



United States Department of the Interior
BUREAU OF SAFETY AND ENVIRONMENTAL ENFORCEMENT
Alaska OCS Region
3801 Centerpoint Drive, Suite 500
Anchorage, Alaska 99503-5823

DEC 15 2017

John A. Barnes
Senior Vice President and North Slope Asset Team Leader
Hilcorp Alaska, LLC
3800 Centerpoint Drive, Suite 1400
Anchorage, Alaska 99503

Dear Mr. Barnes:

The Bureau of Safety and Environmental Enforcement (BSEE) is in receipt of the Suspension of Production (SOP) request submitted by Hilcorp Alaska, LLC (HAK) on December 4, 2017. This SOP request pertains to the Liberty Unit, which comprises leases Y-1585, Y-1650, and Y-1886. The Liberty Unit leases are currently held under a SOP that was issued on December 31, 2012, to the prior operator of this unit, BP Exploration Alaska; that SOP was later assigned to HAK, and it has remained in effect (following an extension of the SOP, granted by BSEE on December 31, 2014) to the present time.

The current SOP is set to expire on December 31, 2017, which is the end of the 5-year suspension length that the regulations allow at 30 CFR 250.170(a). However, the 2014 extension of the SOP was intended by BSEE to remain in effect until 30 days after BOEM completed its analysis of and rendered a decision on HAK's Liberty Development and Production Plan (DPP). BOEM is currently at the Draft Environmental Impact Statement (EIS) phase of the NEPA process for the DPP, therefore its DPP review process remains ongoing.

Your SOP request correctly asserts that BSEE may grant consecutive suspensions pursuant to 30 CFR 250.170(a). Your request further cites an appropriate regulatory justification for BSEE to grant a consecutive SOP in this case, namely 30 CFR 250.172(d), "*when necessary to carry out the requirements of NEPA...*". You have also committed in your SOP request to file for a new SOP after BOEM renders a decision on your DPP, "to allow time for development of the field to occur". This scenario meets the requirement for a reasonable schedule of work pursuant to 30 CFR 250.171(b).

Therefore your request for a new SOP is hereby approved; this new SOP is effective as of the date of this letter, and the prior SOP is hereby superseded. Your approval is subject to the following condition: HAK must submit a new SOP request to BSEE within 30 calendar days after BOEM renders a decision on the DPP. That request must include a schedule of work that sets forth HAK's proposed next steps to progress the Liberty Project through final permitting, construction, and into production.

The SOP being approved today will remain in effect until 90 calendar days after BOEM renders a decision on the DPP, subject to the foregoing condition of approval and the guiding assumption that the DPP decision will be issued well before the end of the 5-year suspension length that the regulations allow at 30 CFR 250.170(a). BSEE reserves the right to terminate this SOP if we determine the circumstances that justified it no longer exist or that other lease conditions warrant termination (30 CFR 250.170(e)), or if HAK fails to satisfy the above condition of approval.

We look forward to continuing to work with HAK on this important project.

Sincerely,



Kevin J. Pendergast, PE CPG
Regional Supervisor, Field Operations

cc: David Johnston, BOEM Regional Supervisor, Leasing and Plans
Patricia LaFramboise, BOEM Chief, Leasing Section



Hilcorp Alaska, LLC

John A. Barnes
North Slope Asset Team Leader

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December 4, 2017

Mark Fesmire, P.E., JD
Regional Director, Alaska OCS Region
Bureau of Safety and Environmental Enforcement
3801 Centerpoint Drive, Suite 500
Anchorage, Alaska 99503-5823

Re: Request for Liberty Unit Suspension of Production

Dear Mr. Fesmire:

Hilcorp Alaska, LLC ("Hilcorp Alaska") herewith applies for a new Suspension of Production ("SOP") for the Liberty Unit. The new SOP would commence December 31, 2017. We propose that the new SOP remain in effect until 30 calendar days after the Bureau of Ocean Energy Management ("BOEM") completes its review of and renders a decision on the current Development and Production Plan ("DPP").

