



THE STATE
of **ALASKA**

GOVERNOR SEAN PARNELL

Department of Natural Resources

DIVISION of Oil & Gas
Anchorage Office

550 W. 7th Avenue Suite 1100
Anchorage, Alaska 99501-3560
Main: 907.269.8800
Fax: 907.269.8939

May 16, 2014

Ms. Pauline Ruddy
BP Exploration (Alaska) Inc.
P.O. Box 196612
Anchorage, AK 99519

RE: **MLUPNS 14-001** Geophysical Exploration Permit
North Prudhoe Bay 2014 OBS 3D Seismic Survey

Dear Ms. Ruddy:

The Division of Oil and Gas (Division) approves the BP Exploration (Alaska) Inc. (BPXA) North Prudhoe Bay 2014 OBS 3D Seismic Survey permit application, dated January 9, 2014, to conduct geophysical exploration on State of Alaska lands in the North Slope Borough. The enclosed permit, MLUPNS 14-001, authorizes BPXA to conduct a marine seismic survey on State of Alaska lands and waters within 3 nautical miles from the shore as per the conditions of the permit.

This permit is effective May 16, 2014 to October 30, 2014.

Scope of Review

Issuance of a permit under 11 AAC 96 is not a disposal of an interest in land and does not grant a preference right to a lease or other disposal. The permit is revocable for cause for violation of a permit stipulation of this chapter, and is revocable at will if the department determines that the revocation is in the state's interest. Each permit issued is subject to any stipulations the department determines necessary to assure compliance with this chapter, to minimize conflicts with other uses, to minimize environmental impacts, or otherwise to be in the interests of the state. Public notice of any miscellaneous land use application is discretionary under 11 AAC 96.030(c). The Director of the Division has the right at any time to amend or modify any provisions of this permit, or revoke this permit.

Project Location

The proposed 3D program is located on state lands within the North Slope Borough (see Figures 1 and 3). BPXA plans to acquire approximately 190 square miles of data within the following locations:

North Prudhoe Bay 2014 OBS 3D - Umiat Meridian, Townships 11-13N, Ranges 13-17E.

Project Description

BPXA plans to conduct a three-dimensional (3D) ocean bottom sensor (OBS) seismic survey with a transition zone (TZ) component on state and private lands, and federal and state waters in the Prudhoe Bay area of the Beaufort Sea during the open water season of 2014. The survey will be conducted between July and September 2014. The survey area lies mainly within the Prudhoe Bay Unit (PBU) and also includes portions of the Northstar, Dewline, and Duck Island Units as well as non-unit areas.

Seismic data will be acquired using the patch (stroke) technique. Each patch is typically composed of three or four receiver lines and the survey area is made up of multiple patches. Using the patch technique provides the ability to respond to conditions and allows flexibility in receiver deployment, retrieval, and general mobility among patches.

The proposed seismic survey will use sensors located on the ocean bottom or buried below ground near shore (surf zone) and onshore. Sensors will be placed along north south oriented receiver lines, with a minimum line spacing of 1,320 feet. The sound source will be submerged compressed air (airgun) arrays towed behind source vessels. Source lines will be oriented perpendicular to receiver lines with typical minimum line spacing of 550 feet. In certain situations such as when lines have been modified to avoid cultural sites, mitigate impacts to wildlife, or due to bathymetry or geographic features, additional infill source and receiver lines may be added to improve data imaging.

Agency Review

The Division provided notice to other regulatory agencies on February 3, 2014, with the opportunity to comment until February 21, 2014. The Division received no agency comments.

Public Review

The Division posted a public notice on February 24, 2014 and provided the public with an opportunity to comment by 4:30 pm, March 24, 2014. The notice was posted on the State of Alaska online public notice website and the Division's website; and published in the Anchorage Daily News February 24, 2014 and the Arctic Sounder on February 27, 2014. The notice was faxed to post offices in Barrow, Nuiqsut, and Prudhoe Bay/Deadhorse for posting. The notice was also mailed to City of Barrow, City of Nuiqsut, and Kuukpik Corporation. The Division received no public comments.

