



THE STATE  
of **ALASKA**  
GOVERNOR BILL WALKER

Department of Natural Resources

DIVISION OF OIL AND GAS

550 W 7th, Suite 1100  
Anchorage, AK 99501-3563  
Main: 907.269.8800  
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March 15, 2018

Mr. Whitney Grande  
Eni US Operating Co. Inc.  
3800 Centerpoint Drive, Suite 300  
Anchorage, AK 99503

**RE: ADLs 417493, 419387 and 419388; Entry Authorization Extension, Nikaitchuq Development Infrastructure**

Dear Mr. Grande:

The Alaska Department of Natural Resources, Division of Oil and Gas (Division) has reviewed the extension request submitted by Eni US Operating Co. Inc. (Eni) on March 14, 2018. Eni requests an extension of the original Entry Authorization (EA) for one year, through March 15, 2019, for the purpose of recording the as-built survey for the final easement in the Kuparuk River Unit.

The original EA issued under ADL 417493 authorized entry, construction and survey of Nikaitchuq flowlines, pads, and wellbores. Although authorized under one EA, this infrastructure will ultimately be split into three discrete easements. The Nikaitchuq flowlines will be surveyed and recorded under ADL 417493, the Onshore Production Pad (OPP) under ADL 419387, and the wellbores under ADL 419388. As the sole purpose of this extension is to allow time for survey and recordation of the easements, extensions will be issued individually for each component under their respective final ADLs.

The Division, in accordance with Alaska Statute 38.05.850, grants an extension of the requested EA in agreement with the prior authorizations and stipulations issued on March 29, 2006, amended on February 26, 2008, and extended on March 16, 2011. The extension of the authorization is effective immediately, for the purposes described above.

Please contact John Easton at (907) 269-8815 or [john.easton@alaska.gov](mailto:john.easton@alaska.gov) with questions or for additional information.

Sincerely,

A handwritten signature in blue ink, appearing to read "Graham Smith".

Graham Smith  
Permitting Manager

Enclosure: ADLs 417493, 419387 and 419388 Entry Authorization and Standard Stipulations

ecc: Nate Emery, Conor Williamson, Corazon Manaois, Jeanne Frazier

**STATE OF ALASKA DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL AND GAS**

550 W. 7<sup>th</sup> Ave, Suite 1100  
Anchorage, AK 99501-3560  
(907) 269-8800

**ENTRY AUTHORIZATION EXTENSION for ENI NIKAITCHUQ DEVELOPMENT**  
Under AS 38.05.850

The Division of Oil and Gas (Division) is issuing this Entry Authorization Extension to Eni US Operating Co. Inc. (Eni) for the following described state owned uplands. Entry, construction and survey of Nikaitchuq flowlines, pads, and wellbores was originally authorized under Entry Authorization ADL 417493. Although authorized under one Entry Authorization, this infrastructure will be surveyed and recorded under three discrete easements. As the sole purpose of this Entry Authorization Extension is to allow time for survey and recordation, extensions are issued individually for each component under their respective final ADLs.

**ADL 417493:** Nikaitchuq Development Pipelines and Offshore Pad  
Township 14 North, Range 9 East, Sec. 19, 29, 30 31, 32; Umiat Meridian  
Township 13 North, Range 9 East, Sec. 4, 5, 9, 16, 21, 28, 33; Umiat Meridian  
Township 12 North, Range 9 East, Sec. 2, 3, 10, 11, 15, 22, 23, 25, 26, 36; Umiat Meridian  
Township 11 North, Range 9 East, Sec 1, Umiat Meridian

**ADL 419387:** Nikaitchuq Development Onshore Production Pad (OPP)  
Township 13 North, Range 9 East, Sec. 5; Umiat Meridian

**ADL 419388:** Nikaitchuq Development Wellbores  
Township 13 North, Range 9 East, Sec. 4, 5, 6; Umiat Meridian

This Entry Authorization Extension is issued as a continuation of the Entry Authorization Extension dated March 15, 2017, issued for the purpose of gaining early access and entry to construct infrastructure in support of the Nikaitchuq Unit Development Project as described in:

- The July 7, 2005 LONS 04-002 Plan of Operations
- As amended November 3, 2006 to include wellbores within the Kuparuk River Unit
- As amended February 26, 2008 to include modifications to the easement area
- As amended February 26, 2010 to include infrastructure within the easement area
- As amended April 14, 2010 to include a marine jetty at Oliktok Point
- As amended August 30, 2010 to include additional wellbore area

This Entry Authorization Extension is conditioned on Eni's continued compliance with the performance guarantee and proof of insurance requirements as set out in the LONS 04-002 Unit Plan of Operations Approval and March 16, 2006 and February 26, 2008 Director's Decisions authorizing this Entry Authorization Extension. Eni is responsible for obtaining approvals or permits from other persons or governmental agencies that may also be required for this activity.

