance is provided in BOEM's Notice to Lessees and Operators (NTL) 2005-A03 (for archaeological surveys) and NTL 2005-A01 (for shallow hazards surveys prior to exploration and development drilling on a lease). These NTLs are available online on the BOEM website at <https://www.boem.gov/guidance>.

(3) Discharge Restrictions and Prohibitions

Lessees are advised that certain discharges into Cook Inlet proposed in an EP or DPP must be authorized by, and comply with, a National Pollutant Discharge Elimination System (NPDES) permit. By agreement between the Department of the Interior and the U.S. Environmental Protection Agency (USEPA), BSEE may conduct NPDES permit compliance inspections of post-lease operations authorized under the Outer Continental Shelf Lands Act (OCSLA). Also, in accordance with 30 CFR 250.300(b)(1), BSEE may further restrict the rate of drilling fluid discharge or prescribe alternative discharge methods. BSEE may also restrict the use of certain components in discharges which could cause unreasonable degradation to the marine environment.

Alaska General Permit (GP) AKG-28-5100 became effective on September 1, 2016, and expired on August 31, 2021. The USEPA has administratively continued coverage for existing permittees until a new permit mechanism is in place; lessees are advised to contact the EPA Region 10 for information on general permit requirements. Although lessees who are not existing permittees can no longer apply for coverage under GP AKG-28-5100, the permit is described herein to provide prospective bidders with awareness of the types of requirements and restrictions that may be included in future Cook Inlet NPDES general or individual permits. In addition to authorizing the discharge of drilling fluids and drill cuttings from exploratory facilities, the recently expired GP AKG-28-5100 also authorized discharges of deck drainage, sanitary wastes, domestic wastes, desalination unit wastes, blow preventer fluid, boiler blowdown, fire control system test water, non-contact cooling water, uncontaminated ballast water, bilge water, excess cement slurry, as well as fluid, cuttings, and cement at seafloor.

Discharges from operations in Cook Inlet were prohibited by recent GP AKG-28-5100 in the following areas:

1. **Ten Meter Isobath.** Facilities were prohibited from discharging shoreward of the 10 meter mean lower low water isobath.
2. **Geographic Restrictions.** Facilities were prohibited from discharging in the following areas:
 - a. Within 20 nautical miles of Sugarloaf Island as measured from a center point at latitude 58°53' N, longitude 152°02' W.
 - b. In Kamishak Bay, west of a line from Cape Douglas to Chinitna Point.
 - c. In Shelikof Strait, south of a line between Cape Douglas on the west (latitude 58°51' N, 153°15' W) and the northernmost tip of Shuyak Island on the east (latitude 58°37' N, 152°22' W).
 - d. Within the Port Graham/Nanwalek AMSA and the 4,000 m buffer surrounding the AMSA.

With respect to exploration activities in the Cook Inlet Lease Sale 258 area, lessees are advised that the NPDES general permit AKG-28-5100 most recently issued by the USEPA prohibited all discharges from Outer Continental Shelf (OCS) oil and gas exploration facilities in Kamishak Bay west of a line from Cape Douglas to Chinitna Point. The discharge prohibition applied to all or part of the following OCS blocks within Official Protraction Diagram (OPD) NO05-01 (Iliamna): Blocks 6436, 6484, 6485, 6486, 6532, 6533, 6534, 6535, 6536, 6582, 6583, 6584, 6585, 6632, 6633, 6634, and 6635. In addition, the most recent NPDES general permit

prohibited discharges within 4,000 m (13,123 ft) of the Port Graham/Nanwalek Area Meriting Special Attention (AMSA) near the Lower Kenai Peninsula. The discharge prohibition also applies to Block 6612 of OPD NO05-02 (Seldovia).

Current NPDES general permits for the Cook Inlet OCS oil and gas exploration facilities are available on the USEPA's website at <https://www.epa.gov/npdes-permits/alaska-npdes-permits>. Lessees are advised to contact EPA Region 10 for further information.

(4) Trash and Debris Awareness and Elimination

Trash and debris pose a threat to marine mammals, birds, fish, and other wildlife; cause costly delays and repairs for commercial and recreational boating interests; detract from the aesthetic quality of recreational shore fronts; and increase maintenance costs for parks and refuges.

Because oil and gas operations can contribute to this chronic problem, BSEE regulations at 30 CFR 250.300(a) and (b)(6) prohibit lessees from deliberately discharging containers and other similar materials (i.e., trash and debris) into the marine environment. BSEE regulations at 30 CFR 250.300(c) and (d) require lessees to make durable identification markings on equipment, tools and containers (especially drums), and other material, and to record and report items lost overboard to the BSEE Regional Supervisor/Field Operations through facility daily operations reports.

