



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

DEC 26 2013

OFFICE OF  
AIR, WASTE AND TOXICS

Ms. Susan Childs  
Manager, Alaska Venture Support Integrator  
Shell Exploration & Production  
3601 C Street, Suite 1000  
Anchorage, Alaska 99503

Dear Ms. Childs:

The U.S. Environmental Protection Agency has reviewed your November 6, 2013, request to terminate the Outer Continental Shelf (OCS) air permits for the Noble Discoverer drillship (Chukchi Sea) and the Kulluk Conical Drilling Unit (Beaufort Sea) and has determined that it is appropriate to terminate these EPA air permits. The termination of these EPA air permits will complete the transition of the regulation of air emissions from future Arctic exploratory operations to the U.S. Department of Interior, Bureau of Ocean Energy Management, consistent with the statutory transfer of authority in the Consolidated Appropriations Act of 2012.

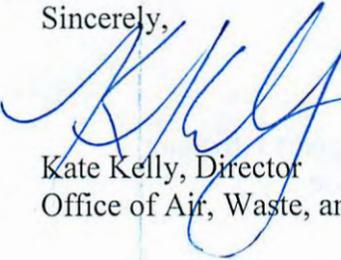
Based on the information in your letter and the December 12, 2013, email from Christopher Lindsey to Natasha Greaves and Dave Bray of our Office of Air, Waste and Toxics, the EPA has determined that the substantive changes to emission units on the Discoverer and its associated fleet cannot be accommodated under the current permit and the EPA no longer has authority to take the necessary permitting actions under Section 328 of the Clean Air Act. Furthermore, potential changes to emission units on the Kulluk to address air compliance issues and the equipment damage resulting from the 2012 grounding would likely also be beyond the EPA's authority. Given Shell's statement that it has no foreseeable plans to use the Kulluk for Arctic exploration, it is appropriate to terminate the Kulluk Clean Air Act operating permit.

This letter hereby terminates the Outer Continental Shelf Prevention of Significant Deterioration Permit to Construct No. R10OCS/PSD-AK-09-01, and the Permit to Construct and Title V Air Quality Operating Permit No. R10OCS030000, effective immediately. The EPA will publish notice of these final actions in the Federal Register.

The EPA has also determined, based on Shell's assertion that it did not commence construction of the Discoverer as an OCS source in the Beaufort Sea, that the Outer Continental Shelf Prevention of Significant Deterioration Permit to Construct No. R10OCS/PSD-AK-2010-01 expired on July 28, 2013.

If you have any questions or concerns regarding this letter or would like to discuss this matter further, please contact myself or David Bray at 206-553-4253.

Sincerely,



Kate Kelly, Director  
Office of Air, Waste, and Toxics

cc: Chris Lindsey  
Shell Exploration & Production

Lance Tolson  
Shell Exploration & Production

Dave Johnston  
Bureau of Ocean Energy Management