The Division may revoke this Entry Authorization Extension upon violation of any of its terms, conditions, or stipulations, nonpayment of fees, or upon failure to comply with any other applicable laws, statutes and federal or state regulations, or if the area is no longer used for the purposes intended. This Entry Authorization is effective March 15, 2018, and terminates on March 15, 2019. Eni is responsible for maintaining a current address with the Division during the term of this Entry Authorization Extension.

*Chad With*

*3/15/18*

Director, Division of Oil and Gas

Date

*Robert Kinnin*

*3/15/18*

Signature of Grantee or Authorized Representative

Date

Eni US Operating Co. Inc.  
3800 Centerpoint Drive, Suite 300  
Anchorage, AK 99503

**Eni Nikaitchuq Development**  
**AS 38.05.850**  
**Easement Stipulations**  
**Attachment A**

The following standard stipulations apply to any easement issued for the Nikaitchuq Development Project.

1. **Authorized Officer.** The Authorized Officer (AO) for the Department of Natural Resources (DNR) is the Director, Division of Oil and Gas (Director; Division) or his designee. The Authorized Officer may be contacted at 550 W 7<sup>th</sup> Ave., Suite 1100 Anchorage, Alaska 99501. The Authorized Officer reserves the right to modify these stipulations or use additional stipulations as deemed necessary.
2. **Indemnification.** Unless specified herein, Grantee assumes all responsibility, risk and liability for all activities of Grantee, its employees, agents, invitees, contractors, subcontractors, or licensees directly or indirectly conducted in connection with this authorization, including environmental and hazardous substance risks and liabilities, whether accruing during or after the term of this authorization as stated herein. Grantee shall defend, indemnify and hold harmless the State of Alaska, its employees and agents, from and against any and all suits, claims, actions, losses, costs, penalties and damages of whatever kind or nature, including all attorney's fees and litigation costs, arising out of, in connection with, or incident to any act or omission by Grantee, its employees, agents, invitees, contractors, subcontractors, or licensees, unless the sole proximate cause of the injury or damage is the negligence or willful misconduct of the State or anyone acting on the State's behalf. Within 15 days Grantee shall accept any such cause or action or proceeding upon tender by the State. This indemnification shall survive the termination of the authorization.
3. **Valid Existing Rights.** This authorization is subject to all valid existing rights in and to the land covered under this authorization. The State of Alaska makes no representations or warranties, whatsoever, either expressed or implied, as to the existence, number or nature of such valid existing rights.
4. **Reservation of Rights.**
  - a) The Division reserves the right to grant additional authorizations to third parties for compatible uses on or adjacent to the land under this authorization. Authorized concurrent users of State land, their agents, employees, contractors, subcontractors, and licensees shall not interfere with the operation or maintenance activities of each user.
  - b) The Division may require authorized concurrent users of State land to enter into an equitable agreement regarding concurrent use.
  - c) The AO reserves the right to modify these stipulations or use additional stipulations as deemed necessary. Grantee will be notified in writing prior to the implementation of any change in the terms or conditions exercised by the AO under this provision. Grantee will be afforded the opportunity to review and comment regarding the effect of any proposed change to this authorization. Failure of the Grantee to notify the AO of any change to current officers or addresses shall not be sufficient grounds to invalidate the AO's compliance with this notification process.
5. **Public Trust Doctrine.** This authorization is subject to the principles of the public trust doctrine which guarantees public access to and the right to use navigable and public waters and the land beneath them for navigation, commerce, fishing and other purposes. The AO reserves the right to

grant other interests to the subject area consistent with the public trust doctrine.

