Department of Energy
Washington, DC 20585

October 19, 2026

Michael Vallejo, Chief Financial Officer
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Subject: Completion of Tranche 1 Environmental Review for Project Elkhorn (EDF Loan No. EDF0019) and Environmental Review Requirements for Subsequent Tranches

Dear Mr. Vallejo:

As described in DOE's July 14, 2026 environmental review initiation letter, the U.S. Department of Energy (DOE), Office of Energy Dominance Financing (EDF), is considering Federal financial assistance under Title XVII of the Energy Policy Act of 2005, as amended (42 U.S.C. § 16511 et seq.), to Elkhorn Offshore, LLC (Applicant), a subsidiary of Arena Energy, LLC (Sponsor or Arena), for Project Elkhorn. This letter documents EDF's completed environmental review of the defined Tranche 1 activities, its consideration of the applicable Federal environmental requirements, and the process EDF will apply to subsequent financing tranches.

Project Elkhorn is a multi-year brownfield redevelopment of offshore oil and natural gas infrastructure in the Southern Eugene Island area of the Federal Outer Continental Shelf (OCS), offshore Louisiana, in the Gulf of America. The proposed financing covers refurbishment, repowering, retooling, replacement, and relocation of offshore platforms; processing and compression upgrades; and associated subsea pipeline and infrastructure work. Financial assistance is contemplated through five tranches extending from 2026 through 2030. Future development drilling, routine production and maintenance, plugging and abandonment, eventual decommissioning, and separately funded onshore engineering or fabrication are excluded from the defined financed scope. DOE financing does not itself authorize offshore work; the Bureau of Ocean Energy Management (BOEM) and Bureau of Safety and Environmental Enforcement (BSEE) retain their respective regulatory responsibilities under the Outer Continental Shelf Lands Act.

On July 9, 2026, DOE determined that its financing action associated with Project Elkhorn is excluded from the definition of a major Federal action under the National Environmental Policy Act (NEPA). EDF nevertheless independently evaluated the applicability of other Federal environmental statutes to its financing action and reviewed BOEM/BSEE programmatic and project-specific environmental materials as the principal technical and factual record.

Completion of Tranche 1 BOEM/BSEE Record Review

Arena has provided EDF with six BOEM-approved Development Operations Coordination Document (DOCD) packages and three BSEE-approved pipeline right-of-way (ROW) modification packages, covering all activities within the defined Tranche 1 financing scope. EDF has completed its review of these nine approval packages and confirmed that the underlying approved plans, activities, locations, and environmental conditions encompass the activities proposed for Tranche 1 financial support from DOE. The approval records provided by Arena are summarized below.

Approval type	Control / ROW No.	Principal blocks / segment	Approval date
BOEM DOCD	N-10228	EI 307, 308, 315	Jan. 9, 2024
BOEM DOCD	S-8190	EI 315, 316, 329	Aug. 19, 2025
BOEM DOCD	S-8199	EI 330, 337	Dec. 15, 2025
BOEM DOCD	R-7427	EI 275, 276	May 8, 2026
BOEM DOCD	S-8206	EI 338, 353, 354	July 1, 2026
BOEM DOCD	N-10268	EI 352, 353	July 31, 2026
BSEE ROW	OCS-G29835	SM 128 to EI 330	Aug. 28, 2026
BSEE ROW	OCS-G29836	EI 330 to EI 259	Aug. 28, 2026
BSEE ROW	OCS-G29822	EI 259 to EI 188	Sept. 16, 2026

Summary of Applicable Environmental Reviews

Endangered Species Act (ESA), Section 7. EDF compared the financed activities with the BOEM/BSEE Gulf OCS oil and gas programmatic review framework, including the May 20, 2025 NMFS Biological Opinion, and evaluated the March 31, 2026 Endangered Species Committee exemption for covered Gulf oil and gas activities. EDF determined that the DOE financed activities fall within the covered framework and that no separate DOE Section 7 consultation is required for the financing action. All applicable BOEM/BSEE protected-species project criteria and approval conditions remain operative for the underlying work.

National Historic Preservation Act (NHPA), Section 106. EDF evaluated the applicability of Section 106 to the wholly Federal-OCS financed work and coordinated with the Advisory Council on Historic Preservation (ACHP). ACHP staff correspondence dated August 13, 2026, provided guidance on the limited geographic reach of the Section 106 review process for Federally assisted offshore activities outside State boundaries, absent related terrestrial effects, and the availability of voluntary reviews. EDF considered this guidance in light of BOEM's project-level archaeological procedures, information, clearances, and avoidance conditions completed as part of its review. EDF found that no additional voluntary reviews are needed and will reassess the historic-property compliance pathway if the scope or potential effects materially change. EDF notes that the correspondence with ACHP provided procedural guidance, not a project-specific effects concurrence.

