



Final Notice of Sale Cook Inlet Oil and Gas Lease Sale 258



Lease Stipulations

The Bureau of Ocean Energy (BOEM) will apply one or more of these lease stipulations to leases resulting from this lease sale. Some lease stipulations apply to all blocks offered, while others apply only to specified blocks, as shown on the map “Final Notice of Sale, Cook Inlet Planning Area Outer Continental Shelf (OCS) Oil and Gas Lease Sale 258 (Cook Inlet Sale 258), December 30, 2022, Stipulation Blocks” included in the Final Notice of Sale (NOS) Package. The “List of Blocks Available for Leasing” contained in the Final NOS Package identifies the blocks to which this lease stipulation applies.

Please note that BOEM has removed former Stipulation No. 5, Protection of Beluga Whale Critical Habitat, which was included in the Proposed NOS, since the blocks to which this stipulation applied are not being offered for sale.

The lease stipulations for Cook Inlet Sale 258 are as follows:

- Stipulation No. 1 Protection of Fisheries
- Stipulation No. 2 Protection of Biological Resources
- Stipulation No. 3 Orientation Program
- Stipulation No. 4 Transportation of Hydrocarbons
- Stipulation No. 5 Protection of Beluga Whale Nearshore Feeding Areas
- Stipulation No. 6 Protection of Beluga Whales
- Stipulation No. 7 Protection of Northern Sea Otter Critical Habitat
- Stipulation No. 8 Protection of Gillnet Fishery
- Stipulation No. 9 Alaska Conflict Management Plan
- Stipulation No. 10 Royalties on All Produced Gas

Stipulation No. 1 will be included in all leases issued as a result of Cook Inlet Sale 258.

Stipulation No. 1 Protection of Fisheries

Exploration, development, and production operations must be conducted in a manner that minimizes or prevents conflicts with fishing communities and gear, including but not limited to, subsistence, sport, and commercial fishing. To minimize or prevent fishing activity conflicts, prior to submitting an Exploration Plan (EP) or a Development and Production Plan (DPP), the Lessee/operator must review the planned exploration or development activities with directly affected fishing organizations, subsistence communities, and port authorities. This includes plans for on-lease surveys, offshore drilling unit mobilization and location, service vessel routes, and other vessel traffic.

The EP or DPP must include a summary of fishing activities in the area of proposed operations, an assessment of effects on fishing from the proposed activity, and measures to be taken by the Lessee/operator to minimize or prevent conflicts. The assessment of effects and measures to minimize or prevent conflicts must be described under the environmental impact analysis, as required by 30 CFR 550.227 for EPs and 30 CFR 550.261 for DPPs.

Stipulation No. 2 will be included in all leases issued as a result of Cook Inlet Sale 258.

Stipulation No. 2 Protection of Biological Resources

If biological populations or habitats that may require additional protection are identified by the Bureau of Ocean Energy Management in the leased area, the Regional Supervisor of Leasing and Plans (RSLP) may require the Lessee/operator to conduct biological surveys to determine the extent and composition of such biological populations or habitats. The RSLP will provide written notification to the Lessee/operator of the requirement to conduct such surveys.

Based on any surveys that the RSLP required of the Lessee/operator, or based on other information available to the RSLP regarding special biological resources, the RSLP may require the Lessee/operator to:

- relocate the site of operations;
- establish to the satisfaction of the RSLP, on the basis of a site-specific survey, either that such operations will not have a significant adverse effect upon the resource identified or that a special biological resource does not exist;
- operate only during those periods of time, as established by the RSLP, that do not adversely affect the biological resources; and/or
- modify operations to ensure that significant biological populations or habitats deserving protection are not adversely affected.

If populations or habitats of biological significance are discovered during the conduct of any operations on the lease, the Lessee/operator must immediately report such findings to the RSLP and make every reasonable effort to preserve the biological resource and protect it from damage. The RSLP will direct the Lessee/operator with respect to the protection of the resource. The Lessee/operator must submit all data obtained in the course of biological surveys to the RSLP to include geospatial information in relation to the Lessee's/operator's proposed action. The Lessee/operator may take no action that might affect the biological populations or habitats surveyed until the RSLP provides written directions to the Lessee/operator with regard to permissible actions. The RSLP will provide a written response outlining permissible actions within 30 days.

Stipulation No. 3 will be included in all leases issued as a result of Cook Inlet Sale 258.

Stipulation No. 3 Orientation Program

An Exploration Plan (EP) or a Development and Production Plan (DPP) submitted under 30 CFR 550.211 or 30 CFR 550.241, respectively, must include a proposed orientation program for all personnel involved in the proposed action (including personnel of the Lessee's/operator's agents, contractors, and subcontractors).

