



THE STATE
of **ALASKA**
GOVERNOR SEAN PARNELL

**Department of
Fish and Game**

DIVISION OF HABITAT
Kenai Peninsula Office

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October 5, 2012

Steve Lombard
Senior Project Scientist
Carno Entix

-Representing-

Buccaneer Alaska Operations, LLC
952 Echo Lane, Suite 420
Houston, Texas 77024

Dear Mr. Lombard:

RE: Vessel Moorage
Homer Harbor Deep Water Dock
Kachemak Bay Critical Habitat Area
Section 1, T 7S, R 13W, S.M.

Pursuant to 5 AAC 95, the Alaska Department of Fish and Game (ADF&G), Division of Habitat, has reviewed your Situation Report submitted via email on September 27, 2012, for the events leading to the lowering and pinning of the Mobile Offshore Drilling Unit (MODU) Endeavour – Spirit of Alaska legs adjacent to the Deep Water Dock near the Homer Harbor. Also included in the email was a timeline for departure.

ADF&G, Division of Habitat, issued a 'no permit required letter' to Buccaneer on April 19, 2011, for the following project description.

Buccaneer will use ocean-going tugs to move the vessel to winter moorage at the end of each drilling season. During the move and winter moorage, the rig hull is considered a vessel and as such is regulated by the United States Coast Guard. As a moored vessel, the rig will be stored in a warm stack mode and at no time make contact with the substrate. In addition, no in-water work is proposed during winter moorage. The vessel requires >25 feet water depth at dockside, >250 feet berthing space with limited traffic, and shore power. The proposed moorage location is the Deep Water Dock in the Homer Boat Harbor.

After evaluation of the Situation Report it appears that the 'legs down' mode of the 'Endeavour' near the Deep Water Dock was the safest method for moorage during high wind events such as those that occurred September 15 and 16, 2012. Since moorage at the Deep Water Dock hadn't previously been attempted for a vessel of this size and shape, the need to lower the legs to provide stability had not been anticipated.

The KBCHA was established by the Alaska legislature in 1974 through the enactment of AS 16.20.590 to "*...protect and preserve habitat areas especially crucial to the perpetuation of fish and wildlife, and to restrict all other uses not compatible with that primary purpose*". (AS 16.20.500). The Kachemak Bay and Fox River Flats Critical Habitat Areas Management Plan (Management Plan) was adopted by the ADF&G in 1993. Activities that occur within the KBCHA, including those within the Homer Harbor and the Deep Water Dock Facility must meet the goals and policies of the Management Plan, which have been adopted into regulation and are binding on department actions, including the issuance of Special Area Permits. The management plan provides that KBCHA be managed to maintain and enhance public use of fish, wildlife and critical habitat area lands and water.

The 'OIL DRILLING RIG STORAGE' policy in the management plan states "*To avoid damage to fish and wildlife habitats, disturbance to fish and wildlife populations, and the displacement of public use of Kachemak Bay Critical Habitat Area, drilling rig storage will not be allowed in the Kachemak Bay Critical Habitat Area.*"

ADF&G evaluates all applications for work in the KBCHA on a case-by-case basis. Historically, while the Homer Harbor and the Deep Water Dock are within the Critical Habitat Area, ADF&G has not required a Special Area Permit for drilling rig or vessel moorage in these areas. ADF&G recognizes that neither our agency nor the company expected the Endeavour to lower and pin the legs of the vessel during the high-wind events, and therefore we had not contemplated or included that action as part of our "no permit required letter." Based on the Situation Report, ADF&G recognizes that temporarily lowering and pinning of the legs of the vessel was appropriate and was the safest method for moorage during the wind events. ADF&G expects that lowering and pinning the drilling rig's legs may have resulted in some minor disturbance to some benthic habitat, but these impacts are not likely significant. Also, the retraction of the Endeavour's legs and departure from the Deep Water Dock is not expected to adversely impact habitat values or fish and wildlife populations provided the legs are lifted without incident or excessive substrate disturbance. Based on the Situation Report submitted by Buccaneer Alaska Operations, LLC which described the emergency procedures followed by the owners and operators, ADF&G is not planning to take an enforcement action.

We understand that you are planning to move the drilling rig from the KBCHA by October 31, 2012. If the October 31 departure date of the Endeavor is not met, the legs are not lifted off the

substrate before then, or there are significant habitat impacts resulting from retraction of the Endeavor's legs, ADF&G will reassess our options.

We look forward to working with you to resolve these issues.

Sincerely,

Cora Campbell, Commissioner

A handwritten signature in cursive script that reads "Ginny Litchfield".

By: Ginny Litchfield
Kenai Peninsula Area Manager
ADF&G, Division of Habitat

cc: KRC File

By email only:

AWT Homer
ADF&G Homer, Anchorage
Al Ott, ADF&G – Fairbanks
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