United States Department of the Interior

FISH AND WILDLIFE SERVICE
1011 E. Tudor Road
Anchorage, Alaska 99503-6199

IN REPLY REFER TO:

AFES/MMM

0 3 FEB 2011

Dr. Diane Sanzone
Senior Environmental Scientist
BP Exploration (Alaska), Inc.
900 East Benson Boulevard
P.O. Box 196612
Anchorage, Alaska 99519-6612

Dear Dr. Sanzone:

This responds to your requests for Letters of Authorization (LOA) from the U.S. Fish and Wildlife Service (Service) for the incidental take of polar bears and Pacific walrus and the intentional take of polar bears in regards to BP Exploration (Alaska), Inc. (BPXA) activities associated with oil and gas exploration, development, and production programs on the North Slope of Alaska. These activities include the 2011 Liberty Development Project (as per BPXA's request dated November 9, 2010) and the 2011 Red Dog #1 Plug and Abandonment Project. This letter also responds to your November 29, 2011, request for a LOA from the Service for the intentional take of polar bears while conducting production-related activities in polar bear habitat.

BPXA will drill Ultra Extended Reach Drilling wells from the Endicott Satellite Drilling Island (SDI) to access the Liberty reservoir located about 5 to 8 miles (approximately 8 to 13 km) east of the SDI in about 20 feet (approximately 7 meters) of water. The Liberty drilling program will include one to four producing wells, one or two water injection wells and a cuttings re-injection well. No well test flaring is planned for this drilling program. Liberty production will be sent via the existing Endicott SDI production flowline system to the Endicott Main Production Island for processing.

In addition, BPXA will plug and abandon the exploratory well at Red Dog #1. BPXA plans to build a spur ice road to the Red Dog #1 Well Site from the main ice road to point Thomson operated by ExxonMobil. An ice pad is planned to be constructed approximately 150 feet (about 46 meters) around the wellhead to stage equipment. No camp is planned to be on location. All work will be dispatched from either Prudhoe Bay or Badami.

Enclosed are LOAs (11-08 and 11-09) that will allow BPXA to take small numbers of polar bears and walruses incidental to the 2011 Liberty Development and 2011 Red Dog #1 Plug and

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Abandonment Project activities, respectively. If any changes develop in your projects during the 2011 season, such as activities or location, please notify the Service, Marine Mammals Management Office (MMM) prior to the planned operation. This will allow us to evaluate the activity and, if appropriate, amend your LOAs.

In addition, this letter includes a harassment authorization (11-INT-08), where BPXA and its representatives are granted authorization to take polar bears by harassment (deterrent activities) for the protection of both human life and polar bears while conducting activities in polar bear habitat. This includes the aforementioned activities – the Liberty Development and Red Dog #1 Projects and slope-wide production-related activities. This LOA is issued specifically to BPXA employees who are responsible for ensuring that trained and qualified personnel are assigned the task to harass (deter) polar bears. It is the responsibility of BPXA personnel to report all polar bear harassment events to the MMM within 24 hours. This LOA is effective from the date of issuance to December 31, 2011. Intentional take is authorized under Sections 101 (a)(4)(A), 109(h), and 112(c) of the Marine Mammal Protection Act (MMPA).

Protection measures for polar bears described in BPXA's Polar Bear Interaction Plan contain appropriate safeguards to limit human/animal interactions. The BPXA field camps and personnel can limit encounters of polar bears by being observant of approaching animals (i.e., the use of polar bear guards) and breaking off interactions, if practicable, by allowing the animals to continue their travel. All terms of the BPXA Polar Bear Interaction Plan are incorporated by reference and full implementation is expected. Service biologists are available for consultation if questions or concerns arise regarding polar bears during the project period at the phone numbers listed below and noted in your interaction plan.

If a polar bear interaction escalates into a life threatening situation, Section 101(c) of the MMPA allows, without specific authorization, the take (including lethal take) of a polar bear if such taking is imminently necessary in self-defense or to save the life of a person in immediate danger, and such taking is reported to the Service, MMM within 24 hours.

As mentioned in previous LOAs, polar bear conservation has benefited from monitoring programs associated with the Incidental Take Program since 1993. Monitoring serves to assess the effect of industrial activities on polar bears by evaluating trends and effects of bear encounter rates, take frequency, as well as the location and timing of encounters. Additionally, through monitoring the Service seeks to limit disturbance to maternal polar bear den sites, both known dens and those areas that could possibly be preferred by denning polar bears. Use of caution is advised when operating near these areas during the maternal denning period (mid November to mid April). The U.S. Geological Survey has posted information regarding polar bear denning habitat on the Alaska Science Center (ASC) website, plus associated documents. The den habitat map (ARC/INFO export file), the mapping manuscript (PDF file) and a picture of den habitat (JPG file) are available on the ASC website (http://www.absc.usgs.gov/dataproducts.htm). Please use these resources when planning activities in potential denning areas and contact us immediately if any dens are found during oil and gas activities.