The program must be designed in sufficient detail to inform individuals working on the project of specific types of environmental, safety, social, and cultural concerns that relate to the area that could be affected by the operation or its personnel. The program must address the importance of not disturbing archaeological and biological resources and habitats, including endangered species, fisheries, bird colonies, and marine mammals, and provide guidance on how to avoid or minimize disturbance. The program must address Safety and Environmental Management System elements including, but not limited to: Stop Work Authority; Ultimate Work Authority; Employee Participation Program (Safety); and Reporting Unsafe Working Conditions. The program must be designed to increase the sensitivity and understanding of personnel to community values, customs, harvest practices, and way-of-life in areas where such personnel will be operating. The orientation program also must include information concerning avoidance of conflicts with subsistence, sport, and commercial fishing activities.

The program must be attended at least once a year by all personnel involved in on-site exploration or development and production activities (including personnel of the Lessee's/operator's agents, contractors, and subcontractors) and all supervisory and managerial personnel involved in such activities of the Lessee/operator and its agents, contractors, and subcontractors.

The Lessee/operator must maintain, for a minimum of five years, a record of the name(s) and date(s) of attendance of all employees that have attended the orientation program.

Stipulation No. 4 will be included in all leases issued as a result of Cook Inlet Sale 258.

Stipulation No. 4 Transportation of Hydrocarbons

Pipelines may be required for transporting produced hydrocarbons to shore if the Bureau of Ocean Energy Management (BOEM) determines that: (a) pipeline rights-of-way can be determined and obtained; (b) laying such pipelines is technologically feasible and environmentally preferable; and (c) pipelines can be laid without net social loss, taking into account any incremental costs of pipelines over alternative methods of transportation and any incremental benefits in the form of increased environmental protection or reduced multiple-use conflicts.

BOEM may require that any pipeline used for transporting produced hydrocarbons to shore be placed in certain designated areas. In selecting the means of transportation, consideration will be given to recommendations of knowledgeable advisory groups within Federal, State, and local governments; tribal governments; and industry.

Stipulation No. 5 will apply to OCS blocks that are wholly or partially located within 10 statute miles of major anadromous streams: OPD NO05-01 (Iliamna) Blocks 6436, 6484-6486, 6532-6536, 6582-6586, 6632-6635; OPD NO05-02 (Seldovia) Blocks 6006-6009, 6012-6014, 6058, 6061-6064, 6107, 6108, 6111-6114, 6154, 6156, 6157, 6161, 6163, 6202-6207, 6210-6213, 6252-6256, 6260-6263, 6301-6304, 6311-6313, 6351-6354, 6361-6363, 6401-6403, 6411-6413, 6451-6453, 6462-6463, 6501-6502, 6512, 6551, 6561-6562, 6610-6612; OPD NP05-08 (Kenai) Blocks 6857, 6862, 6907-6910, 6912, 6913, 6957-6959, 6963-6964, 7007-7009, 7013-7015, 7057-7059, 7062, 7063, 7065, 7106-7109, and 7112-7113, as shown on the map entitled “Cook Inlet Planning Area, Lease Sale 258, December 30, 2022, Final Notice of Sale, Stipulation Blocks” included in the Final Notice of Sale (NOS) Package. The “List of Blocks Available for Leasing” contained in the Final NOS Package will identifies the blocks to which this lease stipulation applies.

Stipulation No. 5 Protection of Beluga Whale Nearshore Feeding Areas

On blocks within 10 statute miles of major anadromous streams, the Lessee(s), its operators and subcontractors are prohibited from conducting any on-lease seismic surveys between July 1 and September 30, when beluga whales are migrating to and from their summer feeding areas. Except for when a waiver or variance is granted as provided below, this prohibition remains in force regardless of whether the Lessee(s), its operators or subcontractors have received a permit or authorization under the Endangered Species Act (ESA, 16 U.S.C. 1531-1544), Marine Mammal Protection Act (MMPA, 16 U.S.C. 1361-1423h), or other Federal or State statute for such activities. If the National Marine Fisheries Service (NMFS) identifies additional mitigation measures to protect beluga whales through the ESA, MMPA, or other relevant statutory authority at the time the Lessee submits an Exploration Plan (EP) or Development and Production Plan (DPP), the Bureau of Ocean Energy Management may condition approval of the plan on compliance with the most current mitigation measures.

The Lessee(s) may request a waiver from, or variance to, these stipulations at the time of filing an ancillary activities notice, EP, or a DPP with the Regional Supervisor of Leasing and Plans (RSLP). Lessee(s) requesting a waiver or variance must provide a description of the proposed method(s), and an analysis evaluating the effectiveness of such method(s), for protecting the beluga whales from the specified activities in their plan or notice. Such requests must demonstrate that the alternative method(s) will provide commensurate protection for beluga whales. The decision to approve, approve with conditions, or disapprove a request for waiver or variance from the provisions of this stipulation is in the sole discretion of the RSLP.