Coastal Zone Management Act (CZMA), Section 307. EDF independently considered the reasonably foreseeable coastal effects of its financing action and reviewed relevant BOEM-approved OCS plans, environmental analyses, and applicant consistency certifications. EDF determined that the proposed Federal financial assistance will be carried out in a manner consistent to the maximum extent practicable with the enforceable policies of Louisiana's approved coastal management program. EDF relied on BOEM's underlying OCS plan and consistency review materials as the factual basis for its separate determination, without treating a BOEM approval as a stand-alone Louisiana concurrence letter.

Magnuson-Stevens Act — Essential Fish Habitat (EFH). EDF determined that the financed work may adversely affect EFH, but that expected effects are localized, limited, and not substantial. On September 3, 2026, EDF submitted its EFH Assessment and request for abbreviated consultation to NOAA Fisheries/NMFS under 50 C.F.R. § 600.920. EDF incorporated BOEM/BSEE's 2022 Gulf OCS programmatic EFH consultation and applicable project-level reviews as the principal technical basis. On September 8, 2026, NMFS concurred that the proposed activities would occur within or near areas designated as EFH by the Gulf Fishery Management Council and NMFS, and anticipates that any adverse effects on NOAA trust resources and EFH would fall within the range of effects considered in the 2022

programmatic EFH consultation. EDF will maintain the NMFS consultation and closeout record and address any conservation recommendations in the applicable financing controls.

Marine Mammal Protection Act (MMPA). EDF reviewed the financed activities against BOEM/BSEE's programmatic environmental analyses, protected-species criteria, and project-specific approval framework. EDF determined that issuance of financial assistance does not independently require DOE to obtain an incidental take authorization or conduct a separate MMPA interagency consultation. This determination does not authorize take or relieve the applicant, operator, or contractors of any applicable NMFS authorization, avoidance, monitoring, reporting, or other project-level obligations.

BOEM Coordination and Subsequent-Tranche Review

In July and October 2026, EDF has coordinated its approach of relying on, becoming party to, and/or participating in the reviews and consultations associated with Project Elkhorn with BOEM/BSSE. EDF appreciates BOEM's and BSEE's coordination and will continue to rely on and/or become party to, where appropriate, on BOEM/BSEE technical and regulatory reviews and consultations while independently evaluating their adequacy for DOE's financing actions. Such reliance does not transfer, diminish, or delegate the respective agencies' statutory responsibilities.

For Tranches 2 through 5, Arena must furnish the applicable BOEM/BSEE approval packages and underlying environmental review records before EDF authorizes disbursements for the affected financed activities. Depending on the activity, these records may include approved DOCDs and revisions; ROW, platform, pipeline, and other permits; archaeological, geophysical, or biological surveys and clearances; consultation outcomes; and enforceable conditions of approval. EDF will apply the same activity-specific comparison used for Tranche 1 to confirm that the approval record addresses the proposed locations, footprints, construction methods, and environmental effects, and will document its separate conclusions in the tranche-specific reviews.

EDF will not authorize the use of financing proceeds for a financed activity with an outstanding legally required environmental review, consultation step, permit, or approval. Material changes in scope, location, design, construction method, or effects, as well as newly identified resources or agency conditions, will be evaluated before EDF authorizes the relevant disbursement. All BOEM/BSEE approvals and conditions remain independently applicable to Arena and its contractors.

Conclusion

Based on the documents furnished by Arena and EDF's independent review, EDF confirms that its review of the BOEM/BSEE environmental approval record covering the defined Tranche 1 activities is complete and supports EDF's environmental determinations described above. EDF will maintain the relevant consultation record and address any requirements before authorizing disbursement for an affected activity. EDF will follow the same documented approach for each subsequent tranche and will coordinate with BOEM, BSEE, and the relevant resource agencies as needed to meet DOE's obligations.

EDF notes that the Applicant remains responsible for obtaining and complying with all permits, approvals, authorizations, and environmental conditions required for construction and operation of the Project. Thank you for your continued cooperation in supporting EDF's environmental review.

Respectfully,

WHITNEY DONOGHUE

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Whitney Donoghue
Environmental Project Manager
Office of Energy Dominance Financing

cc: Gregory Davis; Russell Parker; Alicia Williamson (DOE EDF)
Michelle Picou; Melonia Mirati; Perry Boudreaux (DOI MMA)