United States Department of the Interior

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

IN REPLY REFER TO:

AFES/MMM

07 FEB 2011

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 January 19, 2011, 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 LOA (11-10) that allows Savant to take small numbers of polar bears and Pacific walrus incidental to oil and gas industry exploration activities at the above location identified in your LOA request. The request is for ongoing field operations. The BURP exploration program has 3 components:

1. Construction of a tundra ice road, approximately 26 miles (about 42 km), beginning from the Endicott Causeway in the Duck Island Oilfield Unit to the Badami facility, to support the mobilization, drilling, and demobilization of the drill rig for exploration activities (Winter 2011).

2. Seasonal barging activities between West Dock in the Prudhoe Bay Unit and Badami in support of exploration activities (Summer 2011).

3. Tundra winter road construction and operations (Winter 2011-2012).

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 LOA.

Using protection measures for polar bears described in the Savant Polar Bear Interaction Plan (Polar Bear and Grizzly Bear Awareness and Interaction Plan, Badami Unit Redevelopment Project, June 2009), Savant personnel can limit human/polar bear interactions by being observant of approaching animals (i.e., the use of marine mammal observers) and breaking off interactions,

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if practicable, by allowing the animals to continue their travel. All terms of the Savant 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 and walruses during the project period at the phone numbers listed below and noted in your interaction plan.

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, please use caution when operating near these areas, such as the river crossings on the tundra ice road, during the maternal denning period (mid November to mid April). Furthermore, Savant will: (1) provide copies of the polar bear observation form to all Savant contractors operating under the LOA, (2) report any polar bear sightings, or signs of polar bears (tracks, scat, or diggings) to the Service, MMM by phone or using the polar bear observation form, and (3) while no polar bear activity, including signs of denning, have been observed during ongoing field operations to date, report any possible den locations that are found during work activities immediately to our office.

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. Also, please note that the Service, MMM office is currently

in the process of consulting the Service, ESA office on the Beaufort Sea Incidental Take Regulations in regards to the Critical Habitat designation of polar bears under the ESA.

An additional requirement of this LOA is for Savant 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 and meets the tracking and reporting requirements relative to the documentation of take as required by the Marine Mammal Protection Act and the ESA.

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

Sincerely,

Rosa Meehan

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

ISSUED: February 7, 2011
EXPIRES: August 2, 2011

LETTER OF AUTHORIZATION
(11-10)

Savant Alaska, LLC (Savant) is hereby authorized to take small numbers of polar bears and Pacific walrus 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. BURP activities authorized under this letter include, but are not limited to:

1. Construction of a tundra ice road, approximately 26 miles (about 42 km), beginning from the Endicott Causeway in the Duck Island Oilfield Unit to the Badami facility, to support the mobilization, drilling, and demobilization of the drill rig for exploration activities (Winter 2011).

2. Seasonal barging activities between West Dock in the Prudhoe Bay Unit and Badami in support of exploration activities (Summer 2011).

3. Tundra winter road construction and operations (Winter 2011-2012).

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 January 19, 2011.

The Letter of Authorization (LOA) is subject to the following conditions:

1. The Savant Polar Bear Interaction Plan (Polar Bear and Grizzly Bear Awareness and Interaction Plan, Badami Unit Redevelopment Project, June 2009), and the Savant Interaction Addendum (U.S. Fish and Wildlife Service Coastal Operating Requirements – Endicott to Canning R., Issue Date: January 6, 2010), are approved and all provisions of these documents must be complied with unless specifically noted otherwise in this LOA. A copy of this Polar Bear Interaction Plan and Addendum must be available on site for all personnel.

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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 January 19, 2011.

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 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.

   - Savant must not conduct activities that operate nor pass within one 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. If occupied dens are 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 Savant must comply with any additional measures specified.

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

   - Savant 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.

   - 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 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.

Rose Mehan

Chief, Marine Mammals Management Office

0 7 FEB 2011

Date