



IN REPLY REFER TO:

United States Department of the Interior

FISH AND WILDLIFE SERVICE

1011 E. Tudor Road
Anchorage, Alaska 99503-6199



AFES/MMM

SEP 18 2008

Mr. Mark Major
Permitting Representative
Denali the Alaska Gas Pipeline
P.O. Box 100360
Anchorage, Alaska 99510

Dear Mr. Major:

This responds to your July 25, 2008, request for a Letter of Authorization (LOA) for the incidental take of polar bears in regards to the Denali the Alaska Gas Pipeline (Denali) 2008 Gas Pipeline Hydrology Studies- Northern Portion Program.

Enclosed is a LOA (08-15) that would allow Denali to take small numbers of polar bears and incidental to oil and gas industry activities identified in your LOA request. Denali proposes to conduct a hydrology study associated with the routing and eventual construction of a natural gas pipeline. The study area will included the Trans-Alaska pipeline System (TAPS) right-of-way from Galbraith Lake on the Dalton Highway to the highway's end point in the Prudhoe Bay Unit near the Central Gas Facility. The hydrology study will occur during the summer and winter months. Field crews of 2 to 5 people will conduct measurements on 102 stream/river crossings between Galbraith Lake and Prudhoe Bay. Access to sites will be by foot, helicopter, boats and all-terrain vehicles.

If any changes develop in your project during the 2008/09 project season, such as alternate activities or location, please notify the Marine Mammals Management Office (MMM) prior to the planned operation. This would allow us to evaluate the activity and, if appropriate, amend your LOA.

Incidental Take Regulations authorize takes of polar bears within 25 miles of the Beaufort Sea coast. Although some of Denali's activities are located within the 25-mile area identified in our regulations, past experiences at areas which are located at farther distances from the coast, indicate that it is unlikely that polar bears will be encountered. However, please use caution and report any polar bear sightings to this office.

In addition to protection measures for marine mammals described in the Denali polar bear interaction plan (Denali Polar Bear Avoidance and Human Encounter/Interaction Plan, July 2008), the U.S. Fish and Wildlife Service (Service) believes that Denali personnel can limit

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human/polar bear interactions by being observant of approaching animals and breaking off interactions by allowing the animals to continue their travel. Denali will provide copies of the polar bear observation form to all Denali contractors operating under the LOA. Report any polar bear sightings, or signs of polar bears, such as tracks, scat, or diggings, to this office by phone or using the polar bear observation form. Report any possible den locations that are found during work activities immediately to our office. In addition, Service biologists are available for consultation if questions or concerns arise during the project period at the phone numbers listed below and noted in your interaction plan.

Research and historical polar bear denning activity reveals that some coastal, creek, and shoreline bluffs provide a preferred denning habitat for polar bears, especially in and around the Sagavanirktok River delta and its adjacent drainages. Activities occurring in these areas near preferred denning habitat may encounter denning polar bears. Please use caution during the winter season when operating near potential denning habitats.

Furthermore, in accordance with section 7 of the Endangered Species Act of 1973, as amended (ESA), issuance of this LOA also fulfills the requirements for Tier 2 Consultation of the Programmatic Biological Opinion for the activities described herein. In the "Programmatic Biological Opinion for Polar Bears (*Ursus maritimus*) on Beaufort Sea Incidental Take 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 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.

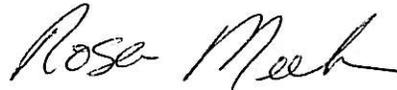
Mr. Mark Major

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In addition, please make the following changes in the Denali's Polar Bear Interaction Plan:
1) remove Scott Schliebe as a Service contact (Enclosure 1) and replace his name with Tom Evans (786-3814); 2) The polar bear activity/sighting form (Enclosure 2) needs to be replaced with a version of the enclosed example of an updated polar bear monitoring form. A version of this new form should be used as a template for future polar bear sighting reports in an effort to standardize polar bear monitoring and reporting associated with our Letters of Authorization for incidental take.

