United States Department of the Interior

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

IN REPLY REFER TO:

AFES/MMM

JUN 28 2011

Mr. Lars Sunde
Vice President, Alaska Operations
Statoil USA E&P Inc.
2103 City West Blvd., Suite 800
Houston, Texas 77042

Dear Vice President Sunde:

This responds to your April 8, 2011, request for Letter of Authorizations (LOAs) for the incidental take of polar bears and Pacific walrus and the intentional take of polar bears in regards to the Statoil USA E&P Inc. (Statoil) 2011 Shallow Hazards Survey project in the Chukchi Sea.

Enclosed is LOA 11-03-CS that will allow Statoil to take small numbers of polar bears and Pacific walrus incidental to oil and gas industry activities at the locations identified in your LOA request. Also enclosed is LOA 11-INT-17 that grants authorization for Statoil to take polar bears by harassment (deterrent activities) for the protection of both human and polar bear safety while conducting activities in polar bear habitat in all portions of the project area. The proposed start date for this project is August 2011, with operations completed by November 30, 2011. All provisions contained within Statoil's "Polar Bear and Pacific Walrus Monitoring, Mitigation, and Reporting Plan Statoil 2011 Shallow Hazards Survey, Chukchi Sea, Alaska" and "Polar Bear and Pacific Walrus Awareness and Interaction Plan Statoil 2011 Shallow Hazards Survey, Chukchi Sea, Alaska" are incorporated by reference into this LOA. If any changes develop during your project, such as activities or location, the Marine Mammals Management Office (MMM) must be notified prior to the planned operation. This will allow us to evaluate the activity and, if appropriate, amend the LOA.

Pacific walrus and polar bear conservation has benefited from monitoring programs associated with the Incidental Take program. The monitoring portions of your interaction plans serve to assess the effect of industrial activities on Pacific walruses and polar bears by evaluating trends and effects of encounter rates, take frequency, as well as the location and timing of encounters. If questions or concerns arise, U.S. Fish & Wildlife Service (Service) biologists are available for consultation during the project period at the phone numbers listed below and noted in your interaction plan.

Intentional take is authorized under Sections 101 (a)(4)(A), 109(h), and 112(c) of the Marine Mammal Protection Act (MMPA). This LOA is issued specifically to Statoil employees who are responsible for employing trained and qualified personnel that are assigned the task to harass

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(deter) polar bears. It is the responsibility of Statoil personnel to report all polar bear harassment events to the Service, MMM within 24 hours.

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 (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 §18.118 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 §18.118 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 Statoil to provide observational data of polar bears and Pacific walrus 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. Should 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.
Marine Mammals Management

Enclosure

cc: Mr. Pete Sloan, Bureau of Ocean Energy Management, Regulation and Enforcement, (BOEMRE)
Mr. Richard Shideler, Alaska Department of Fish and Game (ADF&G)
Fairbanks Fish and Wildlife Field Office (FWFO)
Office of Law Enforcement (OLE)
North Slope Borough Department of Law

United States Department of the Interior

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U.S. Fish and Wildlife Service

LETTER OF AUTHORIZATION
(10-03-CS)

ISSUED: June 20, 2011
EXPIRES: November 30, 2011

Statoil USA E&P Inc. (Statoil) is hereby authorized to take small numbers of polar bears and Pacific walruses (walruses) incidental to activities occurring during Statoil's 2011 Shallow Hazards Survey project in the Chukchi Sea. Statoil plans to conduct a Shallow Hazards survey in the Chukchi Sea. Geophysical data acquisition activities will be conducted by Gardline CGG Veritas and Statoil's geotechnical soil investigation contractor, Fugro-Geoteam, Inc. (Fugro). Three vessels: 1) a seismic vessel, 2) an ice-strengthened marine vessel, and 3) a soil investigation vessel, will mobilize out of Dutch Harbor, Alaska, to the project area in late July 2011, depending upon ice and weather. It is anticipated that transit time to the project area will be approximately five days. Upon arriving at the project area sound source verification measurements will be collected to determine radii for marine mammal monitoring. Data acquisition is expected to take 60 days. Refueling is anticipated to take place at Nome, though it is possible that fuel re-supply could occur at sea if necessary. Helicopter operations are not planned as a part of the survey, although it is possible that individuals could be transported to and from vessels via helicopter. Upon completion of data acquisition, all vessels will demobilize to Dutch Harbor.

This Letter of Authorization (LOA) is valid from the date of issuance to November 30, 2011. This authorization and the required conditions below apply to all employees, contractors and personnel performing Statoil approved work under the scope of operations to be conducted. This U.S. Fish & Wildlife Service (Service) authorization stipulates the following conditions:

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

2. Intentional take of polar bears and walruses is prohibited under this authorization.

3. The Statoil's "Polar Bear and Pacific Walrus Monitoring, Mitigation, and Reporting Plan Statoil 2011 Shallow Hazards Survey, Chukchi Sea, Alaska" and "Polar Bear and Pacific Walrus Awareness and Interaction Plan Statoil 2011 Shallow Hazards Survey, Chukchi

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Sea, Alaska" dated March 2011 are approved and all provisions must be complied with unless specifically noted otherwise in this LOA.

