



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION 10
1200 Sixth Avenue, Suite 900
Seattle, Washington 98101-3140

Reply to OWW-130

FINDING OF NO SIGNIFICANT IMPACT (FONSI)

To all interested government agencies,
public groups, and individuals:

In accordance with the Environmental Protection Agency (EPA) procedures for complying with the National Environmental Policy Act (NEPA), 40 CFR Part 6, EPA has completed an environmental review of the following proposed action:

**Renewal of the National Pollutant Discharge Elimination System (NPDES)
Permit AK-005330-9**

to:

Pacific Energy Resources Limited (Osprey Platform)

EPA ROLE AND RESPONSIBILITY:

EPA effluent limitation guidelines and new source performance standards for the oil and gas extraction point source category went into effect on December 16, 1996 (61 FR 66123; 40 CFR Part 435). With promulgation of the new source performance standards (NSPS) for oil and gas extraction, those oil and gas projects requiring NPDES permits, which are defined as “new sources,” are subject to the provisions of NEPA. “New Sources” are defined as any facility where construction commenced after the effective date of applicable NSPS (40 CFR 122.2). The Osprey Platform is considered a new source. As a result, the renewal of the Osprey Platform NPDES permit [AK-005330-9] is subject to NEPA review as required under EPA’s regulations for implementing the procedural provisions of NEPA (40 CFR Part 6).

BACKGROUND

The Osprey Platform is a modern oil and gas production platform set in approximately 45 feet of water 1.8 miles southeast of the tip of the West Forelands in central Cook Inlet, AK. During the exploration phase of operations water-based drilling muds and cuttings were discharged into Cook Inlet in accordance with the Cook Inlet Oil and Gas Exploration General NPDES Permit [AKG-285024]. When the platform was converted from exploration to production status in late 2002 the platform became ineligible for coverage under the Cook Inlet Oil and Gas Exploration General Permit. On October 15, 1999, the owner of the Osprey Platform, Forcenergy, submitted an application for an individual NPDES permit for the Osprey Platform. On January 28, 2002, after review of the project’s Environmental Assessment and subsequent Finding of No Significant Impact (FONSI), EPA issued a public notice indicating its intent to issue an individual NPDES permit to the

owners of the Osprey Platform. On July 1, 2002, USEPA issued an individual NPDES permit [AK-005330-9] to the Forest Oil Corporation for the Osprey Platform (formerly owned by Forcenergy).

On December 26, 2006, Forest Oil Corporation submitted an NPDES renewal application and wastewater mixing zone application for the Osprey Platform.

On April 2, 2007, EPA informed Forest Oil Corporation that their permit renewal application had been received and was timely and complete. EPA informed Forest Oil that their existing permit would remain effective and enforceable until a new permit is issued to the facility (40 CFR 122.6).

On October 31, 2007, Forest Oil informed EPA that their Alaskan assets, including the Osprey Platform, were acquired by Pacific Energy Resources Ltd. (PERL) on August 27, 2007. On December 26, 2007, EPA informed Forest Oil Corporation that the permit records have been modified to reflect transfer of permit responsibility from Forest Oil Corporation to PERL. As a result of this transfer, PERL is now responsible and liable for compliance with the NPDES permit as of November 27, 2007.

On October 6, 2008, PERL revised its mixing zone application to the Alaska Department of Environmental Conservation (ADEC). The applicant initially requested a mixing zone for chlorine in the sanitary wastes discharge, which would have provided a chronic dilution factor of 1,800:1 and an acute dilution factor of 1,038:1. Because these dilution factors are larger than the dilution factor used to calculate effluent limits in the previous permit, and because the applicable water quality criteria for chlorine have become less stringent since the time the previous permit was issued, chlorine effluent limits based solely on the applicant's initial mixing zone request and the applicable water quality criteria would be considerably less stringent than those in the previous permit.

Section 402(o) of the Clean Water Act generally prohibits reissuing an NPDES permit with a less-stringent water quality-based effluent limit than the corresponding limit in the previous permit, though some exceptions are provided in Sections 402(o)(2) and 303(d)(4). The less stringent chlorine effluent limits that would have resulted from the dilution factors in the applicant's initial mixing zone request may not have complied with Section 402(o) of the Clean Water Act. Following discussions with EPA and ADEC, the applicant requested and ADEC approved a smaller mixing zone, providing a dilution factor of 133:1, which would allow the facility to discharge chlorine at the effluent limits in the previous permit and meet all applicable water quality criteria at the edge of that mixing zone. Because these effluent limits are not less stringent than those in the previous permit, the effluent limits also comply with Section 402(o) of the Clean Water Act.