Furthermore, in accordance with Section 7 of the Endangered Species Act of 1973, (ESA) as amended, issuance of this LOA also fulfills the requirements for Tier 2 Consultation of the Programmatic Biological Opinion (BO) for the activities described herein. In the "Programmatic Biological Opinion for Polar Bears (*Ursus maritimus*) on Beaufort Sea Incidental Take Regulations" (Regulations) (June 2008; Tier 1 BO), the Service determined that the total take anticipated as a result of the issuance of the Regulations is not likely to result in jeopardy to the polar bear, in accordance with Section 7 of the ESA. In order for the Tier 2 BO to be consistent with the "no jeopardy" conclusion of the Tier 1 BO and for an ESA Incidental Take Statement (ITS) to be provided: (1) the proposed activity must provide the required information, as described in §18.124 of the Regulations, (2) the LOA must include any mitigation measures that the MMM believes appropriate for the specific activity and location, as described in §18.128 of the Regulations, and (3) the MMM must determine that the incidental take for the specific activity will be consistent with the negligible impact finding for the total take allowed under the Regulations.

Reasonable and prudent mitigation measures, as well as implementing terms and conditions were included for MMM in the Tier 1 BO and have been incorporated into the LOA process. Issuance of this ITS with the LOA completes ESA requirements for authorization of incidental take of the polar bear. Compliance with the terms and conditions of this LOA insures that the LOA holder is also in compliance with the ESA.

An additional requirement of this LOA is for BPXA to provide observational data of polar bears throughout the project and a complete report of all observations at the conclusion of the project to document take. This final report will be provided to the MMM. This report meets the tracking and reporting requirements relative to the documentation of take as required by the MMPA and the ESA.

This LOA is issued in accordance with our regulations listed at 71 FR 43926, dated August 2, 2006. Please review these regulations. Should you have any further questions please contact Mr. Craig Perham, of our Marine Mammals Management Office, at (907) 786-3800 or at 786-3810.

Sincerely,

Rosa Meehan, Ph.D.
Chief, Marine Mammals Management Office

Enclosure

cc: Mr. Richard Shideler, ADF&G
Fairbanks Fish and Wildlife Field Office (FFWFO)
USFWS Office of Law Enforcement (OLE)
North Slope Borough Department of Law

United States Department of the Interior

FISH AND WILDLIFE SERVICE
1011 E. Tudor Road
Anchorage, Alaska 99503-6199

IN REPLY REFER TO:

AFES/MMM

LETTER OF AUTHORIZATION
(11-08)

ISSUED: January 20, 2011
EXPIRES: August 2, 2011

BP Exploration (Alaska), Inc. (BPXA) is hereby authorized to take small numbers of polar bears and Pacific walrus incidental to activities occurring during the Liberty Development Project 2011 activities. These activities are discussed in detail in the, "Request for Letter of Authorization Pursuant to 50 CFR 18, Subpart J and Section 101(A)(5) of the Marine Mammal Protection Act (MMPA) for the Incidental Take of Polar Bears and the Pacific Walrus; and Pursuant to Section 101(a)(4)(A), 109(h) and 112(c) of the MMPA to Take by Harassment (Deterrent Activities) Polar Bears. This Request Covers the Liberty Development Project 2011 Activities."

This Letter of Authorization (LOA) and the required conditions below include contractors of BPXA performing BPXA-approved work under the scope of operations to be conducted. The LOA is subject to the following conditions:

1. The BPXA Field Operating Procedure, Polar bear Protocol, Attachment III and Polar Bear Awareness and Interaction Plan, Attachment II, are approved and all provisions must be complied with unless specifically noted otherwise in this LOA. A copy of this polar bear interaction plan must be available on site for all personnel.

2. BPXA Operations Managers, or their designates, must be fully aware, understand, and be capable of implementing the conditions of this LOA.

3. Intentional take is prohibited under this LOA.

4. This authorization is valid only for those activities identified in the request for a Letter of Authorization dated November 9, 2010.

5. Polar bear monitoring, reporting, and survey activities will be conducted in accordance with 50 CFR 18, Section 18.128. The basic monitoring and reporting requirements follow:

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- BPXA must cooperate with the U.S. Fish and Wildlife Service (Service), and other designated Federal, State, or local agencies to monitor the impacts of oil and gas exploration activities on polar bears.

- BPXA must not conduct activities that operate nor pass within 1 mile (approximately 1600 meters) of known polar bear dens, and all observed dens must be reported to the Service, Marine Mammals Management Office (MMM) within 12 hours of discovery. Should occupied dens be identified within one mile of activities, work within the immediate area will cease and the Service must be contacted for guidance. The Service will evaluate these instances on a case-by-case basis to determine the appropriate action. Potential actions may range from cessation or modification of work to conducting additional monitoring, and BPXA must comply with any additional measures specified.