Performance Guarantee

The permittee has adopted into their application individual landowner outreach and is liable for any and all damages. The permittee has provided the Division with a performance guarantee under 11 AAC 96.060 in the amount of \$100,000. If the permittee does not make an agreement with the surface owner for reasonable access to explore the estate reserved under AS 38.05.125, an opportunity to be heard by the Division and request for a damages bond shall be provided by AS 38.05.130.

Application Approved

Should any unforeseen issues arise, the Division has authority to revoke and amend this permit. As detailed in this authorization, the Division shall be notified if, during the conduct of

operations, a surface use conflict occurs. All operations conducted under this permit are subject to inspection by the Division, and if damage occurs, appropriate interest holders will be engaged, and corrective action will be prescribed. The Division will impose additional provisions as necessary as set out in 11 AAC 96.040 at any time during the activity approved under this authorization to minimize impacts and conflicts.

The Division considered all facts material to this application including the permit provisions contained in this authorization per 11 AAC 96.040(b). The Division has determined that this permit and attached provisions for this non-permanent activity as conditioned is in the state's interest. Provisions in this authorization were necessary to protect the state's interest and the public interest.

An eligible person affected by this decision may appeal it, in accordance with 11 AAC 02. Any appeal must be received within 20 calendar days after the date of issuance of this decision, as defined in 11 AAC 02.040(c) and (d), and may be mailed or delivered to Joe Balash, Commissioner, Department of Natural Resources, 550 W. 7th Avenue, Suite 1400, Anchorage, Alaska 99501; faxed to 1-907-269-8918; or sent by electronic mail to dnr.appeals@alaska.gov. This decision takes effect immediately. If no appeal is filed by the appeal deadline, this decision becomes a final administrative order and decision of the department on the 31st day after issuance. An eligible person must first appeal this decision in accordance with 11 AAC 02 before appealing this decision to Superior Court. A copy of 11 AAC 02 may be obtained from any regional information office of the Department of Natural Resources.

Sincerely,



Kim Kruse
Permitting Manager

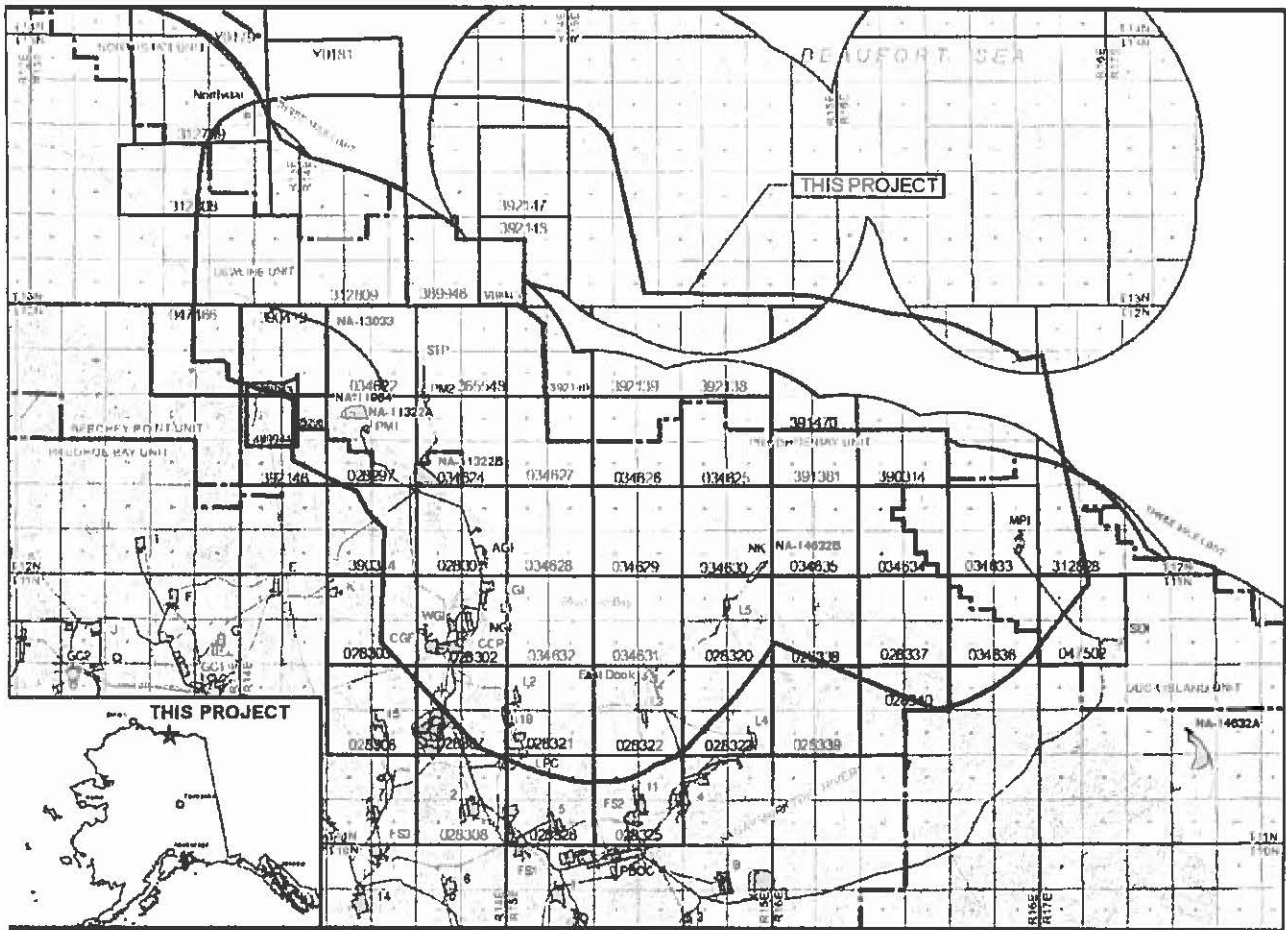
Attachments:

Location Map
Geophysical Permit Conditions

E-Distribution:

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This map is based on U.S.G.S quad Beechey Point (B-2, B-3, B-4, C-4)
and on the Unit Operator's Facility Maps.



PROJECT LOCATION:

PRUDHOE BAY UNIT - WEST DOCK HEAD 3
NAD83

LAT. = 70° 23' 59.092" / DD 70.507606

LONG. = -148° 31' 25.337" / DD -148.523705

ALASKA STATE PLANE ZONE 4, NAD83

X = 1,827,791.52 FEET

Y = 5,997,857.46 FEET

SEC. 1-3, 10-15, 23-25 T11N, R14E UMIAT M.

SEC. 1-30 T11N, R15E UMIAT M. SEC. 1-17 T11N, R16E UMIAT M.

SEC. 5-7 T11N, R17E UMIAT M.

SEC. 1, 12 T12N, R13E UMIAT M.

SEC. 1-17, 20-28, 34-36 T12N, R14E UMIAT M.

SEC. 1-36 T12N, R15E UMIAT M.

SEC. 1-3, 5-9, 11-36 T12N, R16E UMIAT M.

SEC. 7, 18-19, 29-32 T12N, R17E UMIAT M.

SEC. 11-15, 22-27, 34-36 T13N, R13E UMIAT M.

SEC. 9-36 T13N, R14E UMIAT M.

SEC. 7, 17-20, 29-36 T13N, R15E UMIAT M.

ADL # 028297, 028298, 028300, 028301, 028302, 028303,
028306, 028307, 028308, 028320, 028321, 028322,
028323, 028325, 028326, 028337, 028338, 028339,
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034628, 034629, 034630, 034631, 034632, 034633,
034634, 034635, 034636, 047466, 047502, 312799,
312808, 312809, 312828, 365548, 389943, 389944,
389945, 389946, 390314, 390419, 391381, 391470,
392138, 392139, 392140, 392146, 392147, 392148

OCS # Y0179, Y0181

DATUM: MEAN SEA LEVEL

PURPOSE: OBS SEISMIC SURVEY

ADJACENT PROPERTY OWNER:

STATE OF ALASKA

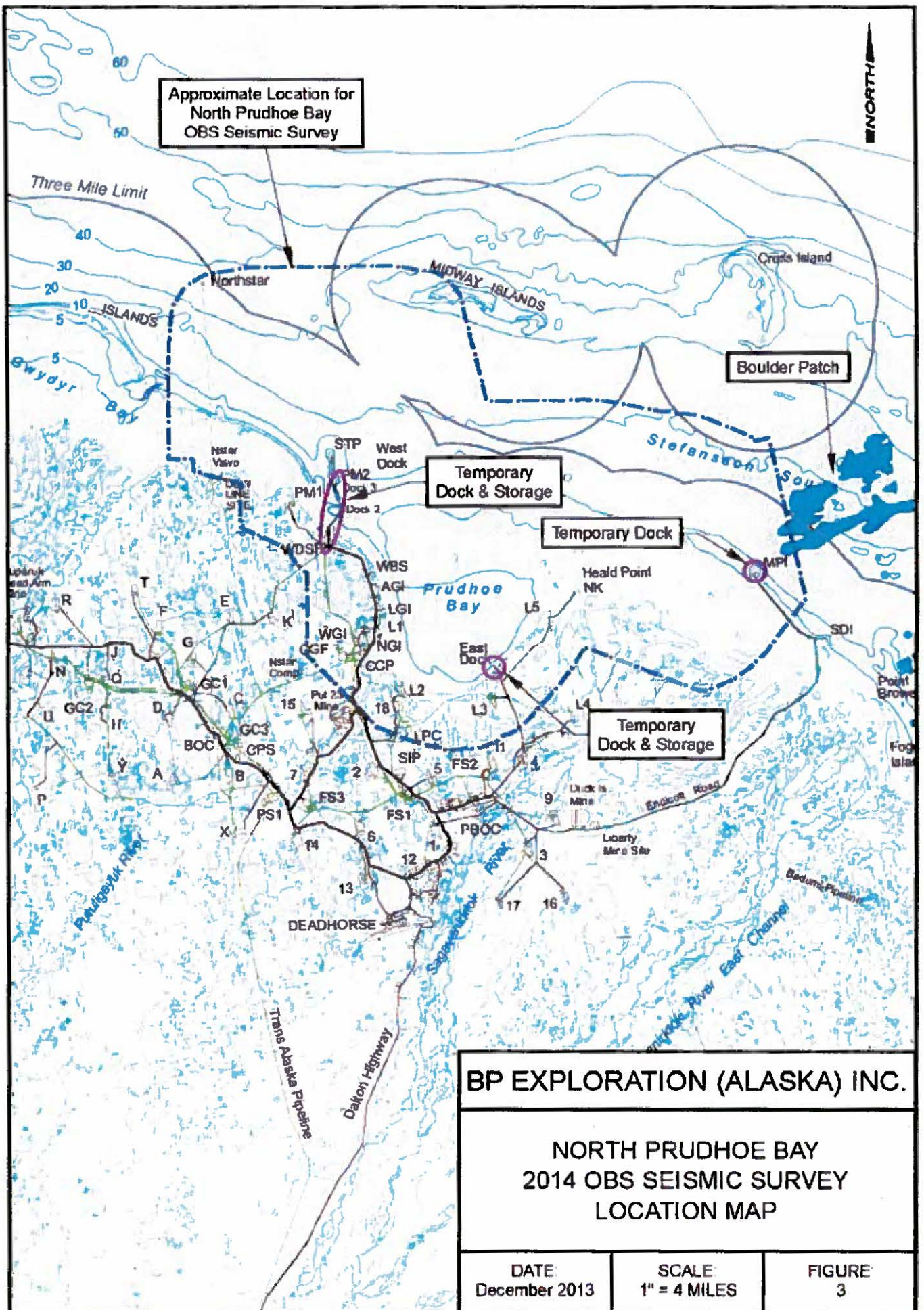
BP EXPLORATION (ALASKA) INC.