On November 13, 2008, pursuant to Section 401 of the CWA, ADEC issued a draft Certificate of Reasonable Assurance (401 Certification) for the draft Osprey Platform NPDES permit reissuance. The 401 Certification authorized a mixing zone for Outfall 003 (sanitary wastewater). The mixing zone provides for a dilution of 133:1 and is 37 meters in axis length, 16 meters in width, and is centered around the Osprey Platform. The orientation of the mixing zone is North-South, with a bias to South-Southwest during the ebb tides. Compliance with Alaska Water Quality Standards must be achieved at the edge of the mixing zone for Total Residual Chlorine (TRRC) and Fecal Coliform Bacteria (FC).

PURPOSE AND NEED OF ACTION

The purpose of the proposed project is to renew the Osprey Platform NPDES permit [AK-005330-9]. The proposed permit reissuance retains all of the outfall discharges currently permitted in the existing permit, and also authorizes the discharge of two additional outfalls not currently permitted in the existing permit.

The need for the action is to allow the permittee, PERL, to continue to operate the Osprey Platform and to establish and/or retain discharge controls and monitoring requirements to protect receiving waters.

AGENCY PREFERRED ALTERNATIVE

EPA's Preferred Alternative, **Alternative 1—Proposed Action**, involves the reissuance of the Osprey Platform's NPDES permit [AK-005330-9]. The seven discharges covered under the existing permit — deck drainage, sanitary waste, domestic waste, boiler blowdown, fire control test water, non-contact cooling water, and excess cement slurry — would be reauthorized. Two additional discharge outfalls requested by the applicant—desalination backwash and filter backwash—would also be authorized.

In their NPDES permit renewal application the permittee requested that certain outfalls permitted under the existing permit be retained as permitted discharges in the reissued permit. The discharge outfalls permitted under the existing permit and requested to be retained in the reissued permit include:

Outfall 002, Deck Drainage

Deck drainage is a permitted discharge under the existing permit and the applicant has requested that it be retained as a permitted discharge in the reissued permit.

Outfall 003, Sanitary Wastewater

Sanitary wastewater is a permitted discharge under the existing permit and the applicant has requested that it be retained as a permitted discharge in the reissued permit.

Outfall 004, Domestic Wastewater

Domestic wastewater is a permitted discharge under the existing permit and the applicant has requested that it be retained as a permitted discharge in the reissued permit.

Outfall 007, Boiler Blowdown

Boiler blowdown is a permitted discharge under the existing permit and the applicant has requested that it be retained as a permitted discharge in the reissued permit.

Outfall 008, Fire Control Test Water

Fire control test water is a permitted discharge under the existing permit and the applicant has requested that it be retained as a permitted discharge in the reissued permit.

Outfall 009, Non-contact Cooling Water

Non-contact cooling water is a permitted discharge under the existing permit and the applicant has requested that it be retained as a permitted discharge in the reissued permit.

Outfall 012, Excess Cement Slurry

Excess cement slurry is a permitted discharge under the existing permit and the applicant has requested that it be retained as a permitted discharge in the reissued permit.

In their NPDES permit renewal application the permittee requested that certain outfalls, not currently included in the existing permit, be added as permitted discharges in the reissued permit. The additional discharge outfalls requested in the NPDES permit reissuance, which were not permitted discharges in the existing permit, include:

Discharge 005, Desalination Backwash

Desalination backwash is not a permitted discharge under the existing permit. The applicant requests that desalination backwash be added as a permitted discharge in the reissued permit.

Outfall 013, Muds, Cuttings and Cement at the Seafloor

The discharge of muds, cuttings and cement at the seafloor was not permitted under the existing permit. The applicant originally requested that the discharge of muds, cuttings and cement be permitted in the reissued permit, but withdrew that request in a letter to EPA dated January 23, 2008. The discharge of muds, cuttings and cement at the seafloor will not be a permitted discharge in the reissued permit.

Outfall 021, Filter Backwash

Filter backwash is not a permitted discharge in the existing permit. The applicant requests that filter backwash be added as a permitted discharge in the reissued permit.

OTHER ALTERNATIVE CONSIDERED

Alternative 2

Under **Alternative 2**, only the two waste streams currently produced by the Osprey Platform and discharged to surface waters of Cook Inlet would be authorized: fire control test water and excess cement slurry. All other waste streams currently produced by platform operations would not be authorized discharges and would continue to be injected into the Osprey Platform's Alaska Oil and Gas Conservation Commission (AOGCC)-permitted Class I/II injection well. The additional discharges requested by the applicant — desalination backwash and filter backwash — would not be authorized. There would be no mixing zone under this alternative.

No Action Alternative

Under the **No Action Alternative**, the existing NPDES permit would remain the same. All provisions in the proposed reissued permit would be identical to the existing permit. The additional waste streams requested by the applicant — desalination backwash and filter backwash — would not be authorized. The reissued permit would only allow deck drainage, sanitary waste, domestic waste, boiler blowdown, fire control test water, non-contact cooling water, and excess cement slurry to be discharged to Cook Inlet receiving waters. The existing 48-acre mixing zone would be retained.