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

Sincerely,



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

Enclosure

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

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United States Department of the Interior

FISH AND WILDLIFE SERVICE

1011 E. Tudor Road
Anchorage, Alaska 99503-6199



AFES/MMM

ISSUED: September 15, 2008
EXPIRES: September 15, 2009

LETTER OF AUTHORIZATION (08-15)

Denali the Alaska Gas Pipeline (Denali) is hereby authorized to take small numbers of polar bears incidental to activities occurring during the Denali the Alaska Gas Pipeline (Denali) 2008 Gas Pipeline Hydrology Studies- Northern Portion Program. A detailed description of the authorized activities can be found in the, "Denali – The Alaska Gas Pipeline Plan of Operations/ Operational Overview, Alaska North slope Gas Pipeline Hydrology Study Activities, 2008-2009 Field Studies – Northern Portion," dated July 25, 2008.

The LOA is valid from the date of issuance to September 15, 2009. This authorization and the required conditions below apply to contractors of Denali performing Denali-approved work under the scope of operations identified in the 2008 Gas Pipeline Hydrology Studies- Northern Portion Program. Denali proposes to conduct a hydrology study associated with the routing and eventual construction of a natural gas pipeline. The study area will include the Trans-Alaska pipeline System (TAPS) right-of-way from Galbraith Lake on the Dalton Highway to the highway's end point in the Prudhoe Bay Unit near the Central Gas Facility. The hydrology study will occur during the summer and winter months. Field crews of 2 to 5 people will conduct measurements on 102 stream/river crossings between Galbraith Lake and Prudhoe Bay. Access to sites will be by foot, helicopter, boats and all-terrain vehicles.

This authorization is subject to the following conditions:

1. The Operations Manager will be fully aware, understand and capable of implementing the conditions of this authorization.
2. This Authorization is valid only for activities associated with Denali's 2008 Gas Pipeline Hydrology Studies- Northern Portion Program, as specified in Denali's July 25, 2008 application.

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3. The Polar Bear Interaction Plan (Denali Polar Bear Avoidance and Human Encounter/Interaction Plan, July 2008) is hereby approved, and all provisions unless specifically noted are incorporated into this authorization by reference.

4. The species authorized for taking by Level B Harassment only is: polar bear (*Ursus maritimus*). The taking of any polar bear in a manner prohibited under this authorization must be reported within 24 hours of the taking to the U.S. Fish and Wildlife Service (Service) Incidental Take Coordinator in Anchorage Alaska (907-786-3800).

5. Intentional take is prohibited under this authorization.

6. 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:

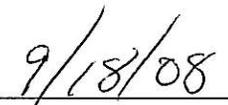
- Denali must cooperate with the Fish and Wildlife Service (Service), and other designated Federal, State, or local agencies to monitor the impacts of oil and gas exploration activities on polar bears;
- Denali must not conduct activities that operate nor pass within 1 mile of known polar bear dens during winter operations, and all observed dens must be reported to the Marine Mammals Management Office, Fish and Wildlife Service within 12 hours of discovery. Should occupied dens be identified within one mile of activities, work within a one-mile area will cease and 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 CPAI must comply with any additional measures specified.
- Denali must designate a qualified individual or individuals to observe, record, and report the effects of the activity on polar bears to the Service within 24 hours of visual observation;
- Denali must allow the Fish and Wildlife Service to allow an observer on the site to monitor the impacts of the activity on polar bears, at the discretion of the Fish and Wildlife Service;
- Denali must submit an annual monitoring report to the Marine Mammals Management Office as required under 18 CFR 18.128(f), which will be received up to 90 days after the expiration date of the LOA (by December 15, 2009).

7. 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 ESA, the LOA also serves as an "Incidental Take Statement" (ITS), required under section 7 of the Endangered Species Act of 1973 (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.

8. This authorization expires September 15, 2009.



Chief, Marine Mammals Management
US Fish and Wildlife Service



Date

The first part of the document is a letter from the
 President of the United States to the Congress.
 It is dated the 1st day of January, 1800.
 The President says that he is happy to
 inform you that the year has passed
 happily and that the country is
 in a state of peace and tranquility.
 He also says that he is proud to
 have been able to do so much for
 the country in the short time he
 has been in office.

I am, Sir, your obedient servant,
 James Madison

Received of the
 Secretary of State
 the 1st day of
 January, 1800

Received of the
 Secretary of State
 the 1st day of
 January, 1800