United States Department of the Interior

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

IN REPLY REFER TO:

AFES/MMM

FEB 25 2010

Mr. Larry Burgess
Nikaitchuq HSE Manager
Eni US Operating Co. Inc.
3800 Centerpoint Drive, Suite 300
Anchorage, Alaska 99503

Dear Mr. Burgess:

This responds to your January 5, 2010, request for a Letter of Authorization (LOA) for the incidental take and the intentional take of polar bears during the operation of the Nikaitchuq Development Program on the North Slope of Alaska. Enclosed is a LOA (10-10) that allows Eni US Operating Co., Inc. (Eni) to take small numbers of polar bears incidental to oil and gas exploration in association with Eni's 2010 Nikaitchuq Development Program. Planned activities for the 2010 Nikaitchuq Development Program include:

1. onshore development well drilling;
2. ice roads and ice pads construction to support operations;
3. mine site management;
4. gravel hauling;
5. onshore pipeline construction; and
6. module staging, assembly and installation

The continuance of the Nikaitchuq Development Program is scheduled to occur during 2010. If any changes develop in your project during this season, such as activities or location, please notify the Marine Mammals Management Office (MMM) prior to change. This will allow us to evaluate the activity and, if appropriate, amend your LOA.

Protection measures for polar bears described in Eni's Polar Bear/Personnel Encounter Plan, Nikaitchuq Development Project, North Slope, Alaska, dated January 2010, contains appropriate safeguards to limit human/animal interactions. Eni 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 where practicable, by allowing the animals to pass unhindered. Eni will provide copies of the polar bear observation form to all Eni 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. 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.

In addition, this letter includes a harassment authorization (INT10-12), for Eni and its representatives 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 for all 2010 activities. This authorization is issued specifically to Eni 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 Eni personnel to report all polar bear harassment events to MMM within 24 hours. Intentional take is authorized under sections 101 (a)(4)(A), 109(h), and 112(c) of the Marine Mammal Protection Act (MMPA).

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 U.S. Fish and Wildlife Service, Marine Mammal Management Office within 24 hours.

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 caution 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.

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 Service believes appropriate for the specific activity and location, as described in §18.128 of the Regulations; and (3) the Service 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 the Service 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 your company 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 Service within 90 days of project completion. This report meets the tracking and reporting requirements relative to the documentation of take as required by the Marine Mammal Protection Act (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

Enclosures

cc: Bob Britch, Northern Consulting Group
Mr. Richard Shideler, ADF&G
Fairbanks Fish and Wildlife Field Office (FWFO)
USFWS Office of Law Enforcement (OLE)
North Slope Borough Department of Law

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AFES/MMM

ISSUED: February 15, 2010
EXPIRES: February 15, 2011

LETTER OF AUTHORIZATION
(10-10)

Eni US Operating Co., Inc. (Eni) is hereby authorized to take small numbers of polar bears and walrus incidental to the preparation of oil and gas exploration in association with Eni's Nikaitchuq Development Program. Planned activities for the 2010 Nikaitchuq Development Program include:

1. onshore development well drilling;
2. ice roads and ice pads construction to support operations;
3. mine site management;
4. gravel hauling;
5. onshore pipeline construction; and
6. module staging, assembly and installation

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

1. Eni's "Polar Bear/Personnel Encounter Plan, Nikaitchuq Development Program, North Slope, Alaska" dated January 2010, 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. Eni Operations Managers, or their designates, must 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 January 5, 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:

   - Eni 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;

   - Eni 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 Eni must comply with any additional measures specified;

   - Eni 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;

   - Eni 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;

   - Eni 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. This authorization expires February15, 2011.

Chief, Marine Mammals Management

FEB 2 5 2010

Date