6. **Alaska Historic Preservation Act.** The Grantee shall consult the Alaska Heritage Resources Survey at oha.ibs@alaska.gov or (907) 269-8723 so known historic, archaeological and paleontological sites may be avoided. The Alaska Historic Preservation Act (AS 41.35.200) prohibits the appropriation, excavation, removal, injury, or destruction of any State-owned historic, prehistoric (paleontological) or archaeological site without a permit from the Commissioner. Should any sites be discovered during the course of field operations, activities that may damage the site will cease and the Office of History and Archaeology in the Division of Parks and Outdoor Recreation shall be notified immediately at (907) 269-8721.
7. **Destruction of Markers.** All survey monuments, witness corners, reference monuments, mining claim posts, bearing trees, National Register of Historic Places plaques, interpretive panels and unsurveyed lease corner posts shall be protected against damage, destruction, or obliteration. The Grantee shall notify the AO of any damaged, destroyed, or obliterated markers and shall reestablish the markers at the Grantee's expense in accordance with accepted survey practices of the Division.
8. **Compliance with Governmental Requirements: Recovery of Costs.** The Grantee or entryperson shall, at its expense, comply with all applicable laws, ordinances, regulations, rules and orders, and the requirements and stipulations included in this authorization. Grantee shall ensure compliance by its employees, agents, contractors, subcontractors, licensees, or invitees.
9. **Other Authorizations.** The issuance of this authorization does not alleviate the necessity of the Grantee to obtain all other required authorizations for this activity. Failure to obtain said authorizations shall constitute a violation of this authorization, subject to action as described herein.
10. **Proper Location.** This authorization is for activities on State land managed by the Division and does not authorize any activities on private lands, Federal lands, Native lands, municipal lands or lands which are owned or managed by other offices and agencies of the State of Alaska and/or the DNR. The Grantee is responsible for proper location on site.
11. **Public Access.** The Grantee shall not close landing areas or trails in the vicinity of this authorization. The ability of all users to use or access State land or public water must not be restricted in any manner.
12. **Limits of Access.**
  - a) This authorization applies only to access within the project area, not access to the project area.
  - b) No additional access trails or roads are allowed on State lands outside the authorized area without the express permission of the AO.
13. **Fire Prevention, Protection and Liability.** The Grantee shall take all reasonable precautions to prevent and suppress fires, and shall assume full liability for any damages to state land resulting from negligent use of fire. The State of Alaska is not liable for damage to the Grantee's personal property and is not responsible for fire protection of the Grantee's activity.
14. **Fuel and Hazardous Substances.** The use and/or storage of hazardous substances by the Grantee must be done in accordance with existing federal, state, and local laws, regulations and

ordinances. Debris (such as soil) contaminated with used motor oil, solvents, or other chemicals may be classified as a hazardous substance and must be removed and disposed of in accordance with existing federal, state and local laws, regulations and ordinances. In addition to existing federal, state and local laws, regulations and ordinances:

- a) The Grantee shall provide secondary containment for fuel or hazardous substances.
- b) Container marking. All independent fuel and hazardous substance containers must be marked with the contents and the Grantee's name using paint or a permanent label.
- c) Fuel or hazardous substance transfers. Secondary containment or surface liners must be placed under all container or vehicle fuel tank inlet and outlet points, hose connections, and hose ends during fuel or hazardous substance transfers. Appropriate spill response equipment must be on hand during any transfer or handling of fuel or hazardous substances to respond to a spill of up to five gallons. Transfer operations must be attended by trained personnel at all times. Vehicle refueling must not occur within the annual floodplain or tidelands. This restriction does not apply to water-borne vessels provided no more than 30 gallons of fuel are transferred at any given time.
- d) Storing containers within 100 feet of waterbodies. Containers with a total capacity larger than 55 gallons, which contain fuel or hazardous substances, shall not be stored within 100 feet of a waterbody.
- e) Exceptions. DNR may, under unique or special circumstances, grant exceptions to this stipulation on a case-by-case basis. Requests for exceptions should be made to the DNR at (907) 269-8800.
- f) Grantee shall protect the property from leaking or dripping hazardous substances or fuel from equipment and vehicles. The Grantee shall comply with this stipulation by placing drip pans or other surface liners designed to catch and hold fluids under the property or by developing an area for storage using an impermeable liner or other suitable containment mechanism.
- g) Definitions.
  - i. "Containers" means any item which is used to hold fuel or hazardous substances. This includes tanks, drums, double-walled tanks, portable testing facilities, fuel tanks on small equipment including light plants and generators, flow test-holding tanks, slop oil tanks, bladders, and bags. Manifoldded tanks or any tanks in a series will be considered as single independent containers. Vehicles, including mobile seismic tanks, are not included under this definition.
  - ii. "Hazardous substances" are defined under AS 46.03.826(5) as (a) an element or compound which, when it enters the atmosphere, water, or land, presents an imminent and substantial danger to the public health or welfare, including fish, animals, or vegetation; (b) oil; or (c) a substance defined as a hazardous substance under 42 U.S.C. 9601(14).
  - iii. "Secondary containment" means an impermeable diked area or portable impermeable containment structure capable of containing 110 percent of the volume of the largest independent container. Double-walled tanks do not qualify as secondary containment unless an exception is granted for a particular tank.
  - iv. "Surface liner" means any safe, non-permeable container (e.g., drips pans, fold-a-tanks, etc.) designed to catch and hold fluids for the purpose of preventing spills. Surface liners should be of adequate size and volume based on worst-case spill risk.

