

**Sale of BPXA's Alaska Business and Operations to Hilcorp Alaska,
LLC
Department of Environmental Conservation (DEC)
Frequently Asked Questions**

**What is an Oil Discharge Prevention and Contingency Plan?
(AS 46.04.030, 18 AAC 75.400-496)**

A contingency plan ensures that the plan holder has measures in place to prevent and respond to oil spills, thereby reducing the impact to public health and the environment. A contingency plan provides enough information to guide personnel during an emergency event to respond to a discharge of any size.

In order to effectively do so, the plan must contain: emergency action procedures, facility diagrams, preventative programs including training programs and substance abuse monitoring, descriptions of oil transfer and storage procedures, an incident command system, response limitations, logistical support, available equipment and proof of best available technology use. Simply put, a contingency plan clearly identifies the who, what, when, where, and how for preventing and responding to oil spills.

Does BP have a current Oil Discharge Prevention and Contingency plan (ODPCP)?

Yes. BP has an ODPCP for Greater Prudhoe Bay

Does Hilcorp need an Oil Discharge Prevention and Contingency Plan?

Yes, facilities that produce, store, or transport oil must have an oil discharge prevention and contingency plan approved by DEC. Hilcorp has an existing regional plan for their current North Slope operations and DEC will be working with Hilcorp to include the Greater Prudhoe Bay facilities in Hilcorp's existing regional plan. Hilcorp already submitted its amendment application to DEC, and the 45-day public comment period started on February 7.

**What is Proof of Financial Responsibility?
(AS 46.04.040, 18 AAC 75.205-290)**

Operators that produce, store, or transport oil must demonstrate proof of financial responsibility to respond to events/spills. This may be insurance,

self-insurance, surety, guaranty, letters of credit, or coverage from a P&I Club. Proof of financial responsibility requires annual DEC approval.

- Amount is based on the company's single facility with the highest financial responsibility requirement (each facility isn't required to have separate financial responsibility).
- Maximum proof required for any facility except tankers is \$93.5 million.

Will Hilcorp need Proof of Financial Responsibility to Respond to Spills or Potential Spills?

Hilcorp already has demonstrated proof of financial responsibility for the maximum \$93.5 million for its current assets, primarily using commercial insurance policies. Hilcorp must apply for DEC approval to include the newly acquired facilities under its proof of financial responsibility, prior to the sale closing.

What are the impacts of this transaction on BP Oil Shipping Company?

Currently, BP has two ways to move crude oil from Valdez.

- 1) BP has a contract with Alaska Tanker Company (ATC) to move oil; and
- 2) BP Oil Shipping Company (BPOSC) has its own plan to charter vessels to carry crude oil when the need arises.

Neither of these were part of the sale to Hilcorp.

However, BPOSC does plan to transfer its ownership interest in ATC to another party. Currently, ATC is owned by OSG America Operating Company 37.5%, BP Oil Shipping Company (BPOSC) 25%, and Keystone 37.5%. BPOSC and Keystone are in the process of transferring their ownership interests to OSG Alaska LLC, an affiliate of OSG. Once the transfer is complete, ATC will be a wholly owned subsidiary of OSG and OSG Alaska. ATC will remain the operator of the tankers and the crews of the ships will also remain the same. This transfer will require a change of owner amendment to the existing ATC oil discharge prevention and contingency plan. An application for amendment has been submitted and is under review by DEC.

Will Hilcorp need an Oil Discharge Prevention and Contingency Plan to ship crude out of Valdez?

Hilcorp plans to contract with the Alaska Tanker Company (ATC) for their crude oil shipments out of Valdez. These shipments will be covered under the Alaska Tanker Company-Prince William Sound Oil Discharge Prevention and Contingency Plan.

If there are occasions where Hilcorp wants to bring in separate vessels to ship crude oil out of Valdez, Hilcorp will need a separate Oil Discharge Prevention and Contingency Plan. Hilcorp has options for obtaining this contingency plan:

- 1) Create a new contingency plan for which a pre-application meeting is required at least 60 days before submitting a contingency plan application. The application is due to DEC at least 180 days before start of operations and would require a 30-45 day public comment period. The overall timeframe from receipt of application to DEC approval is typically 4-6 months. The timeframe is influenced by the adequacy of the application and the timeliness of response to DEC questions; or
- 2) Hilcorp could work out a business agreement with BP to purchase the BP Oil Shipping Company USA Tank Vessel Operation Plan. If the operations and response plans don't change, this could require only a change of owner amendment to the contingency plan. Change of ownership can be approved by the DEC within 30 days.

What if there is a spill? Who's liable and who will be responsible?

Hilcorp and BPXA must follow all state, federal and local spill reporting requirements for operations anywhere in Alaska for spills to water, land or secondary containment. The Responsible Party is determined by who has operational control at the time of the spill. If there is a spill from a crude oil tanker, both the shipping company and the owner of the oil will be held as responsible parties.

For contamination existing at the time of sale, Alaska law holds both BP and Hilcorp responsible for contamination after the sale (joint and several liability). While BP is a Responsible Party and will continue to be responsible for contamination existing prior to sale, Hilcorp will conduct activities relating to cleanup actions, long term monitoring, and implementation of Institutional Controls.

What about Wastewater Permits?

Facilities with a wastewater discharge must have an Alaska Pollutant Discharge Elimination System (APDES) permit prior to operations (**AS 46.03.100, 18 AAC 83**). BP currently holds seven wastewater discharge permits that will transfer to Hilcorp.

What about BP's Dredge and Fill Permits?

Facilities that conduct dredge or fill operations must have a permit from the Corps of Engineers and a Clean Water Act Section 401 Certification from DEC. (**AS 46.03.100, 18 AAC 83**)

- In February 2020, Hilcorp and BP evaluated active BP 401 Certifications (DEC authorizations) and developed a list of Certifications that require a name change.
- BP has 11 401 Certifications (only some may need name changes).

What about Solid Waste Management?

Facilities disposing of, storing, or treating solid waste must apply for and receive a DEC permit prior to operations. BP has five active permitted facilities, and these permits will transfer to Hilcorp.

What about Air Quality Permits?

The mission of the ADEC Air Permit Program is to protect the Alaskan environment by ensuring that air emissions from industrial operations in the state do not create unhealthy air. This is accomplished through permitting actions and compliance assurance inspections. BPXA currently holds several different types of Air Quality Permits that are based on the type of stationary source and activity. Each applicable permit will be transferred to Hilcorp as part of the sale.