Stipulation No. 6 will be included in all leases issued as a result of Cook Inlet Sale 258.

Stipulation No. 6 Protection of Beluga Whales

The Lessee(s), its operators and subcontractors are prohibited from conducting any on-lease seismic surveys between November 1 and April 1, when beluga whales are most likely to be present and distributed across the Cook Inlet Lease Sale 258 area. Except for when a waiver or variance is granted as provided below, this prohibition remains in force regardless of whether the Lessee(s) or its operators or subcontractors have received a permit or authorization under the Endangered Species Act (ESA, 16 U.S.C. 1531-1544), Marine Mammal Protection Act (MMPA, 16 U.S.C. 1361-1423h), or other Federal or State statute for such activities. If the National Marine Fisheries Service (NMFS) identifies additional mitigation measures to protect beluga whales through the ESA, MMPA, or other relevant statutory authority at the time the Lessee submits an Exploration Plan (EP) or Development and Production Plan (DPP), the Bureau of Ocean Energy Management may condition approval of the plan on compliance with the most current mitigation measures.

The Lessee(s) may request a waiver from, or variance to, this stipulation at the time of filing an ancillary activities notice, EP, or a DPP with the Regional Supervisor of Leasing and Plans (RSLP). Lessee(s) requesting a waiver or variance must provide a description of the proposed method(s), and an analysis evaluating the effectiveness of such method(s), for protecting the beluga whales from the specified activities in their plan or notice. Such requests must demonstrate that the alternative method(s) will provide commensurate protection for beluga whales. The decision to approve, approve with conditions, or disapprove a request for waiver or variance from the provisions of this stipulation is in the sole discretion of the RSLP.

Stipulation No. 7 will apply to OCS blocks that are wholly or partially located within 1,000 meters of designated northern sea otter critical habitat: OPD NO05-01 (Iliamna) Blocks 6532, 6533, 6582; OPD NO05-02 (Seldovia) Blocks 6007, 6154, 6156; OPD NP 05-08 (Kenai) Block 6912, as shown on the map “Cook Inlet Planning Area, Lease Sale 258, December 30, 2022, Final Notice of Sale, Stipulation Blocks” included in the Final Notice of Sale (NOS) Package. The “List of Blocks Available for Leasing” contained in the Final NOS Package identifies the blocks to which this lease stipulation applies.

Stipulation No. 7 Protection of Northern Sea Otter Critical Habitat

On any lease block that does not contain northern sea otter designated critical habitat (designated as of November 29, 2022) but is located within 1,000 meters of northern sea otter designated critical habitat areas, the Lessee(s), its operators, and subcontractors are prohibited from the discharge of drilling fluids and cuttings and seafloor-disturbing activities (including anchoring and placement of bottom-founded structures). Except for when a waiver or variance is granted as provided below, this prohibition remains in force regardless of whether the Lessee(s), its operators or subcontractors have received a permit or authorization under the Endangered Species Act (ESA, 16 U.S.C. 1531-1544), Marine Mammal Protection Act (MMPA, 16 U.S.C. 1361-1423h), or other Federal or State statute for such activities. If the U.S. Fish and Wildlife Service (USFWS) identifies additional mitigation measures to protect northern sea otters or their designated critical habitat through the ESA, MMPA, or other relevant statutory authority at the time the Lessee submits an Exploration Plan (EP) or Development and Production Plan (DPP), the Bureau of Ocean Energy Management may condition approval of the plan on compliance with the most current mitigation measures.

The Lessee(s) may request a waiver from, or variance to, this stipulation at the time of filing an ancillary activities notice, EP, or a DPP with the Regional Supervisor of Leasing and Plans (RSLP). Lessee(s) requesting a waiver or variance must provide the proposed method(s), and an analysis evaluating the effectiveness of such method(s), for protecting the northern sea otter critical habitat from the specified activities in their plan or notice. Such requests must demonstrate the alternative method(s) provide commensurate protection for northern sea otters. The decision to approve, approve with conditions, or disapprove the request for waiver or variance from the provisions of this stipulation is in the sole discretion of the RSLP.

Stipulation No. 8 will apply to OCS blocks subject to the gillnet fishery restrictions: OPD NP05-08 (Kenai) Blocks 6857, 6862, 6907-6913, 6957-6964, 7007-7015, 7057-7063, 7065, 7106-7113; OPD NO05-02 (Seldovia) Blocks 6006-6014, 6058-6064, 6107-6114, 6154, 6156-6161, 6163, 6202-6213, and 6252-6263, as shown on the map “Cook Inlet Planning Area, Lease Sale 258, December 30, 2022, Final Notice of Sale, Stipulation Blocks” included in the Final Notice of Sale (NOS) Package. The “List of Blocks Available for Leasing” contained in the Final NOS Package identifies the blocks to which this lease stipulation applies.

