THE STATE of ALASKA
GOVERNOR SEAN PARNELL

Department of Natural Resources

DIVISION of Oil & Gas
Anchorage Office

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Anchorage, Alaska 99501-3560
Main: 907.269.8800
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January 22, 2014

Mr. Samuel Widmer, Environmental Coordinator
ConocoPhillips Alaska, Inc.
P.O. Box 100360
Anchorage, AK 99501

RE: MLUP/NS 13-013 Geophysical Exploration Permit
Kuparuk River Unit, Drill Site 2A Area Seismic Survey Study

Dear Mr. Widmer:

The Division of Oil and Gas (Division) approves the ConocoPhillips Alaska, Inc. (CPAI) Kuparuk River Unit permit application, dated November 12, 2013, to conduct geophysical exploration on State of Alaska lands in the North Slope Borough near the Drill Site 2A (DS-2A) area. This permit, MLUP/NS 13-013, authorizes CPAI to utilize SAExploration, Inc. to conduct a geophysical permafrost study per the conditions of the permit.

This permit is effective January 21, 2014 to May 31, 2014 or until tundra closes this season.

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 or 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.

Location Information
This 3D seismic survey will be used to evaluate less than three square miles of near surface surrounding the DS-2A area. Shake areas in the vicinity will be conducted along the road to DS-2T, DS-2M, DS-2H, and DS-2B.

Kuparuk River Unit, DS-2A Area
Sections 23, 24, 25, 26, 27, 01, 12, 13 T11N, R08E, UM and Sections 18, 19 T11N, R09E, UM
ADLs 025570, 025569, 025655, 025587, 025586

Project Description
Three component geophones will be used in this study and each location will have three phones per unit. The unit will be placed by drilling a 2.5 inch diameter hole approximately 9 inches deep. There are approximately 565 locations on and around the pad.

For this study vibrators will be the primary source. Source locations will be in a 4,000-foot diameter circle around the pad. There will be 72 evenly spaced vibroseis points around the circle. There will also be a series of vibroseis points on the road leading to and from the pad, approximately every 1,000 feet, up to a distance of 15,000 feet away. Depending on the results of the source study applied for earlier at DS-1H, a minimum of 16-20 of the locations will also have an impulsive source with the charge size determined from the previous study – maximum of 2 kg. Vibroseis will be done along the road from DS-2T to DS-2M to DS-2B which is shown on the attached Figure 1.

Agency Comments
The Division provided notice to other regulatory agencies on November 19, 2013 for the opportunity to comment on this proposed project. The Division of Mining, Land and Water (DMLW) Northern Region Office (NRO) submitted their comments and the Division incorporated those comments into the geophysical permit conditions, under project specific stipulation numbers 32 and 33. CPAI will send both DMLW NRO and DOG the completion report which will include all surface damages and corrective actions.

Performance Guarantee
The permittee 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.

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 interests of the state. 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
Petroleum Land Manager

Attachment: Location Map
Geophysical Permit Conditions

E-Distribution:

Gordon Brower, NSB; Gordon.Brower@north-slope.org
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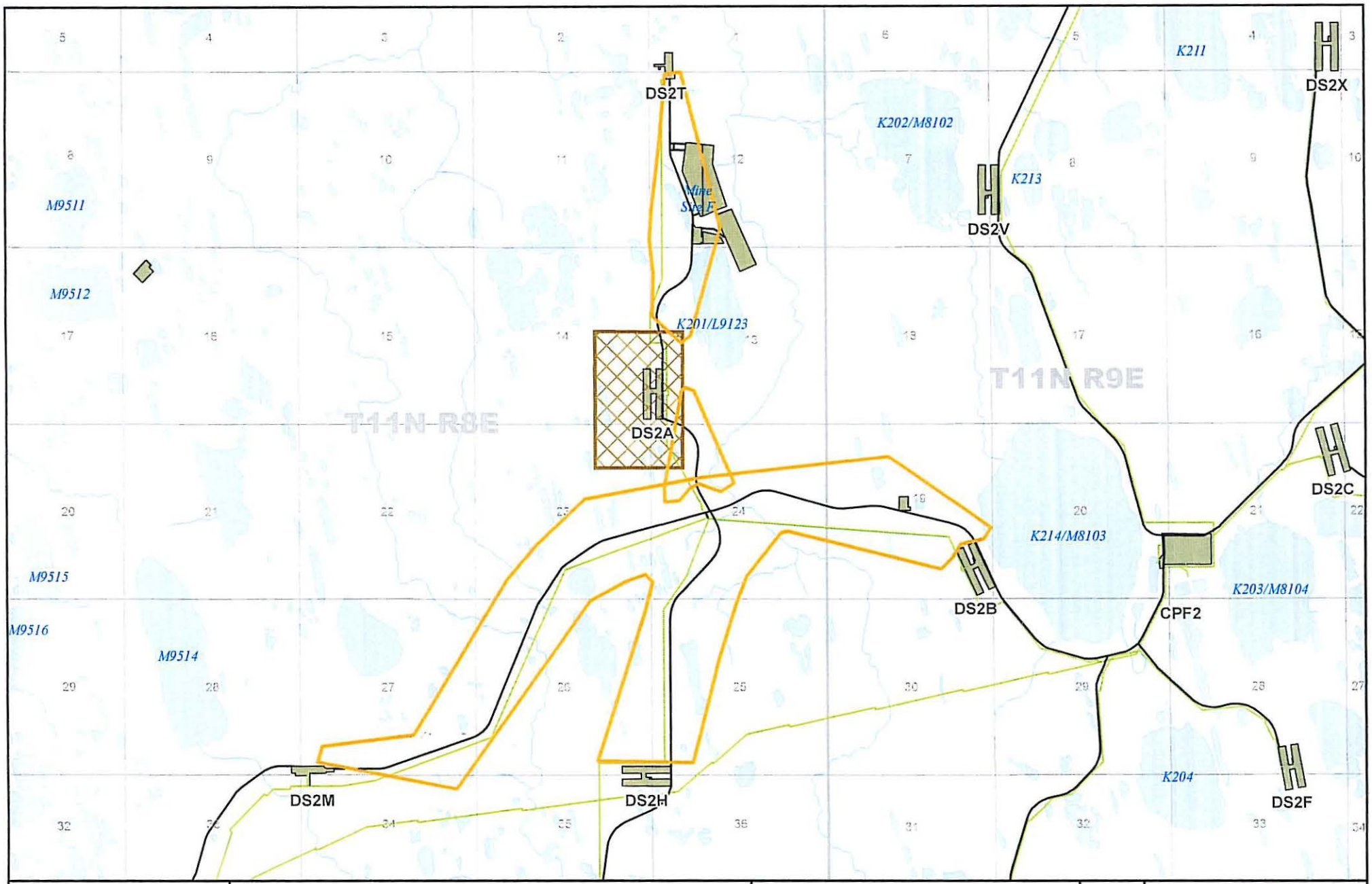