The Bureau of Safety and Environmental Enforcement ("BSEE") issued a two-year Suspension of Production (2012 SOP) for the Liberty Unit leases Y-1585 and Y-1650 to then-operator BP Exploration (Alaska), Inc., on December 31, 2012. As a condition of the SOP, the operator was required to submit a DPP to the BOEM no later than December 31, 2014.

Effective November 18, 2014, Hilcorp Alaska, LLC ("Hilcorp Alaska") became owner of a fifty percent (50%) working interest in, and operator of, the Liberty Unit. The 2012 SOP was formally assigned to Hilcorp Alaska on December 30, 2014. Hilcorp Alaska filed the required DPP with BOEM on December 30, 2014. On December 31, 2014, BSEE extended the current SOP stating it would "remain in effect until 30 calendar days after BOEM completes its review of and renders a decision on the DPP. The additional 30 days is to allow time for [Hilcorp Alaska] to apply for a new SOP."

SOPs have a maximum term of five years, but BSEE may grant consecutive suspensions. 30 C.F.R. § 250.170(a). Accordingly, the current SOP will expire on December 31, 2017. BOEM is diligently conducting its review of the DPP and is currently working on the Liberty Project Draft Environmental Impact Statement ("Draft EIS"). Public comments on the Draft EIS are now due December 8, 2017. However, BOEM will not be able to complete its review of and render a decision on the DPP prior to December 31, 2017. Currently, BOEM projects that its review process will be complete sometime in the third quarter of 2018.

BSEE is explicitly authorized to grant an SOP to allow BOEM time to complete its finalization of the Draft EIS and complete its review of the DPP. 30 C.F.R. § 250.172 provides part:

§ 250.172 When may the Regional Supervisor grant or direct an SOO or SOP?

The Regional Supervisor may grant or direct an SOO or SOP under any of the following circumstances:

(a) When necessary to comply with judicial decrees prohibiting any activities or the permitting of those activities. The effective date of the suspension will be the effective date required by the action of the court;

(b) When activities pose a threat of serious, irreparable, or immediate harm or damage. This would include a threat to life (including fish and other aquatic life), property, any mineral deposit, or the marine, coastal, or human environment. BSEE may require you to do a site-specific study (see § 250.177(a)).

(c) When necessary for the installation of safety or environmental protection equipment;

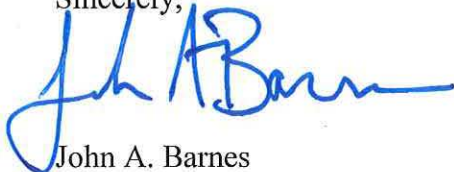
(d) When necessary to carry out the requirements of NEPA or to conduct an environmental analysis; or

(e) When necessary to allow for inordinate delays encountered in obtaining required permits or consents, including administrative or judicial challenges or appeals.

The SOP is necessary to carry out the requirements of NEPA and allow BOEM to complete the environmental impact statement, and to allow BOEM to complete its review of the DPP.

Therefore, Hilcorp Alaska requests that BSEE issue a new SOP for Liberty Unit (including Leases Y-1585, Y-1650, and Y-1886) which will remain in effect until 30 calendar days after BOEM completes its review of and renders a decision on the DPP. If BOEM approves the DPP, Hilcorp Alaska will submit a request for an SOP within the 30 calendar day period to allow time for development of the field to occur.

Sincerely,



John A. Barnes

Senior Vice President & North Slope Asset Team Leader

cc: Kevin Pendergast, Dpty Reg Director & Reg Supervisor, Field Operations, BSEE
David Johnston, Reg Supervisor, Leasing & Plans, BOEM
Mike Dunn, North Slope Operations Manager, Hilcorp Alaska
Marc Bond, Assistant General Counsel, Hilcorp Alaska