Hilcorp Alaska, LLC

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Mr. Justin Miller, Regional Director, BSEE
3801 Centerpoint Drive, Suite 500
Anchorage, Alaska 99503 via e-mail

August 7, 2025

Re: Response to Request for Additional Information - Liberty Project SOP Request

Dear Mr. Kurtz,

Thank you for your letter dated May 23, 2025, requesting additional information regarding Hilcorp Alaska, LLC's ("Hilcorp") Suspension of Production ("SOP") request for the three OCS leases comprising the Liberty Unit. We appreciate the opportunity to provide clarification on our request. Please find below our responses to each item identified in your letter:

<u>Verification of Information Validity</u>

a. General Restatement - Hilcorp has reviewed our SOP requests of August 28, 2024 and December 13, 2024 (the "2024 SOP Requests"). We re-iterate that due to challenges associated with permitting an oil spill response plan from a newly constructed gravel island Hilcorp revised its development strategy and is committed to returning Liberty to production via an extended reach drilling campaign.
b. 30 CFR § 250.171(a) Justification of Suspension - Hilcorp verifies and supplements the basis for its SOP request. We reiterate, for the reasons found in the 2024 SOP Requests, that suspension is proper under 30 CFR § 250.172(d), to carry out the requirements of NEPA, and 30 CFR § 250.172(e), to allow for inordinate delays encountered in obtaining required permits or consents. Additional bases for suspension under 30 CFR § 250.174 are discussed below.
c. 30 CFR § 250.171(a) Length of Suspension Requested – Hilcorp revises the requested length of suspension states in the 2024 SOP Requests and hereby requests a 5-year suspension, consistent with the amended and restated reasonable schedule of work, below.
d. 30 CFR § 250.171(c) Producible Well – Hilcorp confirms that the Liberty #1 and Tern #3 are producible wells that have been drilled on Liberty leases.
e. 30 CFR § 250.171(d) Commitment to Production – Hilcorp reiterates its prior commitments to production, subject to the revised Reasonable Schedule of Work, below.

Reasonable Schedule of Work

Hilcorp hereby revises its proposed Reasonable Schedule of Work ("RSOW"), with milestones that demonstrate measurable progress toward a return to production. Hilcorp proposes a 5-year suspension period, consistent with the RSOW, to allow sufficient time to complete the necessary work leading to production. This time frame represents the minimum time needed to complete and execute our development plan assuming the issuance of the SOP on July 31, 2025.

Phase 1: Regulatory Completion and Permitting (2025-2026)

Q3 2025-Q1 2026:

- Address BOEM's December 26, 2024 deficiencies in DPP Amendment 4
- Submit complete DPP to achieve "deemed submitted" status
- Initiate NEPA process with BOEM

Q1 2026-Q4 2026:

- Complete BOEM NEPA review and obtain Record of Decision
- Finalize Oil Spill Response Plan (OSRP) approval with BSEE
- Obtain federal and state permits
- Complete ESA consultations with USFWS and NMFS

Phase 2: Engineering and Procurement (2026-2027)

2026:

- Finalize extended reach drilling (ERD) well designs
- Begin long-lead equipment procurement
- Conduct pre-construction environmental surveys

2027:

- Complete detailed engineering for Endicott SDI facility upgrades
- Finalize drilling contracts and equipment procurement
- Complete ice road engineering and permitting
- Conduct final pre-drilling preparations

Phase 3: Construction and Drilling (2028-2029)

January-February 2028:

- Ice road construction to Endicott SDI
- Mobilize Doyon 26 drilling rig

March-July 2028:

- Begin drilling SDI-01 (non-hydrocarbon zone)
- Conduct drilling operations during winter season

August-October 2028:

- Drilling pause during open water season
- Procure facility upgrade long-lead items

November 2028-January 2029:

- Complete drilling and completion of SDI-01 (hydrocarbon zone)
- Conduct well testing and commissioning
- Complete facility modifications at Endicott SDI
- Complete facility tie-ins and infrastructure

Phase 4: Production Startup (2030)
Q1-Q2 2030:

- Complete final facility commissioning
- Conduct production system testing
- Obtain final production approvals

Summer 2030 (June-August):

- **Commence commercial production from Liberty Unit**
- Achieve first oil production target
- Begin full-scale operations

Key Milestones:

1. **Q1 2026:** Achieve DPP completeness
2. **Q4 2026:** All major permits obtained
3. **Q4 2027:** Facility modifications design complete
4. **Q1 2028:** Drilling operations commence
5. **Q1 2029:** First well completion
6. **Summer 2030:** Production startup

Throughout the execution of the RSOW, Hilcorp expects to remain engaged with our Federal partners at BOEM and BSEE, providing quarterly updates and accountability as to the achievement of various project milestones.

