



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

August 8, 2014

Ms. Suzan Simonds
SAExploration, Inc.
8240 Sandlewood Place, Suite 102
Anchorage, AK 99507

RE: MLUP 13-003, SAExploration Colville Delta 3D Seismic Survey, Miscellaneous Land Use Permit, Geophysical Exploration, Modification Approval: Extension of Term

Dear Ms. Simonds:

The Alaska Department of Natural Resources, Division of Oil and Gas (Division), in accordance with Alaska Statute 38.05 and Alaska Miscellaneous Land Use Regulations (11 AAC 96) grants authorization to conduct activities on state lands as submitted in the plan, dated June 16, 2014, and modified by the attached conditions and stipulations for the above referenced project.

The Division approved the SAExploration (SAE) Colville Delta 3D Seismic Survey permit application, dated April 17, 2013, to conduct geophysical exploration on State of Alaska lands on the North Slope of Alaska on July 10, 2013. That permit, MLUPNS 13-003, authorized SAE to conduct a marine seismic survey on State of Alaska land and waters within the Colville River Delta as per the conditions of the permit.

SAE submitted a modification request to the Division on June 16, 2014 requesting approval to modify the effective dates of the MLUPNS 13-003 geophysical exploration project from July 10, 2013 to October 15, 2013 to August 5 through October 30, 2014. The project was not initiated during the permit's original effective dates. Approval of this modification does not relieve SAE from securing other permits or authorizations associated with the proposed modification. Any further modification is subject to further review and approval by the Division.

Scope:

SAE submitted a modification request to the Division on June 16, 2014 requesting approval to modify the effective dates of MLUPNS 13-003 to August 8 through October 30, 2014.

Project Location:

The source and receiver area of the project is approximately 463 square miles of the Beaufort Sea and includes approximately 25 miles of the shoreline from the Nechelik Channel to Oliktok Point Dock.

The project includes all of:

T13N, R04E UM, T13N, R05E UM, T13N, R06E UM, T13N, R07E UM, and T13N, R08E UM.

The project spans portions of:

T14N, R08E UM, T13N, R09E UM, T12N, R09E UM, T12N, R08E UM, T12N, R07E UM, T12N, R06E UM, T12N, R05E UM, and T12N, R04E UM.

Project Description:

SAE plans to conduct a marine 3D ocean bottom seismic survey within State and federal waters in the Colville River Delta area of the Beaufort Sea during the 2014 open water season. Project operations will occur in both state and federal shallow waters, and the land transition zone may include BLM, state, and native lands, including portions of the Oooguruk, Nikautchuq, and Kuparuk River oil and gas production units. Land based activities include equipment staging on private property, and support activities at West Dock and Oliktok Point. Transportation to the staging areas and docks will be conducted with light duty trucks and buses on the existing road system. Helicopters to transport survey equipment and crews to the onshore areas will be based at Deadhorse, Kuparuk, or Alpine. Onshore activities include placing receivers by helicopter or on foot. Because the off road travel is by air or foot, no tundra travel permit is necessary. SAE plans to acquire approximately 463 square miles of geophysical data. The planned survey has been applied for by SAE and will be jointly conducted by SAE and Kuukpik Corporation.

Under this modification the survey acquisition is estimated to take approximately 90 days during the open water season within the time period of August 8 to October 30, 2014.

Agency Review:

The Division conducted an agency review from June 12, 2014 to June 20, 2014, providing the agencies an opportunity to comment on the modified timeline request. All agency comments received by the Division expressed non-objection.

Performance Guarantee:

The permittee has provided the Division with a performance guarantee under 11 AAC 96.060 in the amount of \$100,000.

Modification Approved:

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

Please direct questions or concerns about this amendment to Paul Blanche at (907) 269-8570 or paul.blanche@alaska.gov.