**NORTH PRUDHOE BAY
2014 OBS SEISMIC SURVEY
VICINITY MAP**

DATE:
November 2013

SCALE:
1" = 4 Miles

FIGURE:
1



GEOPHYSICAL PERMIT CONDITIONS

ATTACHMENT 1

Date Issued:	6/19/2014
MLUP:	14-001
Project Name:	North Prudhoe Bay 2014 OBS 3D
Type:	Geophysical Exploration
Permittee:	BP Exploration (Alaska) Inc.

Geophysical and Seismic activities are subject to the following permit conditions:

1. The permittee shall defend, indemnify and hold the State of Alaska harmless from and against any and all claims, damages, suits, losses, liabilities and expenses for injury to or death of persons and damage to or loss of property arising out of or in connection with the entry on and use of State lands authorized under this approval by the permittee, its contractors, subcontractors and their employees.
2. The permittee shall notify and obtain approval from the Division of Oil and Gas (Division) in advance of any activities which significantly deviate from the approved plan. Any action taken by the permittee or his agent which increases the overall scope of the project or which negates, alters, or minimizes the implied intent of any stipulation contained in this permit will be considered a significant deviation from the approved plan.
3. The permittee and its contractors shall not begin any seismic operations until receiving all necessary local, state and federal permits and approvals plus receiving letters of non-objection from private property owners, leaseholders or Native Allotment. Before entering a pending or approved Native Allotment, the permittee shall contact the Bureau of Indian Affairs and Bureau of Land Management and comply with applicable federal law.
4. The permittee shall inform and ensure compliance with all conditions of this approval by its employees, agents and contractors, including subcontractors at any level.
5. Approval of this permit does not constitute the specific approval required for surface entry without an agreement with the surface owner. Before entering on privately owned surface land in exercise of the state's mineral rights, the permittee must comply with AS 38.05.130.
6. The Commissioner of the Department of Natural Resources (DNR) may require that an authorized state representative be present during any oil and gas activities described in or conducted under this approval.
7. 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. All state permits require consultation with the State Historic Preservation Office (SHPO) (907-269-8722) so that

consultation per section 106 of the National Historic Preservation Act may proceed. 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 (907-269-8721) shall be notified immediately.

8. The permittee shall make available, to the Division, all records relating to the survey operations and landowner approvals upon request.
9. The permittee shall make available a copy of the seismic plan of operations, all subsequent amendments, and a copy of this approval and all its attachments to any interested party upon request and in a reasonable time.
10. The permittee shall apply the International Association of Geophysical Contractors Setback Guidelines to activity approved under this authorization. Alternative setback distances may be employed to protect coastal uses and resources, water wells, structures, private property including livestock, and other resources if it is determined that a particular guideline is insufficient.
11. Fuel and hazardous substances. Secondary containment shall be provided for fuel or hazardous substances, as defined under AS 46.03.826 (5) or under 42 U.S.C. 9601(14)F.
 - a. Fuel or hazardous substance transfers. Secondary containment or a surface liner 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 to respond to a spill of up to five gallons must be on hand during any transfer or handling of fuel or hazardous substances. Transfer operations shall be attended by trained personnel at all times.
 - b. Stationary fuel storage facilities must not be placed within the annual floodplain of a freshwater watercourse or closer than 100 ft. to a waterbody. Fueling, servicing, and repair of vehicles or equipment shall be avoided whenever possible; and no vehicles shall be left unattended within the floodplain or below the ordinary high water (OHW) line of any river, lake or stream or closer than 100 ft. to a freshwater waterbody or wetland.
 - c. Fueling of equipment in the marine and surf zone for the proposed seismic operations must comply with applicable statutes and regulations.
12. Vehicles shall be operated in a manner such that the vegetative mat is not disturbed, and blading or removal of vegetative cover is prohibited except as approved by DNR Division of Mining, Land and Water (DMLW) Northern Region Office (NRO). Incidents of vegetative mat damage and follow-up corrective actions shall be reported to the Division.
13. Operations must avoid occupied grizzly bear dens by one-half mile unless alternative mitigation measures to minimize disturbance are authorized by the Division after consultation with Department of Fish and Game (ADFG). Known den locations shall be obtained from the

ADFG Division of Wildlife Conservation, (Fairbanks 907-459-7213; Anchorage 907-267-2179) prior to starting operations. Occupied dens encountered in the field must be reported to the above, and subsequently avoided.