#### 15. **Spill Notification.**

- a) The Grantee or entryperson shall immediately notify the Department of Environmental Conservation (DEC) by telephone, and immediately afterwards send DEC a written notice by facsimile, hand delivery, or first class mail, informing DEC of: any unauthorized discharges of oil to water, any discharge of hazardous substances other than oil; and any discharge or

- cumulative discharge of oil greater than 55 gallons solely to land and outside an impermeable containment area. If a discharge, including a cumulative discharge, of oil is greater than 10 gallons but less than 55 gallons, or a discharge of oil greater than 55 gallons is made to an impermeable secondary containment area, the Grantee or entryperson shall report the discharge within 48 hours, and immediately afterwards send DEC a written notice by facsimile, hand delivery, or first class mail. Any discharge of oil greater than one gallon up to 10 gallons, including a cumulative discharge, solely to land, must be reported in writing on a monthly basis. The posting of information requirements of 18 AAC75.305 shall be met. Scope and Duration of Initial Response Actions (18 AAC 75.310) and reporting requirements of 18 AAC 75, Article 3 also apply.
- b) The Grantee or entryperson shall supply DEC with all follow-up incident reports. Notification of a discharge must be made to the nearest DEC Area Response Team during working hours: Anchorage (907) 269-3063, fax (907) 269-7648; Fairbanks (907) 451-2121, fax (907) 451-2362; Juneau (907) 465-5340, fax (907) 465-2237. The DEC oil spill report number outside normal business hours is (800) 478-9300.
  - c) The Grantee or entryperson shall immediately notify the AO of any spill or discharge that is reported to DEC.
  - d) The Grantee or entryperson shall immediately notify the AO of any pollution or explosion in the project area.
16. **Site Maintenance.** The area subject to this authorization shall be maintained in a neat, clean and safe condition, free of any solid waste, debris or litter.
17. **Site Disturbance.** Unless specified herein:
- a) Site disturbance shall be kept to a minimum to protect local habitats. All activities at the site shall be conducted in a manner that will minimize the disturbance of soil and vegetation and changes in the character of natural drainage systems.
  - b) Brush clearing is allowed, but shall be kept to the minimum necessary to conduct or complete the authorized activity. Removal or destruction of the vegetative mat outside of the authorized area is not allowed.
  - c) Establishment of, or improvements to, tidal, submerged, shoreland or riparian landing areas (e.g.: leveling the ground, bank cutting or removing or modifying a substantial amount of vegetation) is prohibited without the prior written consent of the AO.
  - d) The Grantee shall conduct all operations in a manner which will prevent unwarranted erosion and siltation. Any such erosion or siltation shall be repaired in a manner satisfactory to the AO at the Grantee's expense.
18. **Waste Disposal.** All waste generated during construction activities under this authorization shall be removed or otherwise disposed of as required by State and Federal law. On-site waste disposal is prohibited, unless specified herein. "Waste" in this paragraph means all discarded matter, including, but not limited to, human waste, trash, garbage, litter, oil drums, petroleum, ashes and discarded equipment.
19. **Inspections.** Authorized representatives of the State of Alaska shall have reasonable access to the subject parcel for purposes of inspections. The Grantee may be charged fees under 11 AAC 05.010(a)(7)(M) for routine inspections of the subject parcel, inspections concerning non-compliance and a final close-out inspection.
20. **Request for Data.** For purposes of information and review, the Division at any time during normal business hours, may require the Grantee to furnish data related to preconstruction or

construction activities undertaken in connection with the project. The Grantee shall furnish the required data as soon as possible or as otherwise required under the terms of the authorization.