Commitment to Production & Economic Viability

As requested, we are sending under separate cover, for BSEE's confidential consideration, Hilcorp's feasibility study that evaluated extended reach drilling from the Endicott Satellite Drill Island (SDI). In sum, our current economic analysis demonstrates that the Liberty Project remains commercially viable using extended reach drilling from the existing Endicott SDI. The change from an offshore standalone island to extended reach drilling improves the project economics by:

- Significantly reducing upfront capital expenditures.
- Lowering environmental risks and associated mitigation costs – including avoidance of the boulder patch, limiting impacts to whaling and subsistence activities, and simplifying incident response plans.
- Utilizing existing infrastructure, reducing the overall project footprint.
- Improving operational efficiencies.

Based on this study, we have taken the following specific actions:

- Advanced well-design studies via 3rd party ERD consultants (submitted confidentially).
- Drafted and submitted a revised Development and Production Plan (DPP) with BOEM.

Oil Spill Response Plan Status

Hilcorp holds an active Contingency Plan (C-Plan) for drilling and production activities at the State of Alaska Duck Island Unit, which includes SDI. To meet the Oil Spill Response Plan (OSRP) required pursuant to 30 CFR 254.1 and 254.50 Hilcorp has undertaken significant analysis to amend the C-Plan to incorporate elements required to account for ERD into the Liberty formation. Upon satisfactory amendment of the C-Plan, Hilcorp will provide an addendum that incorporates any additional Federal requirements for BSEE to approve it as a Federal OSRP.

To date we have initiated the following work, which is suspended until Hilcorp is granted an SOP:

- We are currently finalizing our mechanical response strategy for the worst-case discharge scenario
- Scenario Analysis – waterborne plume and trajectory models have been started with our oil spill response organization (OSRO) partners.
- Conceptual design of containment mechanism – final engineering will be determined on anticipated volumes.
- Hilcorp will finalize the Liberty development in the state oil discharge prevention and contingency plan (ODPCP)after the completion of the items above. The OSRP is then compiled with the combination of the ODPCP and the OSRP addendum. Both documents exist and only need the Liberty information added. This effort is being coordinated with Jade Spence in the BSEE Anchorage office.

Suspension Pursuant to 30 CFR § 250.174(a) & (b)

The requested SOP is justified under 30 CFR 250.174(a) and (b), as it will allow us to properly develop the lease, including time to construct and install production facilities, and obtain adequate transportation facilities. This request aligns with Secretary of Energy Order 3417 and 3418, as well as Executive Order 14156, which emphasize the importance of domestic energy production to enhance national security and economic prosperity.

The Liberty Project represents a significant opportunity to develop approximately 120 million barrels of recoverable domestic oil reserves. Our Development and Production Plan (DPP) outlines necessary facility upgrades at the Endicott Satellite Drilling Island to support extended reach drilling operations to access the Liberty reservoir. These upgrades include modifications to accommodate the Doyon 26 drilling rig, which will be mobilized for the 2028-2029 drilling campaign. Additionally, our DPP details the pipeline infrastructure required to transport produced hydrocarbons to market, supporting the national interest in developing domestic energy resources.

The current geopolitical environment, as recognized in SO 3417 and 3418, and EO 14156, underscores the strategic importance of developing domestic oil and gas resources to reduce dependence on foreign energy sources. The Liberty Project directly supports these objectives by advancing responsible development of U.S. offshore energy resources.

We are committed to production from the Liberty Unit and have demonstrated this commitment through our continued investment in engineering studies, permitting activities, and facility

planning. By granting this SOP, BSEE will be acting in the national interest by supporting the expeditious and orderly development of the Liberty Unit, consistent with the Administration's energy security priorities as outlined in the referenced Secretarial and Executive Orders.