- BPXA will provide copies of the polar bear observation form to all BPXA contractors operating under the LOA.

- BPXA must designate a qualified individual or individuals to report any polar bear sightings, or signs of polar bears, such as tracks, scat, or diggings, to the MMM by phone or using the polar bear observation form within 24 hours of visual observation.

- BPXA must allow the Service to place an observer on the site to monitor the impacts of the activity on polar bears, at the discretion of the Service.

- BPXA must submit an annual monitoring report to the Service, MMM as required under 18 CFR 18.128(f), which will be received up to 90 days after the expiration date of the LOA.

6. Per the "Programmatic Biological Opinion for the Beaufort Sea Incidental Take Regulations for Polar Bear (June 2008)", your request also triggers the second of the two-tiered programmatic process. In order for incidental take of the polar bear to be exempted from the prohibitions of the Endangered Species Act of 1973 (ESA), the LOA also serves as an "Incidental Take Statement" (ITS), required under Section 7 of the ESA. Issuance of the LOA/ITS fulfills the requirements for Tier 2 Consultation of the Programmatic Biological Opinion for the activities described in this letter.

7. This Letter of Authorization is valid for the period indicated on this authorization, unless extended or terminated in writing by the Service, Marine Mammals Management Office.

Chief, Marine Mammals Management Office

0 3 FEB 2011

Date

United States Department of the Interior

FISH AND WILDLIFE SERVICE
1011 E. Tudor Road
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IN REPLY REFER TO:

AFES/MMM

LETTER OF AUTHORIZATION
(11-09)

ISSUED: January 20, 2011
EXPIRES: August 2, 2011

BP Exploration (Alaska), Inc. (BPXA) is hereby authorized to take small numbers of polar bears and Pacific walrus incidental to activities occurring during the Liberty Development Project 2011 activities. These activities are discussed in detail in the, "Request for Letter of Authorization Pursuant to 50 CFR 18, Subpart J and Section 101(A)(5) of the Marine Mammal Protection Act (MMPA) for the Incidental Take of Polar Bears and the Pacific Walrus; and Pursuant to Section 101(a)(4)(A), 109(h) and 112(c) of the MMPA to Take by Harassment (Deterrent Activities) Polar Bears. This Request is for the Red Dog #1 Exploration well 2011 Plug and Abandonment Project."

This Letter of Authorization (LOA) and the required conditions below include contractors of BPXA performing BPXA-approved work under the scope of operations to be conducted. The LOA is subject to the following conditions:

1. The BPXA Field Operating Procedure, Polar bear Protocol, Attachment III and Polar Bear Awareness and Interaction Plan, Attachment II, are approved and all provisions must be complied with unless specifically noted otherwise in this LOA. A copy of this polar bear interaction plan must be available on site for all personnel.

2. BPXA Operations Managers, or their designates, must be fully aware, understand, and be capable of implementing the conditions of this LOA.

3. Intentional take is prohibited under this LOA.

4. This authorization is valid only for those activities identified in the request for a Letter of Authorization dated December 20, 2010.

5. Polar bear monitoring, reporting, and survey activities will be conducted in accordance with 50 CFR 18, Section 18.128. The basic monitoring and reporting requirements follow:

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- BPXA must cooperate with the U.S. Fish and Wildlife Service (Service), and other designated Federal, State, or local agencies to monitor the impacts of oil and gas exploration activities on polar bears.

- BPXA must not conduct activities that operate nor pass within 1 mile (approximately 1600 meters) of known polar bear dens, and all observed dens must be reported to the Service, Marine Mammals Management Office (MMM) within 12 hours of discovery. Should occupied dens be identified within one mile of activities, including the transportation corridor (ice road), work within the immediate area will cease and the Service must be contacted for guidance. The Service will evaluate these instances on a case-by-case basis to determine the appropriate action. Potential actions may range from cessation or modification of work to conducting additional monitoring, and BPXA must comply with any additional measures specified.

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6. Per the "Programmatic Biological Opinion for the Beaufort Sea Incidental Take Regulations for Polar Bear (June 2008)", your request also triggers the second of the two-tiered programmatic process. In order for incidental take of the polar bear to be exempted from the prohibitions of the Endangered Species Act of 1973 (ESA), the LOA also serves as an "Incidental Take Statement" (ITS), required under Section 7 of the ESA. Issuance of the LOA/ITS fulfills the requirements for Tier 2 Consultation of the Programmatic Biological Opinion for the activities described in this letter.

7. This Letter of Authorization is valid for the period indicated on this authorization, unless extended or terminated in writing by the Service, Marine Mammals Management Office.

Chief, Marine Mammals Management Office

03 FEB 2011

Date