21. **Changes in Conditions.** Unforeseen conditions arising during construction of the project may make it necessary to revise or amend these stipulations. In this event, the AO and the Grantee will attempt to agree as to what revision or amendments shall be made. If they are unable to agree, the DMLW Director shall have final authority to determine those revisions or amendments.
22. **Improvements.** The Grantee or entryperson must obtain advance written approval from the AO prior to making any changes or improvements to the site or their operations not already included in this authorization.
23. **Fine Tuning.** Any changes in the alignment of the project area will require the prior written approval of the AO. The AO reserves the discretionary authority to require a re-determination of the State's best interest for any significant proposed changes.
24. **Amendment or Modification.** To amend or modify the uses allowed under this authorization, the Grantee shall submit a request in writing to the AO. Any amendment or modification must be approved by the AO and may require additional fees.
25. **Assignment.** This authorization may not be transferred or assigned without the prior written consent of the AO.
26. **Change of Address or Officers.** Any change of address or authorized officers appointed by the Grantee must be submitted in writing to the AO.
27. **Removal of Improvements and Site Restoration.** Upon termination of this authorization, whether by abandonment, revocation or any other means, the Grantee shall within 30 days remove all improvements from the area herein granted, except those owned by the State, and the site shall be restored to a condition acceptable to the AO. Should the Grantee fail or refuse to remove said structures or improvements within the time allotted, they shall revert to and become the property of the State; however, the Grantee shall not be relieved of the cost of the removal of the structures, improvements and/or the cost of restoring the area.
28. **Violations.**
  - a) Pursuant to 11 AAC 96.145, a person who violates a provision of an authorization issued under this chapter (11 AAC 96) is subject to any action available to the DNR for enforcement and remedies, including immediate revocation of the authorization, civil action for forcible entry and detainer, ejectment, trespass, damages, and associated costs, or arrest and prosecution for criminal trespass in the second degree. The DNR may seek damages available under a civil action, including restoration damages, compensatory damages, and treble damages under AS 09.45.730 or 09.45.735 for violations involving injuring or removing trees or shrubs, gathering geotechnical data, or taking mineral resources.
  - b) If a person responsible for an unremedied violation of 11 AAC 96 or a provision of an authorization issued under this chapter (11 AAC 96) applies for a new authorization from the DNR under AS 38.05.035 or 38.05.850, the DNR may require the applicant to remedy the violation as a condition of the new authorization, or to begin remediation and provide security under 11 AAC 96.060 to complete the remediation before receiving the new authorization. If a person who applies for a new authorization under AS 38.05.035 or 38.05.850 has previously been responsible for a violation of this chapter or a provision of an authorization



issued under this chapter, whether remedied or unremedied, that resulted in substantial damage to the environment or to the public, the DNR will consider that violation in determining the amount of the security to be furnished under 11 AAC 96.060 and may require the applicant to furnish three times the security that would otherwise be required.

### Special Stipulations

29. **Access.** The Grantee may restrict third party access to the immediate vicinity of onshore pads to satisfy Alaska Department of Environmental Conservation (ADEC) requirements regarding ambient air quality, when necessary.

The Grantee shall provide DNR an opportunity to review and approve access control plans prior to submittal to ADEC. The area of third party access restriction must not extend outside of the area granted under this Easement and must not unreasonably interfere with access or operations by the Kuparuk River Unit (KRU) operator to existing KRU facilities.

30. **Fee Payment and Late Payment Penalty Charges.** Annual usage fees for ADL 419883 area will be subject to 11 AAC 05.010(e)(11)(B) for a private exclusive easement and are based on the location and area of the parcel. The annual fee is set according to the Alaska DNR 2016 Lease Fee Schedule No. 3455-03. For parcels under 50 acres (2,178,000 ft<sup>2</sup>), the annual cost per square foot decreases as area increases. Tundra parcels near existing transportation infrastructure are valued at 60% of the Deadhorse market rate, for which the cost per square foot ( $y$ ) and the acreage of the parcel ( $x$ ) is described by the function  $y = 0.4792x^{-0.393}$

ADL	Description	Total Area	Annual Fee
417493	Pipelines 11 AAC 05.010(e)(11)(A)	85 Acres	\$8,485
419387	Onshore Production Pad 11 AAC 05.010(e)(11)(B)	12 Acres	\$56,600
419388	Wellbores 11 AAC 05.010(f)(2)	342 Acres	\$75,510

The annual usage fee is payable January 1 of each year. The Grantee shall pay a fee for any late payment. The amount is the greater of either the fee specified in 11 AAC 05.010 or interest at the rate set by AS 45.45.010(a) and will be assessed on a past-due account until payment is received by the state.

31. **Notices to KRU Operator.** The Grantee shall provide advance notice in writing to the KRU Operator, currently ConocoPhillips Alaska, Inc., of any plans and subsequent modifications of those plans for the construction, operation, or maintenance of facilities lying within the boundaries of the KRU. Notice must be given at such time and in such detail to allow the KRU operator to timely request modification of Grantee's plans for the purpose of preventing unnecessary or unreasonable interference with operations conducted by the KRU operator. Notice to KRU operator must be provided during emergencies in a manner and to the extent reasonably practicable. Any controversy arising from a timely request for modification provided by the KRU operator that cannot be resolved between the Grantee and KRU operator, shall be submitted to the Authorized Officer for mediation and resolution.