Sincerely,

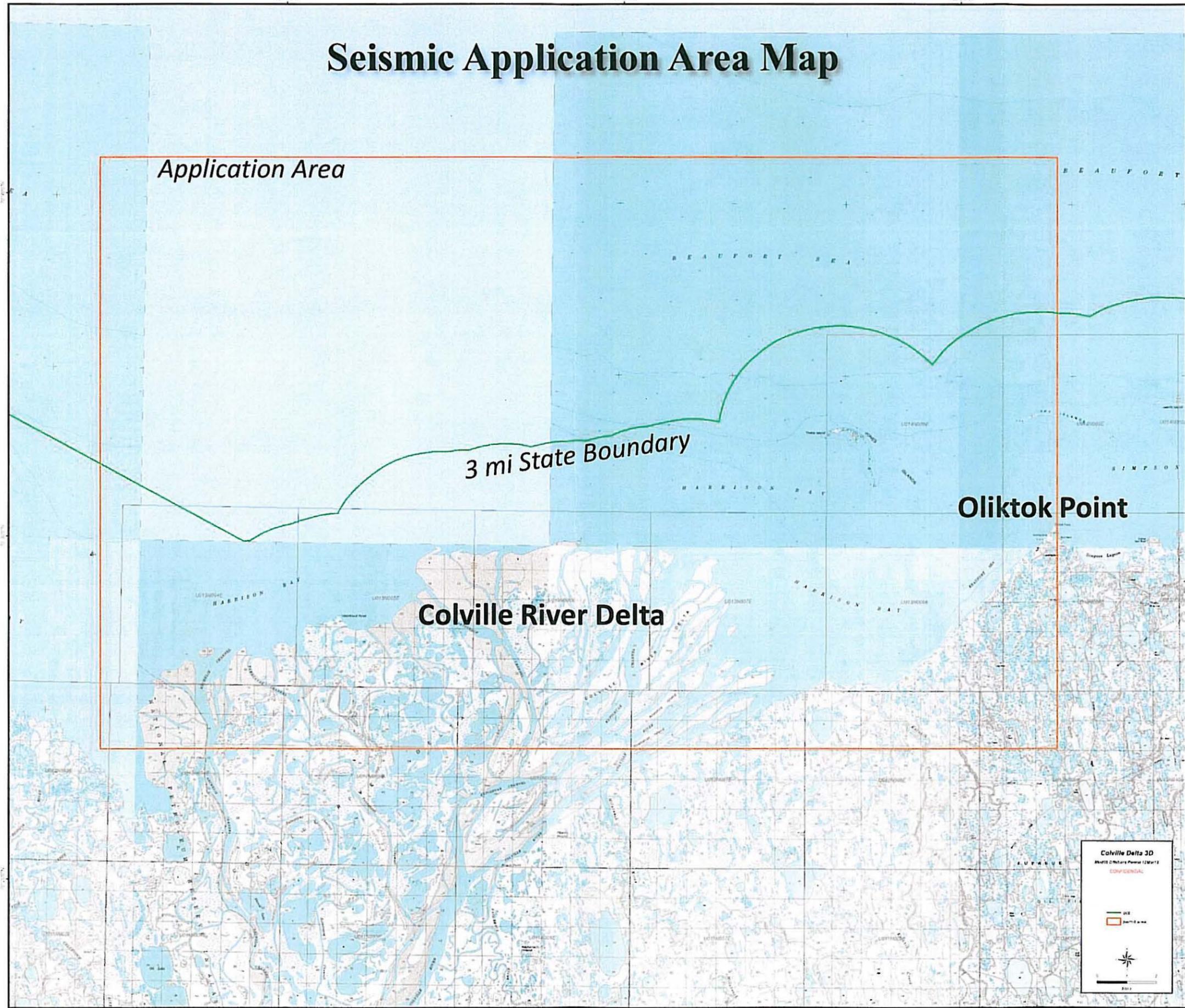


Kim Kruse
Petroleum Land Manager

Enclosures: Location Map
Geophysical Permit Conditions

Ecc: Brook Brisson, Krisztina Nadasdy; Trustees for Alaska
Gordon Brower; NSB
Matthew Willison; DNR/MLW
Melissa Head; DNR/MLW
Brian Jackson; DNR/MLW
Sara Longan; DNR/OPMP
Temple Davidson; DNR/DOG
Jeanne Frazier; DNR/DOG
Heather Heusser; DNR/DOG
Jack Winters; ADFG
William Morris; ADFG
Sharon Morgan; ADEC
Gerry Brown; ADEC

Seismic Application Area Map



State of Alaska
Department of Natural Resources
Division of Oil and Gas

GEOPHYSICAL PERMIT CONDITIONS
ATTACHMENT 1

Date Issued:	8/8/2014
MLUP:	NS 13-003
Project Name:	Colville Delta 3D Seismic Survey
Type:	Geophysical Exploration
Permittee:	SAExploration, 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 a Native Allottee. 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 geophysical and seismic 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 ADFG Division of Wildlife Conservation, 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

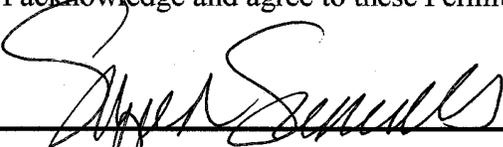
lost equipment is not recovered, the report will include a detailed explanation of the circumstances of the loss and the recovery effort that includes Global Positioning System (GPS) location coordinates.

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 SAE for the Colville Delta 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 U.S. Fish and Wildlife Service, and subsequently avoided by one mile.

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



Authorized Representative



Date