United States Department of the Interior

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

IN REPLY REFER TO:

MAY 25 2011

AFES/MMM

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

Dear Mr. Burgess:

Thank you for your request, dated February 17, 2011, for a Letter of Authorization (LOA) for the incidental take and the intentional take of polar bears for activities planned during 2011 for the Eni U.S. Operating Co., Inc. (Eni) Nikaitchuq Development Program on the North Slope of Alaska.

Enclosed is LOA (11-14) that will allow Eni to take small numbers of polar bears incidental to oil and gas exploration activities in association with Eni's 2011 Nikaitchuq Development Program. This authorization is effective from the date of issuance to August 02, 2011, as current incidental take regulations will expire on that date. Eni proposes to conduct oil and gas development and production activities as described in the Eni "Plan of Operations, Nikaitchuq Development Project, North Slope, Alaska" (November 2007)." The continuance of the Nikaitchuq Development Program is scheduled to occur during 2011. Planned activities for 2011 include:

1. Oil and gas production.
2. Onshore and offshore facility installation.
3. Onshore and offshore development well drilling.
4. Ice roads and ice pads construction to support operations.
5. Mine site management and reclamation.

All provisions contained within Eni's "Polar Bear/Personnel Encounter Plan, Nikaitchuq Development Project, North Slope, Alaska" (January 2011)" are incorporated by reference into this LOA.

Also find enclosed an Intentional Take Authorization LOA (11-INT-14) as authorized under Sections 101 (a)(4)(A), 109(h), and 112(c) of the Marine Mammal Protection Act (MMPA). Eni 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

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2011 Nikaitchuq Development Program. This authorization is issued specifically for Eni employees, contractors or agents who are trained, qualified, and are assigned the task to harass or deter polar bears. It is the responsibility of Eni 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 May 15, 2012.

Eni field camps and personnel may 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 also: 1) provide copies of the polar bear observation form to all Eni contractors operating under the LOA, 2) 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, and 3) 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.

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 Service, MMM 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. Please 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 (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 50 CFR §18.124; (2) the LOA must include any mitigation measures that the Service believes appropriate for the specific activity and location, as described in

50 CFR §18.128; 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. Also, please note that the Service, MMM 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 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 MMPA and the ESA.

This authorization is issued in accordance with our regulations listed at 71 FR 43926, dated August 2, 2006. 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

Enclosures

cc: Bob Britch, Northern Consulting Group
Mr. Richard Shideler, ADF&G
Fairbanks Fish and Wildlife Field Office (FFWFO)
Office of Law Enforcement (OLE), USFWS
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
(11-14)

ISSUED: May 15, 2011
EXPIRES: August 02, 2012

Eni U.S. Operating Co., Inc. (Eni) 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 Nikaitchuq Development Program. Detailed descriptions of the authorized activities can be found in Eni's "Plan of Operations, Nikaitchuq Development Project, North Slope, Alaska" (November 2007)." Planned activities for the 2011 Nikaitchuq Development Program include:

1. Oil and gas production.
2. Onshore and offshore facility installation.
3. Onshore and offshore development well drilling.
4. Ice roads and ice pads construction to support operations.
5. Mine site management and reclamation.

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

1. Intentional take is prohibited under this authorization.

2. 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 (LOA).

3. 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.

4. Eni Operations Managers, or designates, must be fully aware, understand, and capable of implementing the conditions of this authorization.

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5. At the discretion of the Service, Eni 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.

6. Polar bear monitoring, reporting and survey activities will be conducted in accordance with 50 CFR § 18.128 and must comply with the following monitoring, mitigation and reporting requirements:

   a. 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;

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

   c. Eni 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, 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 Eni must comply with any additional measures specified;

   d. 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;

   e. Eni must submit an annual monitoring report to the Marine Mammals Management Office as required under 50 CFR § 18.128, which will be received up to 90 days after the expiration date of the LOA.

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

8. 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.

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.

Chief, Marine Mammals Management

MAY 25 2011

Date