We appreciate your consideration of our SOP request and the opportunity to provide this additional information. If you require any further clarification or have additional questions, please contact me at 907-564-4388 or aaron.oquinn@hilcorp.com.

Sincerely,

Aaron O'Quinn
Land Manager, Hilcorp Alaska, LLC

cc: Wes James, Kenneth Stevens, Jacob Tyner, Jim Darling, Bobby Kurtz, Jessie Chmielowski, Greg Wilson, Jim Regg, Givey Kochanowski, April Lockler, Howard Cantor, Justin Furnace, Spencer Kerr

Hilcorp Alaska's Liberty Unit: Supplement to Hilcorp response to May 23, 2025, BSEE Letter requesting additional information regarding Hilcorp Alaska, LLC's ("Hilcorp") Suspension of Production ("SOP") request for the three OCS leases comprising the Liberty Unit.

Hilcorp's SOP request is supported by the law and policy related to energy development in Alaska. On January 20, 2025, President Trump declared a National Energy Emergency and directed immediate action to address the inadequate leasing, development, and production of energy resources that stemmed from the prior Administration's policies.[1] Agencies are to use their authorities to "facilitate" "leasing, siting, production, transportation, refining, and generation of domestic energy resources, including, but not limited to, on Federal lands."[2] With respect to Alaska in particular, President Trump's Unleashing Alaska's Extraordinary Resource Potential Executive Order establishes a policy of "immediately" reversing "the punitive restrictions implemented by the previous administration that specifically target resource development on both State and Federal lands in Alaska."[3]

At the same time, President Trump signed the Unleashing American Energy Executive Order, "to encourage energy exploration and production on Federal lands and waters, including on the Outer Continental Shelf, in order to meet the needs of our citizens and solidify the United States as a global energy leader long into the future."[4] It articulates a policy of encouraging production from federal waters.

President Trump's Executive actions further Congressional policy in the Outer Continental Shelf Lands Act ("OCSLA") that "the outer Continental Shelf is a vital national resource reserve held by the Federal Government for the public, which should be made available for expeditious and orderly development, subject to environmental safeguards, in a manner which is consistent with the maintenance of competition and national needs."[5] And OCSLA allows Interior to grant an SOP if it is in the "national interest" and will further development and production.[6] Little is more clearly in the national interest, in the midst of a national energy emergency, than domestic oil and gas production as President Trump's January 20, 2025 Executive Orders establish.

Hilcorp has worked diligently towards production from the Liberty Unit over many years, investing substantial resources in development of an environmentally responsible and technically sound approach, including years of agency reviews and environmental litigation challenging the Bureau of Ocean Energy Management's ("BOEM") prior approval of a development plan.

In November 2024, Hilcorp submitted an amended Development and Production Plan ("DPP") to BOEM that moves the proposed production site to an existing land-based facility from a previously proposed future new offshore island. Hilcorp's amended DPP abandons the proposal to build a new island, minimizes the project footprint, takes advantage of existing supporting infrastructure, and addresses environmental and safety concerns, including concerns raised by Interior's Bureau of Safety and Environmental Enforcement ("BSEE"). This approach enjoys

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[1] https://www.whitehouse.gov/presidential-actions/2025/01/declaring-a-national-energy-emergency/.
[2] *Id*.
[3] https://www.whitehouse.gov/presidential-actions/2025/01/unleashing-alaskas-extraordinary-resource-potential/.
[4] https://www.whitehouse.gov/presidential-actions/2025/01/unleashing-american-energy/.
[5] 43 U.S.C. § 1332(3).
[6] 43 U.S.C. § 1334(a)(1).

broad support from the State of Alaska's Department of Natural Resources, the Alaska congressional delegation, and has initial positive community outreach engagement with the North Slope Borough government and related communities.

Hilcorp is committed to moving this project forward as proposed in its 2024 SOP request.

I. Legal Background: Suspensions of Production Under OCSLA

OCSLA directs the Secretary of Interior ("Secretary") to administer OCSLA and prescribe rules and regulations to implement OCSLA. This includes regulations "for the suspension or temporary prohibition of any operation or activity, including production, pursuant to any lease or permit [] at the request of a lessee, in the national interest, to facilitate proper development of a lease or to allow for the construction or negotiation for use of transportation facilities."[7] Accordingly, OCSLA provides the Secretary broad discretion to grant an SOP request and President Trump's Executive Orders direct fulfillment of Congress' direction that the OCS be made available for development of its critical natural resources.

