United States Department of the Interior

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

IN REPLY REFER TO:

AFES/MMM

JAN 16 2009

Mr. Erik Opstad
Alaska Operations Manager
Savant Alaska, LLC
P.O. Box 112212
Anchorage, Alaska 99516

Dear Mr. Opstad:

This responds to the letter Savant Alaska, LLC (Savant) submitted to the U.S. Fish and Wildlife Service (Service) dated December 5, 2008, requesting a Letter of Authorization (LOA) for the incidental take of polar bears and Pacific walrus for the Badami Unit Redevelopment Project (BURP).

Enclosed is a LOA (09-06) that allows Savant to take small numbers of polar bears incidental to oil and gas industry exploration activities at the above location identified in your LOA request. The proposed start date for this project is January 2009. The BURP exploration program has 2 components:

1. construction of an ice road (approximately 8 miles), beginning from the Endicott Causeway in the Duck Island Oilfield Unit to the Badami facility, and;

2. the mobilization, drilling, and demobilization of the drill rig to support exploration activities.

If any changes develop in your project during the 2008-09 winter season, such as 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.

Historical polar bear denning activity reveals that some creek cutbanks and river bluffs provide suitable denning habitat for polar bears, especially in and around the larger, braided rivers, such as the Sagavanirktok River delta and its adjacent drainages. Activities, such as ice road construction, including the use of ice chipping areas and placement of drill pads, occurring in areas near preferred denning habitat may encounter denning polar bears. Disturbance during denning could lead to abandonment of dens and possible mortality to cubs. 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. With this in mind, use caution when operating

near these areas during the maternal denning period (mid November to mid April). Furthermore, Savant will provide copies of the polar bear observation form to all Savant contractors operating under the LOA. Report any polar bear sightings, or signs of polar bears (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.

As a precondition to the Savant LOA, on December 10 and 11, 2008, FLIR (Forward Looking Infrared) survey flights were conducted in the Sagavanirktok River delta and along the coastline within the BURP Project area. This survey was a cooperative effort between the Savant and the Service. One polar bear den was identified on Foggy Island. A one-mile exclusion zone will be implemented around the known polar bear den on Foggy Island (see enclosed map) to minimize any potential impact of any industrial activities. No activities will be conducted within one mile of this den.

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 for Shell 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 authorization 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 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. Rob Crotty, ENTRIX
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

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ISSUED: January 12, 2009
EXPIRES: June 30, 2009

LETTER OF AUTHORIZATION
(09-06)

Savant Alaska, LLC (Savant) is hereby authorized to take small numbers of polar bears incidental to activities occurring during the Badami Unit Redevelopment Project (BURP). This also includes contractors of Savant performing Savant-approved work under the scope of operations to be conducted. The proposed start date for this project is January 2009. BURP activities authorized under this letter include, but are not limited to:

1. construction of an ice road (approximately 8 miles), beginning from the Endicott Causeway in the Duck Island Oilfield Unit to the Badami facility, and;

2. the mobilization, drilling, and demobilization of the drill rig to support exploration activities.

These activities are discussed in detail in the, "Authorization for Incidental Take of Polar bears and Pacific Walrus, Badami Unit Redevelopment Project, Onshore Mikkelsen Bay, Alaska, Savant Alaska, LLC," dated December 4, 2008.

This authorization and the required conditions below include contractors of Savant performing Savant-approved work under the scope of operations to be conducted. Authorization is subject to the following conditions:

1. The December 2008 Polar Bear and Grizzly Bear Awareness and Interaction Plan is approved and all provisions must be complied with unless specifically noted otherwise in this Letter of Authorization. A copy of this polar bear interaction plan must be available on site for all personnel.

2. Savant Operations Managers, or their designates, will be fully aware, understand, and capable of implementing the conditions of this authorization.

3. Intentional take is prohibited under this authorization.

4. This authorization is valid only for those activities identified in the request for a Letter of Authorization dated December 5, 2008.

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:

   - Savant must cooperate with the Service, and other designated Federal, State, or local agencies to monitor the impacts of oil and gas exploration activities on polar bears;

   - Savant must not conduct activities that operate nor pass within 1 mile of known polar bear dens, 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 Savant must comply with any additional measures specified.

   - Savant 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;

   - Savant 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;

   - Savant 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.

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 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.

7. A one-mile exclusion zone will be implemented around the known polar bear den on Foggy Island (see attached map) to minimize any potential impact of any industrial activities. No activities will be conducted within one mile of this den.

8. The LOA is valid from the date of issuance to June 30, 2009.

Roger Mach
Chief, Marine Mammals Management

1/16/09
Date