United States Department of the Interior

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

IN REPLY REFER TO:

AFES/MMM

MAY 25 2011

Ms. Susan Childs
Alaska Venture Support Integrator Manager
Shell Exploration and Production Company
3601 C Street, Suite 1000
Anchorage, Alaska 99503

Dear Ms. Childs:

Thank you for your request, dated April 08, 2011, for Letters of Authorization (LOA) for the incidental take of polar bears and Pacific walruses and the intentional take of polar bears in association with the Shell Gulf of Mexico, Inc. / Shell Exploration and Production Company (Shell) 2011 Coastal Marine and Onshore Environmental Baseline Study, Chukchi Sea and Onshore (2011 Chukchi Sea Program).

Please find enclosed LOA (11-CS-02) that will allow Shell to take small numbers of polar bears and Pacific walrus incidental to oil and gas industry activities as identified in your request. This authorization is effective from the date of issuance to November 30, 2011. Shell proposes to conduct field studies during summer and fall 2011 to support development of oil and gas resources at Shell prospects in the Chukchi Sea. All provisions contained within Shell's "Polar Bear and Pacific Walrus Awareness and Interaction Plan, North Slope and Chukchi Sea (April 2008)" including "2011 Proposed Coastal Marine and Onshore Environmental Baseline Study Activities – Chukchi Sea and Onshore (Addendum 2011-02, April 2011)" are incorporated by reference into this LOA.

Also find enclosed an Intentional Take Authorization LOA (11-INT-13) as authorized under Sections 101 (a)(4)(A), 109(h), and 112(c) of the Marine Mammal Protection Act (MMPA). Shell and its representatives are granted authorization to take polar bears by harassment or deterrent activities for the protection of both humans and polar bears while conducting activities during the 2011 Chukchi Sea Program. This authorization is issued specifically for Shell employees, contractors or agents who are trained, qualified, and are assigned the task to harass or deter polar bears. It is the responsibility of Shell to report all polar bear harassment events to the U.S. Fish and Wildlife Service (Service), Marine Mammals Management Office (MMM) within 24 hours. This authorization is effective from the date of issuance to October 31, 2011.

Shell personnel can limit human/polar bear interactions by being observant of approaching animals (i.e., the use of bear guards or observers) and breaking off interactions, if practicable, by allowing the animals to continue their travel. 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 any changes develop in your project during the 2011 project season, such as the location of activities or the scale of operations, please notify the MMM prior to implementing the changes. This will allow us to evaluate the activity and, if appropriate, amend your LOA.

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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 Chukchi 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 50 CFR §18.114, (2) the LOA must include any mitigation measures that the MMM believes appropriate for the specific activity and location, as described in 50 CFR §18.118, 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 the MMM in the Tier 1 BO and have been incorporated into the LOA process. This LOA also serves as an "Incidental Take Statement" (ITS). Issuance of this LOA/ITS, completes ESA requirements for authorization of incidental take of polar bears. Compliance with the terms and conditions of this LOA insures the LOA holder is also in compliance with the ESA. Also, please note that the Service, MMM is currently in the process of consulting the Service, ESA Office on the Chukchi Sea Incidental Take Regulations in regards to the Critical Habitat designation of polar bears under the ESA.

An additional requirement of these LOAs is for Shell to provide observational data of polar bears and walruses throughout the project and a complete report of all observations at the conclusion of the project to document take. The final report will be provided to the MMM no later than 90 days after the completion of the project. The final 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 in 73 FR 33212, dated June 11, 2008. If you have any further questions, please contact Mr. Craig Perham, at (907) 786-3810, or Mr. Christopher Putnam, at (907) 786-3844, of our Marine Mammals Management Office.

