



United States Department of the Interior

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Regional Director, Alaska OCS
Bureau of Ocean Energy Management
Anchorage, Alaska

JUN 21 2012

To: Regional Supervisor, Leasing and Plans

From: Regional Supervisor, Environment *Sharon E. Warden*

Subject: Environmental Conditions of Approval for Shell's Revised Outer Continental Shelf Lease Exploration Plan, Camden Bay, Beaufort Sea, Alaska

BOEM's approval letter for Shell's Revised Outer Continental Shelf Lease Exploration Plan, Camden Bay, Beaufort Sea, Alaska, dated August 4, 2011, included three conditions of approval for environmental purposes. Those conditions have been met. The conditions and current status of each are listed below.

Condition 3) No exploratory drilling activities can be conducted until Shell receives an approved Marine Mammal Protection Act (MMPA) authorization from the National Marine Fisheries Service (NMFS) and the U.S. Fish and Wildlife Service (USFWS) and the BOEM has received a corresponding Endangered Species Act (ESA) Incidental Take Statement (ITS).

Status: The NMFS provide BOEM with the ITS dated June 11, 2012, for Shell's Camden Bay activities. The June 11, 2012, letter included a copy of the Incidental Harassment Authorization issued by NMFS to Shell on May 2, 2012.

The USFWS issued the Letter of Authorization (LOA) under the MMPA to Shell on June 4, 2012 (LOA-12-13 includes Shell's proposed 2012 exploration drilling activities in both the Beaufort and Chukchi Seas). Issuance of the LOA finalizes BOEM's consultation under the ESA and serves as the ITS for this proposed action.

Condition 4) No exploratory drilling activities can be conducted until Shell receives a New Source Review (NSR)/Title V Outer Continental Shelf air permit or a Prevention of Significant Deterioration (PSD) permit from the EPA, as appropriate.

Status: Shell has received their air quality permits from EPA Region 10 for both the *Kulluk* and *Discoverer*. EPA issued the final Title V permit for the *Kulluk* on April 12, 2012 (Permit number R10OCS30000). The deadline for filing a petition with the U.S. Court of Appeals for the Ninth Circuit (9th Circuit Court) for review of the *Kulluk* permit is July 6, 2012. EPA issued the final PSD permit for the *Discoverer* on January 27, 2012 (permit number R10OCS/PSD-AK-09-01). The 9th Circuit Court has received petitions for review of the *Discoverer* permit.

Condition 10) No exploratory activities may be conducted until BOEM completes Endangered Species Act consultation with the USFWS regarding the polar bear critical habitat.

Status: BOEM completed ESA consultation on the polar bear critical habitat with receipt of USFWS' May 8, 2012, Biological Opinion.