Furthermore, the intentional jettisoning of trash has been prohibited by the International Convention of the Prevention of Pollution from Ships (MARPOL) Annex V, the Marine Plastic Pollution Research and Control Act, and regulations imposed by agencies including the USCG and the USEPA. Certain USCG and USEPA regulations further require that lessees become more proactive in avoiding accidental loss of solid waste items by developing waste management plans, posting informational placards, manifesting trash sent to shore, and using special precautions such as covering outside trash bins.

Lessees are expected to exercise special caution when handling and disposing of small items and packaging materials, particularly those made of non-biodegradable, environmentally persistent materials such as plastic or glass that can be lost in the marine environment and washed ashore. Increasing worker awareness of the problem and emphasizing their responsibilities will help reduce litter and control the unintended loss of items such as empty buckets, hard hats, shrink wrap, strip lumber, and pipe thread protectors.

(5) Navigation Safety

Lessees are advised that operations on some blocks offered for lease may be restricted by designation of fairways, precautionary zones, anchorages, safety zones, or traffic separation schemes established by the USCG pursuant to the Ports and Waterways Safety Act (46 U.S.C. §§ 70001 *et seq.*), as amended, and the Deepwater Port Act (33 U.S.C. §§ 1501-1524), as amended.

Lessees also are advised to review the USCG regulations at 33 CFR part 147 – Safety Zones. These regulations establish a 500-meter (1,640-foot) safety zone around several oil and gas production facilities on the OCS, measured from each point on its outer edge or from its construction site, so as not to interfere with the use of recognized sea lanes essential to navigation. These regulations prevent all vessels from entering or remaining in the safety zones except as follows: (1) an attending vessel; (2) a vessel under 100 feet in length overall not

engaged in towing; (3) a vessel authorized by the Seventeenth Coast Guard District Commander, or (4) as otherwise specified in the regulations. These facilities and their locations are specifically identified in 33 CFR part 147.

For additional information, prospective bidders should contact the US Coast Guard 17th District, P.O. BOX 25517, Juneau, Alaska 99802, 907-463-2000.

U.S. Army Corps of Engineers permits are required for construction of artificial islands, installations, and other devices permanently or temporarily attached to the seabed located on the OCS in accordance with section 4(e) of OCSLA, as amended. For additional information, prospective bidders should contact the U.S. Army Corps of Engineers, Alaska District, CEPOA-RD P.O. Box 6898, JBER, Alaska 99506-0898, (907) 753-2712.

(6) Notice of Arrival on the Outer Continental Shelf

Lessees are advised that, pursuant to 33 CFR 146.405, which implements provisions of the Security and Accountability for Every Port Act of 2006 (Public Law [Pub. L.] No. 109-347), owners or operators of U.S. and foreign flag floating facilities, Mobile Offshore Drilling Units, and vessels are required to submit notice of arrival information to the National Vessel Movement Center (see website at <https://www.nvmc.uscg.gov>) prior to engaging in OCS activities (33 CFR part 146).

Section 704 of the Coast Guard and Maritime Transportation Act of 2012 (Pub. L. No. 112-213) mandates that “the regulations required under section 109(a) of the Security and Accountability for Every Port Act of 2006 [now codified at 6 U.S.C. §§ 901 *et seq.* (Pub. L. No. 109-347, 109)] dealing with notice of arrival requirements for foreign vessels on the Outer Continental Shelf shall not apply to a vessel documented under section 12105 of title 46, United States Code, unless the vessel arrives from a foreign port or place.”

For more information, contact:

Port State Control Division (CG-CVC-2)

Telephone: (202) 372-1251

(7) Bidder/Lessee Notice of Obligations Related to Criminal/Civil Charges and Offenses, Suspension, or Debarment; Disqualification Due to a Conviction under the Clean Air Act or the Clean Water Act

A. Information Bidders/Lessees Must Provide to BOEM Related to Criminal/Civil Charges and Offenses, Suspension, or Debarment:

Under 2 CFR 180.335, before submitting a bid, bidders/lessees must notify BOEM in writing if they know that they, or any principals as defined in 2 CFR 180.995:

- are presently excluded or disqualified from entering into a transaction with a Federal agency;
- have been convicted within the preceding three years of any of the offenses listed in 2 CFR 180.800(a), or had a civil judgment rendered against them for one of those offenses within that time period;
- are presently indicted for or otherwise criminally or civilly charged by a governmental entity (Federal, State, or local) with commission of any of the offenses listed in 2 CFR

180.800(a); or

- have had one or more public transactions (Federal, State, or local) terminated within the preceding three years for cause or default.