MITIGATION MEASURES

The following mitigation measures have been identified in the EA to lessen the potential for adverse environmental impacts to occur as a result of the proposed action (i.e., Agency Preferred Alternative—Alternative 1).

Geology and Soils:

- No construction activities are associated with the proposed action. Therefore, no impacts to geology and soils are expected and mitigation is not required.

Climate and Air Quality:

- There will be no new sources of air emissions under the proposed action. Therefore, no impacts to climate and air quality are expected and mitigation is not required.

Physical Oceanography:

- No impacts to physical oceanography are expected as a result of the proposed action. Therefore, no mitigation is required.

Marine Water Quality:

- The proposed permit reissuance will contain water quality- and technology-based effluent limitations and monitoring requirements that are necessary to meet Alaska Water Quality Standards and, where applicable, federal water quality criteria. The permittee must comply with the effluent limitations and monitoring requirements contained within the reissued permit as well as all applicable local, state and federal codes, statutes and regulations. The implementation of these limitations and conditions will maintain the water quality of Alaskan waters and prevent unreasonable degradation of the environment.
- Under the authority of Section 402(a)(1) of the Clean Water Act, EPA has established a technology-based effluent limit for FC which is more stringent than the water quality-based effluent limits that would result from the use of the authorized mixing zone.
- The Osprey Platform has developed and implemented an ADEC-approved Oil Discharge Prevention and Contingency Plan (C-Plan) with specific methods to prevent, detect and respond to oil spills, in the event they occur. The C-Plan includes a Spill Prevention Control and Countermeasure (SPCC plan) (Forest Oil, 2007) and a Best Management Plan (BMP) that specifically lists potential major spill sources, maximum worst-case volumes and major mitigation measures. The SPCC plan and BMP include practices and procedures for training personnel operating the Osprey Platform to minimize the risk of spills and appropriately respond when accidents occur. The C-Plan is periodically reviewed, drills conducted and appropriate updates made to ensure the ongoing viability and usefulness of the plans' practices and procedures. Also, per USEPA (2002), the owner of the Osprey Platform should maintain membership in Cook Inlet Spill Prevention and Response, Inc. (CISPRI) a

Federally-approved Oil Spill Removal Organization that maintains a response capability to handle in excess of a 50,000-barrel spill in Cook Inlet waters.

Freshwater Resource:

- There will be no discharge to freshwater resources under the proposed action. Therefore, no impacts to freshwater resources are expected and no mitigation is required.

Marine Biological Resources, Threatened and Endangered Species, and Terrestrial Biological Resources:

- Same as mitigation required for marine water quality.

Socioeconomic Conditions:

- There will be no long-term adverse or beneficial impacts to socioeconomic conditions as a result of the proposed action. Therefore, no mitigation is required.

Subsistence Harvesting:

- There will be no long-term adverse or beneficial impacts to subsistence harvesting as a result of the proposed action. Therefore, no mitigation is required.

Land and Shoreline Use and Management:

- There will be no impacts to land and shoreline use and management as a result of the proposed action. Therefore, no mitigation is required.

Transportation Systems, Recreation, Visual Environment and Aesthetics:

- There will be no impacts to transportation systems, recreation, the visual environment or aesthetics as a result of the proposed action. Therefore, no mitigation is required.

Cultural, Historic, and Archaeological Resources:

- There will be no impacts to cultural, historic or archaeological resources as a result of the proposed action. Therefore, no mitigation is required.

Environmental Justice:

- There will be no impacts to minority or low-income populations as a result of the proposed action. Therefore, no mitigation is required.

SUMMARY

Based on the EA and consideration of the proposed NPDES permit conditions, and in accordance with the guidelines for determining the significance of proposed federal actions (40 CFR Part 1508.27) and EPA criteria for initiating an Environmental Impact Statement (EIS) (40 CFR Part 6.207), EPA has concluded that the proposed NPDES permit will not result in a significant effect on the environment.

In accordance with NEPA regulations at 40 CFR Part 1508.13, the findings of the EA are hereby incorporated by reference. The proposed permit will not significantly affect land use patterns or population, wetlands or flood plains, threatened or endangered species, farmlands, ecologically critical areas, historic resources, air quality, water quality, noise levels, fish and wildlife resources, nor will it conflict with approved local, regional, or state land use plans or policies. The proposal also conforms to all applicable federal statutes and executive orders. As a result of these findings, EPA has determined that an EIS will not be prepared.

Additional copies of the EA can be obtained by calling Jamey L. Stoddard (206-553-6110) or Brian Nickel (206-553-6251) or toll-free in AK, ID, OR and WA at (800) 424-4EPA.

/s/ Christine Psyk for
Michael A. Bussell, Director
Office of Water and Watersheds

8/21/09
Date