Stipulation No. 8 Protection of Gillnet Fishery

The Lessee(s), its operators and subcontractors are prohibited from conducting on-lease seismic surveys during the drift gillnet fishing season as designated each year by the Alaska Department of Fish and Game (ADF&G), approximately mid-June to mid-August. The Lessee(s) is required to notify the United Cook Inlet Drift Association (UCIDA) of any temporary or permanent structures in place or planned during the drift gillnet fishing season. The Lessee(s) must coordinate with the UCIDA to try to resolve and avoid any conflicts to the maximum extent practicable. If the ADF&G, the National Marine Fisheries Service (NMFS), or other agencies identify additional mitigation measures to minimize or avoid conflicts with the drift gillnet fishery at the time the Lessee submits an Exploration Plan (EP) or Development and Production Plan (DPP), the Bureau of Ocean Energy Management may condition approval of the plan on compliance with the most current mitigation or avoidance measures identified at that time.

The Lessee(s) may request a waiver from, or variance to, the prohibitions of this stipulation at the time of filing an ancillary activities notice, EP, or a DPP with the Regional Supervisor of Leasing and Plans (RSLP). Such requests must specify that the proposed method(s) for protecting the drift gillnet fishery from impacts associated with the proposed activities and include an analysis of the efficacy of such method(s). The request must demonstrate that the proposed method(s) provide commensurate protection of the drift gillnet fishery. The decision to approve, approve with conditions, or disapprove the request for waiver of or variance from the provisions of this stipulation is in the sole discretion of the RSLP.

Stipulation No. 9 will be included in all leases issued as a result of Cook Inlet Sale 258.

Stipulation No. 9 Alaska Conflict Management Plan

The Lessee/operator will consult with Alaska Native communities in the lease sale area to identify potential conflicts between planned oil and gas activities and subsistence or other cultural activities. Prior to beginning exploration or development activities, the Lessee/operator will submit a Conflict Management Plan (CMP) documenting consultation with participating communities to determine best practices to prevent unreasonable conflicts with subsistence or other cultural activities, and outline specific mitigation measures the Lessee/operator will implement. The CMP applies to Bureau of Ocean Energy Management (BOEM) -authorized and -permitted activities and associated support activities (such as aircraft or vessel resupplies or crew transfers), which could occur on the Outer Continental Shelf or onshore.

The CMP will detail how the Lessee/operator's oil and gas activities will be scheduled, located, and conducted. The CMP will include specific mitigation measures based on the consultations with participating communities to address identified potential conflicts. All communities, individuals, and other entities who participate in the consultations will be documented in the CMP. The Lessee/operator must notify the Regional Supervisor of Leasing & Plans (RSLP) of all concerns expressed by participating communities relevant to the CMP during operations and report the steps taken to address such concerns.

The RSLP will send a public copy of the Exploration Plan or Development and Production Plan, including an associated Oil Spill Response Plan, to participating communities at the time the plans are submitted to facilitate awareness. It is BOEM's intention for the CMP to facilitate coordination between industry and Alaska Native communities in the lease sale area to further minimize the potential for impacts on subsistence or other cultural activities. The CMP does not require the transfer of benefits or third-party agreements and does not duplicate or replace any existing regulatory processes or separate lease stipulations addressing fisheries or marine mammals.

Stipulation No. 10 will be included in all leases issued as a result of Cook Inlet Sale 258.

Stipulation No. 10 Royalties on All Produced Gas

Pursuant to section 50263 of the Inflation Reduction Act of 2022, Pub. L. No. 117-169, 136 Stat. 1818 (2022), royalties must be assessed and paid accordingly by the Lessee(s)/operator(s) on all gas produced under this lease, including all gas that is consumed or lost by venting, flaring, or negligent releases through any equipment during upstream operations. The Lessee(s)/operator(s) must value any gas or liquid hydrocarbons, including that which is consumed or lost by venting, flaring, or negligent releases, in accordance with the provisions of 30 CFR part 1206. This royalty will not apply with respect to:

- (1) gas vented or flared for not longer than 48 hours in an emergency situation that poses a danger to human health, safety, or the environment;
- (2) gas used or consumed within the area of the lease, unit, or communitized area for the benefit of the lease, unit, or communitized area; or
- (3) gas that is unavoidably lost.

For any gas that the Lessee(s)/operator(s) produces, but for which the Lessee(s)/operator(s) does not pay royalties, the Lessee(s)/operator(s) bear the burden of proof in demonstrating to the satisfaction of the Bureau of Ocean Energy Management and the Office of Natural Resources Revenue that one or more of these exceptions to the requirement to pay royalties under this stipulation applies.