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 those activities and locations identified in the request for a Letter of Authorization dated April 8, 2011, for the Chukchi Sea and described in the Statoil "Plan of Operations 2011 Shallow Hazards Survey, Chukchi Sea, Alaska."

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

    a. Statoil 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 walruses.

    b. If any changes develop in the project during the period approved under this LOA, such as activities, location or methods, notify the Service, Marine Mammals Management Office (MMM) prior to the implementation of such changes.

    c. Avoid concentrations or groups of walruses and individuals or groups of polar bears hauled out onto land or ice by all vessels under the management of Statoil. Operators of vessels should, at all times, conduct their activities at the maximum distance possible from known or observed concentrations of walruses or polar bears. Under no circumstances, other than an emergency, should vessels operate within 800 meters (½ mile) of walruses or polar bears observed on land or ice.

    d. Take every precaution to avoid encroachment upon or harassment of walruses or polar bears in water when a vessel is operated near these animals. Maintain an 800 meter (½ mile) distance, when practicable. Vessels must reduce speed and steer around walruses or polar bears observed in water when able to do so. Vessels may not be operated in such a way as to separate members of a group of walruses or polar bears from other members of the group. Vessels will avoid multiple changes in direction and speed when walruses or polar bears are present.

    e. Power-down procedures will be initiated if any walruses are observed on ice in the walrus disturbance zone of >/= 180 dB to limit impact to walruses in the water associated with the walruses on the ice.

    f. Restricting or affecting walrus or polar bear movements, by any means, in sea, on land or on ice, is prohibited. Separation distances will be enforced until animals have left the area of their own volition.

g. Statoil must designate a qualified individual or individuals as Marine Mammal Observers (MMO) to observe, record, and report the effects of project activities on polar bears and walruses to the Service within 24 hours of visual observation.

h. For each walrus or polar bear sighting, an MMO or designated crew member will record at least the following:

i. a unique sighting identification number;
ii. MMO's name and contact information (phone, email, etc.);
iii. time, location (with latitude, longitude, and datum), heading, speed, activity and identity of the observation vessel;
iv. action taken by vessel operator in response to sighting (describe);
v. for all other vessels visible within 5 km (3.1 miles) of the observation vessel, when polar bears or walruses are sighted, record the, identification, bearing, distance, heading, speed and activity of the other vessel(s);
vi. species (polar bear or walrus);
vii. group size (approximate number of individuals);
viii. age/size/sex categories (if determinable);
ix. behavior or activity of animals sighted (describe);
x. reaction of animal(s) to any vessel(s) (describe):
xi. substrate (water, ice, and/or land);
xii. heading (if determinable), bearing and distance from vessel of animal(s);
xiii. sighting cue (what caught MMOs attention);
xiv. environmental conditions including:
- weather;
- air temperature;
- visibility, provide: 1) distance (km, mi, or nm), 2) light/dark/twilight and 3) glare (none, little, moderate, severe);
- water depth (meters, feet, or fathoms);
- sea state (Beaufort scale);
- ice condition, provide: 1) estimated % ice cover in vicinity of sighting (10% increments), 2) estimated distance to pack ice (km, mi, or nm);

xv. estimated range (m, km, mi, or nm) at first sighting, estimated range (m, km, mi, or nm) at closest approach;
xvi. MMO comments or notes.

7. Any incidental lethal take or injury of a polar bears or walruses must be reported to the Service immediately.

8. All evidence of polar bears and walruses, such as tracks, carcasses, or haul out sites will also be reported.

9. At the discretion of the Service, Statoil 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.

10. Statoil must submit an annual monitoring report to the Service, MMM as required under 50 CFR Section 18.118(f), 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:

    a. the operations that were conducted;
    b. the methods, results, and interpretation pertaining to all monitoring tasks;
    c. the results of the 2011 shipboard marine mammal monitoring;
    d. marine mammal sightings (species, numbers, dates, times and locations, age/size/gender, environmental correlates, activities, associated survey activities);
    e. estimates of the amount and type of potential take (exposure) of walruses and polar bears (by species) to project activities;
    f. an analysis of the effects of operations (e.g., on sighting rates, sighting distances, behaviors, movement patterns of walruses and polar bears);
    g. an analysis of factors influencing detectability of walruses and polar bears during project operations;
    h. summaries of communications with hunters and potential effects on subsistence uses.

11. The draft report will be subject to review and comment by the Service. Any recommendations made by the Service must be addressed in the final report prior to acceptance by the Service. The draft report will be considered the final report for this activity under this LOA if the Service has not provided comments and recommendations within 90 days of receipt of the report.

12. Activities related to the monitoring described in this LOA do not require a separate scientific research permit issued under Section 104 of the Marine Mammal Protection Act.

13. Per the "Programmatic Biological Opinion for the Chukchi 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.

14. 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.

Chief, Marine Mammals Management

JUN 2 8 2011

Date