



United States Department of the Interior

FISH AND WILDLIFE SERVICE

1011 E. Tudor Rd.

Anchorage, Alaska 99503-6199

IN REPLY REFER TO:

JAN 23 2007

AFES/MMM

Ms. Susan Childs
Shell Exploration & Production Company
3601 C Street, Suite 1334
Anchorage, Alaska 99503

Dear Ms. Childs:

This responds to your January 12, 2007 request for Letters of Authorization (LOA) for incidental of polar bears in regards to the Shell Offshore, Inc., (Shell) 2007 Beaufort Sea Aerial Reconnaissance Program.

Enclosed is a LOA (07-03) that would allow Shell 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 January 2007. Shell plans to make three reconnaissance flights over its Outer Continental Shelf (OCS) leases between Point Thomson and Barter Island in the Beaufort Sea. The initial reconnaissance flight will examine ice conditions as well as the deployment of the three Argos buoys to be used to track ice flow directions. The two succeeding flights will involve ice reconnaissance only. All provisions contained within Shell's polar bear interaction plan are incorporated by reference into this LOA.

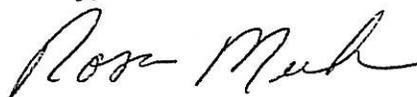
Due to their importance as polar bear denning habitat, the larger barrier islands, such as Tigvariak and Flaxman islands, are areas where the Service prefers to minimize disturbance to possible denning bears. The flight paths for the reconnaissance surveys (as described in maps NR06-03 and NR06-04) are adequate for Flaxman Island, as the flight path is approximately 2 miles north of Flaxman Island. However, Shell's flight path appears to cross the northern portion of Tigvariak Island, which is an area where historical polar bear dens have been observed. The Service requests that Shell maintains at least a ½ mile offset from the coastline of Tigvariak Island and an altitude of at least 1,000 ft (AGL) when traversing Tigvariak north to their project area.

If any changes develop in your project during the 2007 winter season, such as flight paths, 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.

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, the U.S. Fish and Wildlife Service (Service) believes that monitoring and protection measures for marine mammals described in Shell's Bear Avoidance and Human Encounter/Interaction plan are appropriate. 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.

This authorization is issued in accordance with our regulations listed at 71 FR 43926, dated August 2, 2006. Should you have any further questions contact Mr. Craig Perham of our Marine Mammals Management Office at (907) 786-3800 or 786-3810.

Sincerely,

A handwritten signature in black ink, appearing to read "Rosa Meehan". The signature is fluid and cursive, with the first name "Rosa" being more prominent than the last name "Meehan".

Rosa Meehan, Ph.D.
Marine Mammals Management

Enclosure

cc: Mr. Dick Shideler, ADFG
FFWFO
LE



IN REPLY REFER TO:

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1011 E. Tudor Rd.

Anchorage, Alaska 99503-6199

MMM

ISSUED: January 17, 2007

EXPIRES: June 30, 2007

LETTER OF AUTHORIZATION (07-03)

Shell Offshore, Inc. (Shell) is hereby authorized to take small numbers of polar bears incidental to activities occurring during the 2007 Beaufort Sea Aerial Reconnaissance Program. This includes, but is not limited to, all activities associated with the Program, such as three reconnaissance flights over its Outer Continental Shelf (OCS) leases between Point Thomson and Barter Island in the Beaufort Sea. The initial reconnaissance flight will examine ice conditions as well as the deployment of the three Argos buoys to be used to track ice flow directions. The two succeeding flights will involve ice reconnaissance only.

The LOA is valid from the date of issuance to June 30, 2007. This authorization and the required conditions below include contractors of Shell performing Shell-approved work under the scope of operations to be conducted. Authorization is subject to the following conditions:

1. The "Alaska North Slope, Chukchi and Beaufort Seas Polar bear, grizzly bear and Pacific Walrus Avoidance, Encounter, and Interaction Plan," dated December 2006, is approved and all provisions must be complied with unless specifically noted otherwise in this Letter of Authorization. A copy of this polar bear interaction plan must be available on site for all personnel.
2. Shell Operations Managers, or their designates, must 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 January 12, 2007.
5. Polar bear monitoring, reporting, and survey activities must be conducted in accordance with 50 CFR section 18.128. In addition, Shell must comply with the

following monitoring, mitigation, and reporting requirements:

- Shell must cooperate with the 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;
- Shell 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 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 Shell must comply with any additional measures specified.
- Due to their importance as polar bear denning habitat, flight paths for the surveys will be offset from the coastline of Tigvariak Island by at least ½ mile and 1,000 feet above ground level (AGL).
- If requested, flight paths of the reconnaissance surveys will be made available to the Service by Shell.
- If any changes develop in your project during the 2007 winter season, such as flight paths, activities or location, notify the Marine Mammals Management Office prior to the planned operation.
- Shell 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;
- Every polar bear observed will be recorded on a Polar Bear Observation Form. Information within the observation report will include, but is not limited to:
 1. Date
 2. Time
 3. Observer name
 4. Contact number/email
 5. Location, with latitude, longitude, and datum, if applicable
 6. Weather conditions at time of observation
 7. Temperature
 8. Visibility

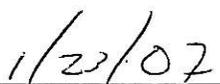
9. Number of bears: sex and age
10. Estimated closest point of bears from personnel and facilities
11. Possible attractants present
12. Bear behavior
13. A description of the encounter
14. Duration of the encounter
15. Type of Deterrents used and distance from bear when used
16. Agency/Contacts

- Evidence of polar bears, such as tracks, carcass, or dens, will also be reported;
- At the discretion of the Fish and Wildlife Service, Shell must allow the Fish and Wildlife Service to place an observer on the site to monitor the impacts of the activity on polar bears;
- Shell 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 authorization expires June 30, 2007.



Chief, Marine Mammals Management



Date