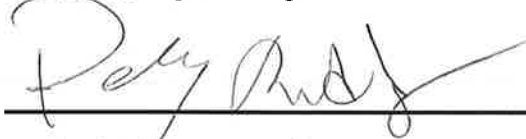
14. All activities shall be conducted in a manner to minimize or avoid disturbance to wildlife and their habitat. Hazing of wildlife is prohibited unless a Health Safety and Environment concern is present.
15. Trails, campsites and work areas must be kept clean. Trash, survey lath, markers, and other debris that accumulates in camps, along seismic lines, and travel routes, that are not recovered during the initial cleanup, shall be picked up and properly disposed of prior to snowfall. All solid wastes, including incinerator residue, shall be backhauled to a solid waste disposal site approved by DEC.
16. All wastewater must be disposed of in a manner acceptable to DEC and drinking water must meet Alaska drinking water standards.
17. The Director has the right at any time to amend or modify any provisions of this permit, or revoke this permit.
18. As a condition of the issuance of this Geophysical Exploration Permit, the permittee acknowledges the requirements of 11 AAC 96.210 (1) and agrees to notify the Director of the Division and submit seismic exploration data. The Geophysical Data Submission Requirements can be found on the DNR Division's Website <http://dog.dnr.alaska.gov/Permitting/permittingForms.htm>. Your signature acknowledges your obligation to fulfill the Data Submittal requirements.
19. The permittee must complete and return a Geophysical Activity Completion Report form for each set of data acquired. Please submit a separate form for each sub-program data submittal. A non-confidential public completion report will be placed into the permit file each time a sub-program is completed. Completion reports must be submitted to our office within 30 days of completion of the work. For in depth instruction on how to complete the form please refer to the Division's permitting website <http://dog.dnr.alaska.gov/Permitting/PermittingForms.htm>.
20. A summary record of all surface impacts, lost equipment, spills, fires, and unintended explosions, shall be included in the completion report. Rehabilitation, if required, shall be completed to the satisfaction of the DNR.
21. The permittee shall be responsible for all equipment used in association with the seismic survey. Equipment lost or abandoned during operations shall be recovered and reported. If the lost equipment is not recovered, the report will include a detailed explanation of the circumstances of the loss and the recovery effort that includes Global Positioning System (GPS) location coordinates.
22. The Division's Permitting Section shall be notified in Anchorage by telephone at 907-269-8800 and by email at dog.permitting@alaska.gov if, during the conduct of operations, state resources are damaged or a conflict occurs.

23. All fires and explosions that require a response to protect life and property must be reported to DNR and Department of Environmental Conservation (DEC) immediately and shall be supplied with all follow-up incident reports.
24. The permittee shall comply with the DEC requirements for reporting the unauthorized discharge, leak, or spill of hydrocarbons or toxic or hazardous substances. The permittee shall notify DNR of all spills as required under 18 AAC 75.300. The DNR 24 hour spill report number is 907-451-2678; the fax number is 907-451-2751.

Geophysical and Seismic activities proposed by BPXA Alaska for the North Prudhoe Bay 2014 OBS 3D Seismic Survey are subject to the following project specific stipulations:

25. All marine operations will be conducted in accordance with any voluntary action submitted by the permittee and approved by the National Marine Fisheries Service (NMFS). The Incidental Harassment Authorization (IHA) application describes specific operational procedures, mitigation measures, observer protocols, and other measures designed to protect marine mammals from potential impacts of marine seismic operations. All operations authorized under this permit are required to meet other state and federal requirements, such as the Marine Mammal Protection Act (MMPA), Endangered Species Act (ESA), and other applicable laws protecting marine mammals.
26. Operations must avoid known polar bear dens by one mile. Known den locations shall be obtained from the U.S. Fish and Wildlife Service (907-786-3800 or 800-362-5148) prior to starting operations. New dens encountered in the field must be reported to the above, and subsequently avoided by one mile.

I acknowledge, and agree to these Permit terms, conditions and stipulations.



Authorized Representative



Date