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)
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
Incidental Take
(11-CS-02)

ISSUED: May 15, 2011
EXPIRES: November 30, 2011

Shell Gulf of Mexico, Inc. / Shell Exploration and Production Company (Shell) is hereby authorized by the U.S. Fish and Wildlife Service (Service), Marine Mammals Management Office (MMM) to take small numbers of polar bears (*Ursus maritimus*) incidental to activities occurring during the 2011 Coastal Marine and Onshore Environmental Baseline Study, Chukchi Sea and Onshore (2011 Chukchi Sea Program). Detailed descriptions of the authorized activities can be found in Shell's "Polar Bear and Pacific Walrus Awareness and Interaction Plan, North Slope and Chukchi Sea (April 2008)" and "2011 Proposed Coastal Marine and Onshore Environmental Baseline Study Activities – Chukchi Sea and Onshore (Addendum 2011-02, April 2011)." Shell proposes to conduct field studies during summer and fall 2011 to support development of oil and gas resources at Shell prospects in the Chukchi Sea.

This Letter of Authorization (LOA) is valid from the date of issuance through August 02, 2011. This authorization and the required conditions below apply to all employees, contractors and personnel performing Shell approved work under the scope of operations to be conducted. This Service authorization stipulates the following conditions:

1. Intentional take of polar bears is prohibited under this authorization.

2. Shell operations managers, or designates, must be fully aware, understand and be capable of implementing the conditions of this authorization.

3. Shell's "Polar Bear and Pacific Walrus Awareness and Interaction Plan, North Slope and Chukchi Sea (April 2008)" including "2011 Proposed Coastal Marine and Onshore Environmental Baseline Study Activities – Chukchi Sea and Onshore (Addendum 2011-02, April 2011)" are approved and all provisions must be complied with unless specifically noted otherwise in this LOA.

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4. A copy of this LOA and the approved interaction and avoidance plans listed above must be posted and available for all personnel and in the possession of the operators of all vessels and aircraft engaging in the activities approved under the authority of this LOA.

5. This authorization is valid only for activities (including support vessels, vehicles and aircraft) associated with Shell's 2011 Chukchi Sea Program, as specified in Shell's April 08, 2011, request for authorization.

6. At the discretion of the Service, Shell must allow the Service to place an observer on site, including any facilities, vessels, aircraft or vehicles, to monitor the impacts of the activity on marine mammals, when requested.

7. Polar bear and walrus monitoring, reporting and survey activities will be conducted in accordance with 50 CFR § 18.118 and must comply with the following monitoring, mitigation and reporting requirements:

   a. Shell 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 and Pacific walrus.

   b. If any changes develop in the project during the period approved under this LOA, such as activities, location or methods, Shell must notify the Service, MMM prior to the implementation of such changes.

   c. Shell must designate a qualified individual or individuals to observe, record, and report the effects of the activity on polar bears and Pacific walrus to the Service within 24 hours of visual observation. Evidence of polar bears and Pacific walrus, such as haulouts, tracks, carcasses or polar bear dens will also be reported.

   d. Shell must submit an annual monitoring report to the Service, MMM as required under 50 CFR § 18.118, a draft of which will be received by MMM no later than 90 days after completion of the project. The report will describe in detail:

      i. The operations that were conducted.
      ii. The methods, results, and interpretation pertaining to all monitoring tasks.
      iii. The results of the monitoring.
      iv. Sightings (species, numbers, dates, times and locations; age/size/gender, environmental correlates, activities, and associated survey activities).
      v. Estimates of the amount and type of potential take (exposure) of polar bears and Pacific walrus to project activities.
      vi. An analysis of the effects of operations (e.g., on sighting rates, sighting distances, behaviors, and movement patterns of polar bears and Pacific walrus).
      vii. Provide an analysis of factors influencing detectability and polar bears and Pacific walrus during project operations.
      viii. Provide summaries of communications with hunters and potential effects on subsistence uses.

8. Per the "Programmatic Biological Opinion for Polar Bears (*Ursus maritimus*) on Chukchi Sea Incidental Take Regulations" (June 2008; Tier 1 BO), 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), this 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.

9. This Letter of Authorization is valid for the period indicated on this authorization, unless extended or terminated in writing by the U.S. Fish and Wildlife Service, Marine Mammals Management Office.

Rosa Mah

Chief, Marine Mammals Management

MAY 25 2011

Date