DS-2A Seismic Survey

Seismic Survey Areas
- Project Area
- Shake Area

Infrastructure
- Pad
- Road
- Pipeline

0 0.5 1 Miles

Alaska State Plane Zone 4, NAD83

N

ConocoPhillips Alaska, Inc.

January 20, 2014

Figure 1

GEOPHYSICAL PERMIT CONDITIONS
ATTACHMENT 1

Date Issued:	11/15/2013
MLUP:	13-007
Project Name:	Source Receiver Parameter Testing Seismic Survey
Type:	Geophysical Exploration
Permittee:	ConocoPhillips Alaska, Inc.

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

1. The permittee shall make available a copy of the MLUP, all subsequent amendments, and all its attachments to any interested party upon request and in a reasonable time.

2. 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.

3. 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.

4. 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 or leaseholders.

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 seismic exploration activities granted under this permit must not diminish the use and enjoyment of lands encompassed within a 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.

7. The Division's Permit and Compliance 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, a surface use violation or conflict occurs.

8. The Commissioner of Department of Natural Resources (DNR) may require that an authorized state representative be present during any activities described in or conducted under this approval.

9. The application indicated this project is only a test, 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 and submit seismic exploration data if it is collected. 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.

10. 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.

11. The permittee shall make available all records relating to the survey operations and landowner approvals upon request.

12. 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 Department.

13. 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. The DNR 24 hour spill report number is 907-451-2678; the fax number is 907-451-2751.

14. 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.

15. 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 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 shall be attended by trained personnel at all times.

b. Fuel or hazardous substances container(s) with a total combined capacity larger than 55 gallons shall not be stored within 100 feet of a waterbody.

16. Stationary fuel storage facilities must not be placed within the annual floodplain of a watercourse or closer than 100 ft. to a waterbody. There shall be no fueling, servicing or repair of vehicles or equipment, 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 waterbody or wetland.

17. 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). Filling of low spots and smoothing using snow and ice is allowed. Incidents of vegetative matte damage and follow-up corrective actions shall be reported to the Division.

18. Alterations of the banks of a watercourse are prohibited. Ice or snow bridges and approach ramps constructed at river, slough, or stream crossings must be substantially free of extraneous material (i.e., soil, rock, wood, or vegetation) and must be removed or breached before spring breakup. Crossing lakes and waterways shall be conducted in a manner to avoid additional freeze-down of deep-water pools that might harbor overwintering fish. Removal and compaction of snow from deep-water pools is prohibited.

19. To avoid additional freeze-down of deep-water pools harboring overwintering fish, watercourses shall be crossed at shallow riffle areas from point bar to point bar. Compaction or removal of the insulating snow cover from the deep-water pool areas of rivers must be avoided.

20. 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 (DFG). Known den locations shall be obtained from the DFG 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.

21. 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.

22. The permittee shall inform and insure compliance with any and all conditions of this approval by its employees, agents and contractors, including subcontractors at any level.

23. 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 freeze-up the following winter. All solid wastes, including incinerator residue, shall be backhauled to a solid waste disposal site approved by DEC.

Geophysical and Seismic activities proposed by ConocoPhillips Alaska, Inc. for the Seismic Survey are subject to the following project specific stipulations:

PROJECT SPECIFIC STIPULATIONS

24. 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.

25. The use of ground contact vehicles for off-road travel must be limited to those areas which have adequate ground frost and snow cover to prevent damage to the ground surface. Movement of equipment through willow (*Salix*) stands must be avoided wherever possible. The use of ground contact vehicles for off-road travel is subject to regional tundra travel openings and closure notices issued by DNR DMLW NRO. Operations are restricted to the winter seasonal opening. After April 15, the use of ground contact vehicles is subject to termination within 72 hours of written notification from DNR DMLW NRO.

26. If full PVC pipe removal is unsuccessful, pipe should be cut several inches below grade and removed. Cutting below grade accounts for freeze/thaw action in attempting to avoid obstructions for on-tundra activities

27. In the event that native material does not backfill to tundra grade of each borehole, only mineral and/or organic soil from a local, established material site should be used as a supplement to finish the backfill.

28. Transects will be moved to avoid the DS 1H oily waste pit.

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

1/23/2014

Authorized Representative Date