Under 2 CFR 180.350, after obtaining a lease, bidders/lessees must notify BOEM in writing if they learn that:

- they failed to disclose information earlier, as required by 2 CFR 180.335; or
- due to changed circumstances, they or any of the principals for the transaction now meet any of the criteria in 2 CFR 180.335.

B. Effect of a Conviction Under the Clean Air Act or the Clean Water Act on Bidders/Lessees:

Under 2 CFR 1532.1110, bidders/lessees (including any principals as defined in 2 CFR 180.995) who are convicted of any offense described in 2 CFR 1532.1105 are automatically disqualified from eligibility to receive any lease by award or assignment (i.e., a covered transaction under subpart A through I of 2 CFR part 180, or prohibited awards under 48 CFR part 9, subpart 9.4), if they:

- will perform any part of the transaction or award at the facility giving rise to their conviction (called the violating facility); and
- own, lease, or supervise the violating facility.

NOTE: A conviction of an offense described in 2 CFR 1532.1105 automatically disqualifying bidders from eligibility as described in 2 CFR 1532.1110 set forth in “B” above triggers the notice requirements in 2 CFR 180.335 and 180.350 set forth in “A” above.

(8) Oil Spill Response Preparedness

Lessees are advised they must be prepared to respond to oil spills which could occur as a result of offshore natural gas and oil exploration and development activities. The lessee will submit for approval an Oil Spill Response Plan (OSRP) in accordance with BSEE regulations at 30 CFR part 254. Of particular concern are sections of the OSRP that address the following:

- potential spill size and trajectory;
- specific actions to be taken in the event of a spill;
- the location and appropriateness of oil-spill equipment; and
- the ability of the lessee to protect communities and important resources from adverse effects of a spill.

In addition, lessees will be required, pursuant to BSEE regulations at 30 CFR part 254, to conduct spill response drills that include deployment of equipment to demonstrate response preparedness for spills under realistic conditions.

(9) Bureau of Safety and Environmental Enforcement (BSEE) Inspection and Enforcement of Certain U.S. Coast Guard (USCG) Regulations

Lessees are advised to review USCG regulations at 33 CFR part 140 subpart B, “Inspections.” These regulations authorize BSEE to perform inspections on fixed OCS facilities engaged in OCS activities and to enforce USCG regulations applicable to those facilities in accordance with

33 CFR subchapter N parts 140-147. For more information, contact US Coast Guard 17th District, P.O. BOX 25517, Juneau, Alaska 99802, 907-463-2000.

(10) Air Quality Permit/Plan Approvals

Bidders and lessees are advised that Section 328(a)(1) of the Clean Air Act (42 U.S.C. § 7627(a)(1)) requires the USEPA to establish requirements to control air pollution from OCS sources under its jurisdiction. The USEPA implementing regulations at 40 CFR part 55 apply to OCS sources in Alaska except for that portion of the OCS offshore of the North Slope Borough of the State of Alaska, which are subject to BOEM regulations at 30 CFR part 550, subparts B and C. Therefore, lessees who plan activity in Cook Inlet must consult with the USEPA.

Bidders and lessees are advised to refer to NTL No. 2009-N11, “Air Quality Jurisdiction on the OCS,” which can be accessed on BOEM’s website at <https://www.boem.gov/guidance>. This NTL retains its original identifying number No. 2009-N11 but was updated on June 19, 2020. Bidders and lessees are also advised to check the BOEM website to obtain up-to-date information on air quality requirements.

(11) Inflation Reduction Act of 2022

Bidders are advised that the Inflation Reduction Act of 2022, Pub. L. No. 117-169, 136 Stat. 1818 (2022), directs BOEM to hold Cook Inlet Sale 258 by December 31, 2022, and— notwithstanding the expiration of the 2017-2022 National OCS Oil and Gas Leasing Program— directs BOEM to hold the sale in accordance with the 2017-2022 National OCS Oil and Gas Leasing Program Record of Decision approved by the Secretary of the Interior on January 17, 2017. Bidders should be aware that, among other requirements, the Inflation Reduction Act implements a new minimum royalty for OCS oil and gas leases and requires royalties be paid on all gas produced, with limited exceptions (see Stipulation 11 in this Proposed NOS package). The full text of the statute is available at <https://www.congress.gov/bill/117th-congress/house-bill/5376/text>.

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