BSEE has promulgated regulations governing suspensions of activities on offshore leases.[8] While normally an OCS lease expires at the end of its term unless operations are being conducted on the lease,[9] operators may request approval of a suspension of production or operation from BSEE in accordance with such regulations.[10] If granted, the "suspension may extend the term of a lease…equal to the length of time the suspension is in effect."[11]

BSEE may grant suspensions for a number of reasons. Notably, the "National interest" is prominent among those reasons. BSEE "may grant or direct an SOP when the suspension is in the National interest, and it is necessary because the suspension … will allow you to properly develop a lease, including time to construct and install production facilities …."[12] BSEE may also grant SOPs "[w]hen necessary to carry out the requirements of NEPA or to conduct an environmental analysis; or [w]hen necessary to allow for inordinate delays encountered in obtaining required permits or consents, including administrative or judicial challenges or appeals."[13] Importantly, there are no restrictions on the number of consecutive SOPs granted by BSEE.[14] As discussed in the following sections, as Hilcorp continued to develop the Liberty Unit leases, BSEE had approved of several SOPs in accordance with these regulations.

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[7] 43 U.S.C. § 1334(a)(1) (emphasis added).
[8] *See* 30 C.F.R. § 250.168 through 250.177.
[9] *See* 30 C.F.R. § 250.180.
[10] When submitting a request for SOP, operators must provide: (a) The justification for the suspension including the length of suspension requested; (b) A reasonable schedule of work leading to the commencement or restoration of the suspended activity; (c) A statement that a well has been drilled on the lease and determined to be producible; and (d) The service fee. 30 C.F.R. § 250.171. As discussed further below, Hilcorp satisfied these requirements.
[11] *Id*. at § 250.169.
[12] *Id*. at § 250.174.
[13] *Id*. at § 250.172(d) & (e).
[14] *Id*. at § 250.170(a).

II. Development History of the Liberty Unit Leases

Hilcorp has invested tens of millions of dollars into the Liberty Unit, including investments in acquiring and holding the leases, technical and scientific analysis, development of production scenarios, and environmental reviews. Hilcorp's investment stands on the shoulders of the hundreds of millions of dollars invested by its predecessor to include in developing the discovery well. This investment demonstrates Hilcorp's strong commitment to development and production from the Liberty Unit. Hilcorp estimates that the Unit contains approximately 120-178 million barrels of recoverable crude oil.

a. BOEM's Development Approval Was Overturned by the Ninth Circuit in 2020 After Extensive Review and Several SOP Request Approvals

Drilling of the Liberty No. 1 discovery well began in February 1997 by BP Exploration (Alaska) Inc. ("BP"), and it was determined that the well was producible with a confirmed discovery of estimated 120 million barrels of recoverable reserves from the Liberty Unit.[15] BSEE issued a two-year SOP on December 21, 2012 ("2012 SOP") for the Liberty unit leases Y-1585 and Y-1650 to then-operator BP. As a condition of the SOP, the operator was required to submit a Development Production Plan ("DPP")[16] to BOEM no later than December 31, 2014. Effective November 18, 2014, Hilcorp became owner of a 50% working interest in, and operator of, the Liberty Unit. The 2012 SOP was formally assigned to Hilcorp on December 31, 2014. In 2014, Hilcorp submitted a DPP to BOEM—this original DPP submittal contemplated a greenfield 24-acre gravel island in the Beaufort Sea to drill and produce hydrocarbons from the Liberty leases.

BSEE extended the 2012 SOP stating it would remain in effect until 30 calendar days after BOEM completed its review of and rendered a decision on the DPP. However, it became apparent that BOEM would not be able to complete its review and render a decision prior to expiration of the 2012 SOP extension so Hilcorp submitted a new SOP request to BSEE on December 4, 2017. BSEE approved the new SOP on December 15, 2017 ("2017 SOP") which stated that it would remain in effect until 90 days after BOEM rendered a decision on the DPP and required Hilcorp to submit a new SOP request within 30 days of DPP approval. BOEM approved the DPP on October 17, 2018 ("2018 DPP") and Hilcorp submitted a new SOP request. This request was approved on January 23, 2019 ("January 2019 SOP").

