



IN REPLY REFER TO

United States Department of the Interior

FISH AND WILDLIFE SERVICE

1011 E. Tudor Rd.

Anchorage, Alaska 99503-6199

DEC 27 2006

AFES/MMM

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 (USFWS) dated November 3, 2006, requesting a Letter of Authorization (LOA) for the incidental take of polar bears for the Kupcake #1 Prospect Exploration Program in Foggy Island Bay.

Enclosed is a LOA (06-10) that would allow Savant to take small numbers of polar bears incidental to oil and gas industry exploration activities at the above location identified in your LOA request. The proposed start date for this project is December 2006. The Kupcake exploration program has 2 components:

1. construction of an exploration drill pad; the construction of an ice road (approximately 8 miles), beginning from the Endicott Causeway (or alternately, the Satellite Drilling Island) in the Duck Island Oilfield Unit, and;
2. the mobilization, drilling, and demobilization of the Arctic Fox Drill Rig to support exploration activities.

If any changes develop in your project during the 2006-07 winter season, such as activities or location, please notify the Marine Mammals Management Office prior to the planned operation. This would allow us to evaluate the activity and, if appropriate, amend your LOA.

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 (see enclosed map; Figure 1). Activities, such as ice road construction 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 USFWS seeks to limit disturbance to maternal polar bear den sites, both known dens and those areas that could possibly

Mr. Erik Opstad

be preferred by denning polar bears. With this in mind, use caution when operating near these areas during the maternal denning period (mid November to mid April). Furthermore, Savant will provide copies of the polar bear observation form to all Savant contractors operating under the LOA. Report any polar bear sightings, signs 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.

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. In addition, USFWS 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.

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

Enclosure

cc: Mr. Rob Crotty, Entrix
Mr. Richard Shideler, ADF&G
LE
FFWFO

MMM

ISSUED: December 5, 2006
EXPIRES: June 30, 2007

LETTER OF AUTHORIZATION
(06-10)

Savant Alaska, LLC (Savant) is hereby authorized to take small numbers of polar bears incidental to activities occurring during the Kupcake #1 Prospect Exploration Program in Foggy Island Bay. This also includes contractors of Savant performing Savant-approved work under the scope of operations to be conducted. This authorization and the required conditions below includes contractors of Savant performing Savant-approved work under the scope of operations to be conducted. The proposed start date for this project is December 2006. Kupcake activities authorized under this letter include, but are not limited to:

1. construction of an exploration drill pad; the construction of an ice road (approximately 8 miles), beginning from the Endicott Causeway (or alternately, the Satellite Drilling Island) in the Duck Island Oilfield Unit, and;
2. the mobilization, drilling, and demobilization of the Arctic Fox Drill Rig to support exploration activities.

Authorization is subject to the following conditions:

1. The October 2006 Kupcake Prospect Exploration Project Polar Bear Awareness and Interaction Plan is approved and all provisions, unless specifically noted otherwise are incorporated into this Letter of Authorization by reference. A copy of this polar bear interaction plan must be available on site for all personnel.
2. Savant Operations Managers, or their designates, will 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 November 3, 2006.

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 Fish and Wildlife Service (USFWS), 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 1 mile of known polar bear dens, and all observed dens must be reported to the Marine Mammals Management Office, Fish and Wildlife Service immediately. Should occupied dens be identified within one mile of activities, work in the immediate area will cease and Service must be contacted for guidance. The USFWS 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 Anadarko must comply with any additional measures specified.
 - Savant must designate a qualified individual or individuals to observe, record, and report the effects of the activity on polar bears to the USFWS within 24 hours of visual observation;
 - at the discretion of the Fish and Wildlife Service, Savant must allow the Fish and Wildlife Service to place an observer on the site to monitor the impacts of the activity on polar bears;
 - Savant must submit an annual monitoring report to the Marine Mammals Management Office as required under 18 CFR 18.128(f), which will be received by September 30, 2007.
6. This LOA will be fully operational when the USFWS receives the Plan of Cooperation or documentation that Savant has taken the actions necessary to ensure that polar bears remain available for subsistence use by affected communities or that potential effects have been mitigated.
7. The LOA is valid from the date of issuance to June 30, 2007, or the close of tundra travel for the winter season of 2006-07, whichever comes first.