However, the BOEM-approved 2018 DPP was challenged in federal court causing significant permitting uncertainty for the project. Hilcorp continued to submit SOP requests as the DPP was litigated in the 9th Circuit—meanwhile, the company was still working with BSEE to obtain approval of the Oil Spill Response Plan ("OSRP") needed to move the project forward into the development phase, and ultimately, into production.[17] In addition to numerous meetings with BSEE personnel, Hilcorp hosted a multi-day, interagency workshop in Houston, TX to examine and facilitate discussion about intentional well ignition in an effort to inform the permitting

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[15] "BSEE confirms the producibility determination of the Liberty #1 well, drilled by a prior lease on lease OCS-Y-1650 in 1997 in accordance with 30 CFR § 250.171(c)." SOP Denial (Dec. 26, 2024) at 6.

[16] DPPs must be approved by BOEM before activities are conducted on OCS leases. *See* 30 C.F.R. § 550.201. *See also* 30 C.F.R. § 550.241-262 for information that must accompany the DPP.

[17] *See* 30 C.F.R. § 254.2 ("You must submit, and BSEE must approve, an OSRP that covers each facility located seaward of the coast line before you may use that facility.").

process. Hilcorp Alaksa made another SOP request on October 18, 2019, which was approved on December 26, 2019 ("December 2019 SOP"). The 9th Circuit vacated BOEM's DPP on December 7, 2020. Hilcorp then made another SOP request on September 21, 2021, which BSEE approved on December 22, 2021 ("2021 SOP"). The 2021 SOP was set to expire on December 26, 2024.

b. Since 2020, Significant Permitting Delays Occurred Relating to the Original Development Plan

Following the Court's rejection of the 2018 DPP, Hilcorp continued to pursue approvals for the greenfield gravel island approach. As part of these efforts, Hilcorp worked with BSEE for approval of an intentional well ignition ("IWI") method as the primary blowout response strategy. However, BSEE did not accept an IWI approach and associated worst-case discharge scenarios. Ultimately, it became clear that the IWI method would not be approved, and Hilcorp began evaluation of a more robust traditional mechanical oil spill response to facilitate the gravel island development approach. This included collaboration with University of Alaska Fairbanks ("UAF") to provide technical support for OSRP development associated with the gravel island approach.

The evolving OSRP strategy directly impacted Hilcorp's efforts to move forward with the gravel island DPP including with the additional review required by the 9th Circuit's decision. Because Hilcorp was evaluating OSRP options that would potentially include project modifications such as additional ice roads and berms and changes to the island design, these changes would likely alter the DPP proposal and trigger additional and different review under various environmental statutes including the National Environmental Policy Act ("NEPA"), the Endangered Species Act ("ESA"), and the Marine Mammal Protection Act ("MMPA").[18] Ultimately, Hilcorp faced extreme difficulties obtaining the necessary approvals for the OSRP that would allow developing using the gravel island. Consequently, Hilcorp began assessing a different strategy: an extended reach drilling ("ERD") approach where Hilcorp would use an onshore production site.

c. **Hilcorp Turned to the Extended Reach Drilling Approach to Address Interior's Concerns**

As it became more certain that the gravel island approach faced likely unsurmountable challenges with BSEE and BOEM, significant advancements in extended reach drilling technology improved the outlook for extended reach drilling. Hilcorp explained that to "take advantage of the infrastructure at Endicott, [Hilcorp] has elected to use extended reach drilling (ERD) wells from existing Endicott Satellite Drill Island (SDI). Construction activities will be limited to minor modifications of the processing facility and installation of seasonal ice roads to support movement of the drill rig to the SDI."[19] The Endicott SDI is Hilcorp's existing island in the Beaufort Sea used for petroleum production and is connected to the mainland by a causeway carrying an existing road and pipelines. Use of the SDI will minimize construction and offshore activities generally. Hilcorp believes that the Liberty prospect can be developed with relatively few wells and minimal environmental footprint. In addition, the ERD approach has led to