Chief, Marine Mammals Management

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Date

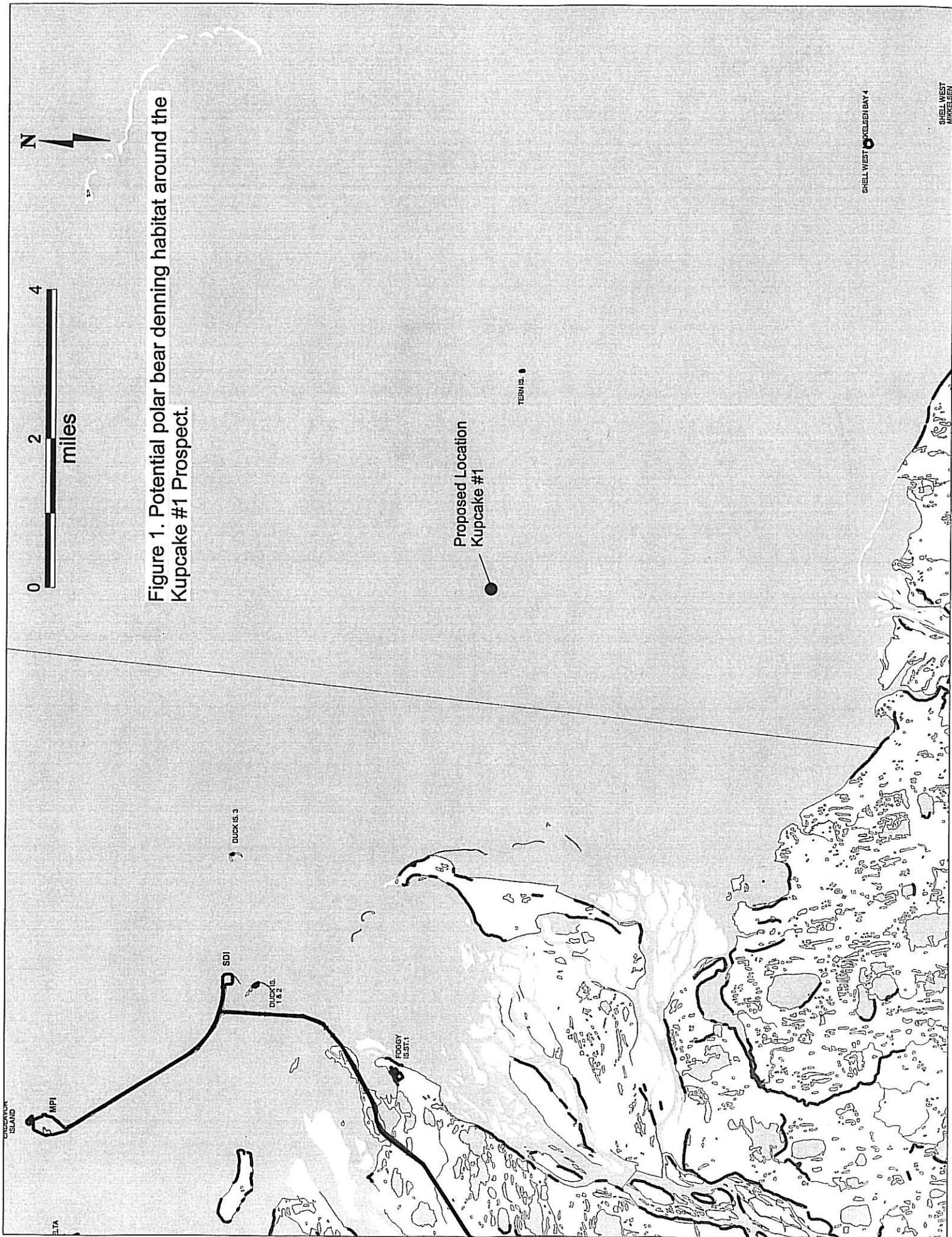


Figure 1. Potential polar bear denning habitat around the Kupcake #1 Prospect.

0 2 4
miles

Proposed Location
Kupcake #1

TERN IS.

DUCK IS. 3

SDI

DUCK IS.
1 & 2

ROCKY
ISLAND

DUCKYON
ISLAND