[18] For example, the additional ice roads and berms would require analysis of impacts to marine mammals.
[19] DPP (submitted Nov. 20, 2024) at page 1.

notable improvements to worst-case discharge scenarios due to improved land-based response capabilities; avoids certain protected species issues; addresses concerns of the North Slope Inupiat communities related to subsistence whaling; and is more technically feasible.[20]

In turn, the ERD approach has garnered support from local and state stakeholders. Positive feedback from stakeholders indicates that this new ERD approach is environmentally sound, and a more feasible option compared to the previously proposed gravel island approach. Additionally, under an ERD approach, the UAF study is not needed for the development of the OSRP because the UAF study was focused on the technical aspects of the mechanical response concept associated with the gravel island approach. Hilcorp has an approved OSRP and state-approved Oil Discharge Prevention and Contingency Plan for operations at Endicott. Hilcorp is working to amend those plans to include Liberty operations.

Hilcorp presented this ERD approach to BOEM Alaska Director in January 2024 and continued dialogue regarding the ERD approach with BSEE and BOEM in a joint meeting on March 4, 2024. Hilcorp again reiterated the change in approach in a June 5, 2024, meeting with BSEE as Hilcorp continued to develop an amended DPP and OSRP for BOEM's review. Hilcorp also had a call with BOEM and BSEE representatives on October 4, 2024, to provide an update on Hilcorp's DPP. Hilcorp was given an update on the SOP being in DC for review, but no other feedback on any potential issues with the request. On November 20, 2024, Hilcorp submitted its amended DPP to BOEM and indicated its intention to submit an amendment to its existing OSRP in early 2025. In a December 26, 2024, letter, Hilcorp received a Request for Additional Information ("RFAI") from BSEE for it to start processing the amended DPP. This feedback is normal step in the administrative process and Hilcorp looks forward to working with BOEM to provide the information and move the project forward.

d. Hilcorp's Past Suspension of Operations Requests

Hilcorp has been diligently planning the development of the Liberty Unit since it first acquired an interest in the leases in 2014. As described above, Hilcorp timely submitted SOP requests on several occasions. BSEE determined in the previous three SOP approvals that "development and production" has been "diligently pursued in an environmentally responsible manner" by Hilcorp, and that development of the Liberty Unit was in "the national interest."[21] As Hilcorp continued pursuing DPP and OSRP approvals, BSEE granted SOPs for the following reasons:

- **January 2019 SOP**. BSEE determined that a 1.5-year SOP was in the national interest and justified under § 250.174(a) for allowing Hilcorp to properly develop a lease, including time to construct and install production facilities.

- **December 2019 SOP**. BSEE agreed that Hilcorp was experiencing "inordinate delays" in obtaining necessary permits for DPP and OSRP approvals. The DPP was still being litigated and BSEE had issued its third request for additional information rather than

[20] The benefits of the ERD approach are further detailed in Hilcorp's DPP submitted November 20, 2024.
[21] *See* January 2019 SOP at 2; December 2019 SOP at 2; 2021 SOP at 2.

approving the OSRP. BSEE granted an SOP period that would expire 30 days after OSRP approval or after 2 years.

- **December 2021 SOP**. BSEE again agreed that Hilcorp was experiencing inordinate delays in obtaining OSRP and DPP approvals. BSEE did not disagree with Hilcorp's noted NEPA delays. BSEE granted an SOP period that would last until 30 days following OSRP approval—or three years, whichever shorter. The 30-day window was to be used "to apply for a subsequent SOP for construction."

Following the 2021 SOP, Hilcorp continued its efforts to obtain DPP and OSRP approvals. The current SOP was set to expire on December 26, 2024. Hilcorp submitted a timely, and early, SOP request on August 28, 2024, to extend this period to continue pursuing the necessary permitting approvals and complete the necessary NEPA processes that remain.

e. Hilcorp Alaska's August 28, 2024, Request and December 13, 2024, Supplement

As detailed above, the Liberty Unit has experienced permitting delays, including from the litigation challenging the BOEM-approved 2018 DPP and from the difficulty gaining BSEE concurrence with a OSRP for the greenfield gravel island. These challenges ultimately led Hilcorp to pursue the ERD approach with fewer impacts, as reflected in the amended DPP.

Hilcorp explained in its August 28, 2024, SOP request that Hilcorp had taken a "hard look at different reservoir development strategies that would alleviate the challenges associated with a worst-case discharge spill response scenario and reduce environmental impacts associated with the proposed development."[22] Hilcorp requested the SOP to allow the company to continue pursuing these necessary permits in the wake of significant delays experienced in obtaining approvals, and to allow review of the new ERD-focused DPP.

On December 13, 2024, Hilcorp submitted a supplement to its SOP request. This supplement reiterated Hilcorp's commitment to production noting that it submitted a DPP to BOEM on November 20, 2024, containing a schedule that plans to return Liberty to production by January 2029, and supplemented its schedule of work to include specific milestones from the DPP.

Its request was justified for multiple reasons under the applicable regulations: because additional review under NEPA will be required for Hilcorp's amended DPP, because of permitting delays associated with efforts to develop an OSRP acceptable to BSEE which had implications for Hilcorp's ability to move the DPP forward, and because Hilcorp has demonstrated its unwavering commitment to development of the Liberty Unit in the National interest.

III. The SOP Request Is Necessary Due to Permitting Delays and Delays in Environmental Review (30 C.F.R. § 250.172)

a. The SOP Is Necessary to Allow Review of the Amended DPP

[22] August 2024 SOP Request at 1. Hilcorp requested a 1-year SOP in line with previous BSEE SOP approvals. Hilcorp recognized that "BSEE typically manages suspensions closely and issues them for shorter timeframes." 2019 SOP at 3.

Additional review of Hilcorp's ERD approach is required. To accommodate BSEE's concerns regarding the viability of the greenfield gravel island OSRP and minimize the environmental impacts of the project, Hilcorp has proposed the ERD approach in an amended DPP. Hilcorp recognizes that while some aspects of the earlier NEPA review will be used by BOEM going forward, certain new issues will need to be addressed. BSEE is authorized to issue SOPs "[w]hen necessary to carry out the requirements of NEPA or to conduct an environmental analysis."[23] Here, there is no doubt that an SOP is needed to carry out the requirements of NEPA. Therefore, both the SOP approval criteria and DPP NEPA provisions contemplate an iterative process that necessarily requires working with DOI to develop a sufficient DPP. This iterative process entails submission of additional EIA information as the OSRP and DPP evolve.[24] Here, Hilcorp has been engaged with BSEE and BOEM in such iterative process and continues to provide relevant information as plans develop. As a result, Hilcorp's Liberty Unit is still involved in the NEPA process which has experienced substantial delays as detailed above.

b. The SOP Is Necessary Due to Permit Delays

As detailed above, permitting delays resulted from the Ninth Circuit litigation and extended discussions with BSEE regarding the viability of an OSRP for the gravel island approach. The inordinate delays resulting from litigation and discussions with BSEE regarding an OSRP associated with a gravel island approach have led Hilcorp to pursuing a different ERD approach. To do so in an environmentally sound manner takes careful planning and engagement with relevant agencies and stakeholders. This takes time to do right.

As explained above, BSEE recognized the importance of obtaining approval of the OSRP for the Liberty Unit when authorizing the prior SOPs. As DOI has recognized, "[f]ollowing lease sale of OCS tracts and prior to commencement of any operations, a number of Federal, State, and local permits and consents are required," and "such delays create a risk of having the lease term expire without opportunity to explore or develop the lease." 46 Fed. Reg. 42286-02 (Aug. 20, 1981). Hilcorp worked closely with BSEE and UAF to develop a satisfactory OSRP for the gravel island approach that the company viewed would be approved upon submittal. Those discussions are what ultimately made clear that BSEE would not approve the OSRP for the gravel island approach and led to Hilcorp shifting towards the ERD approach requiring development of a new DPP and OSRP.

c. National Interest

Finally, when granting the prior three SOPs, BSEE determined that the development of the Liberty Unit was in the national interest in accordance with § 250.174. *See* January 2019 SOP at 2; December 2019 SOP at 2; 2021 SOP at 2 (all concluding "that the national interest condition is satisfied."). This remains true, especially in light of the focus on production of American energy in recent executive actions furthering Congressional policy in the OCLSA.

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[23] 30 C.F.R. § 250.172(d).
[24] *See* 30 C.F.R. § 550.261.