THE STATE of ALASKA
GOVERNOR BILL WALKER

Department of Natural Resources

Division of Oil & Gas

550 W. 7th Avenue Suite 1100
Anchorage, Alaska 99501-3560
Main: 907.269.8800
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August 7, 2015

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

RE: MLUPNS 15-003, Geophysical Exploration Permit, Islands 3D Seismic Survey Permit Approval

Dear Ms. Simonds:

The Division of Oil and Gas (Division) approves SAExploration, Inc. (SAE) Ice Wine 3D Seismic Survey Miscellaneous Land Use Permit (MLUP) application, dated June 18, 2015 to conduct geophysical exploration on State of Alaska lands on the North Slope. The enclosed permit, MLUPNS 15-003, authorizes SAE to conduct a marine based seismic survey on State of Alaska land and waters within the Prudhoe Bay area subject to the conditions of the permit.

This permit is effective August 7, 2015 to November 30, 2015.

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 of Oil and Gas (Director) has the right at any time to amend or modify any provisions of this permit, or revoke this permit.

Project Description: Proposed Activity, Associated Structures, Type of Equipment
SAE plans to conduct a marine based three-dimensional (3D) ocean bottom seismic survey within state and federal waters in the Prudhoe Bay area of the Beaufort Sea during the open water season of 2015. The state portion of the survey will cover approximately 418 square miles. Project operations will occur in both state and federal waters. The survey will be conducted over a period of approximately 70 days within the time period of July to November, 2015. This time period includes all activities; mobilization, marine layout activities, marine data acquisition and demobilization of equipment and crews. There will be no land based source or receiver activity for this project.

All staging will occur on privately owned property and or existing private facilities in the Prudhoe Bay area. Land based support activities, such as small vessel mobilization/demobilization and vessel

re-supply are planned to occur at West Dock and or Oliktok Point. The proposed seismic operation will use marine ocean bottom recorders. The survey involves deploying a marine node from a vessel for placement on the ocean bottom. Marine nodes are attached by a single rope for ease of retrieval. The source energy will be a submerged compressed air source (air gun) towed by a vessel. After sufficient data have been recorded to allow accurate mapping of the strata, the marine nodes will be lifted onto the deck of the vessels, moved to a new location and placed onto the seabed again. By repeating the process, the volume of subsurface area can be acoustically imaged.

Scope of Decision:
This decision is reviewing the following activities for potential Division approval:
Activities supporting seismic data acquisition as defined in the approval. Only State of Alaska land and waters have been reviewed under the authority of this approval.

This decision is not reviewing the following activities for potential Division approval:
Activities supporting seismic data acquisition in Federal lands and waters have not been reviewed.

Land Status:
The proposed Islands 3D seismic survey program is located in state waters on the North Slope (Appendix C). SAE plans to acquire approximately 418 square miles of data within the following locations:

Survey Line Locations by Meridian, Township, Range, & Section(s)
Meridian: Umiat

Township: 11N	Range: 14E	Section(s): 1-2, 13
	Range: 15E	Section(s): 1-11, 16-18
	Range: 16E	Section(s): 1-4, 6, 10-14, 24
	Range: 17E	Section(s): 1-19, 22-24
Township: 12N	Range: 13E	Section(s): 1-4, 6, 10-12
	Range: 14E	Section(s): 1-17, 22-25, 36
	Range: 15E	Section(s): 1-36
	Range: 16E	Section(s): 1-3, 5-7, 9, 11-36
	Range: 17E	Section(s): 4-8, 17-20, 28-34
	Range: 18E	Section(s): 4-8, 17-20, 28, 30, 31-32
Township: 13N	Range: 10E	Section(s): 1-6, 8-10, 12
	Range: 11E	Section(s): 1-13, 17
	Range: 12E	Section(s): 1-18, 20-27, 34-36
	Range: 13E	Section(s): 2-36
	Range: 15E	Section(s): 1-36
	Range: 16E	Section(s): 1-36
Township: 14N	Range: 10E	Section(s): 1-36
	Range: 11E	Section(s): 5-36
	Range: 12E	Section(s): 16-22, 25-36

Other third party interests identified by DNR Division of Mining Land and Water:
ADL 50666 – North Slope Special Use Area

Agency Review:
The Division provided an Agency review and comment opportunity for the activities considered for authorization under this decision. The following government entities were notified on June 30, 2015 for comment on the Plan: Alaska Department of Fish and Game (ADFG), Alaska Department of Environmental Conservation, and DNR: State Pipeline Coordinator's Office, Division of Mining Land and Water, and Division of Oil and Gas. The comment deadline was 4:30 pm Alaska time on July 14, 2015. No Comments were received.

Public Review:
The public notice process is discretionary and was not initiated for this application.

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

Application Approved:
Should any unforeseen issues arise, the Division has authority to revoke or 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 under 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. Stipulations in this permit authorization are 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. 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

Kim Kruse
Permitting Manager
Division of Oil and Gas

Appendices: A: Stipulations
B: Comments
C: Map(s)

ecc: Gordon Brower NSB, gordon.brower@north-slope.org
Matthew Willison DNR/MLW, sean.willison@alaska.gov
Melissa Head DNR/MLW, melissa.head@alaska.gov
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Temple Davidson DNR/DOG, temple.davidson@alaska.gov
James Hyun DNR/DOG, james.hyun@alaska.gov
DNR/DOG Permitting, dog.permitting@alaska.gov

APPENDIX A: STIPULATIONS
MISCELLANEOUS LAND USE PERMIT FOR GEOPHYSICAL EXPLORATION

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

Standard Stipulations:

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 permit by the permittee, its contractors, subcontractors and their employees.

2. A copy of the permit and stipulations must be posted in a prominent location where other permits and safety information are displayed for crew members. The permittee shall make available a copy of the application, all subsequent modifications, and a copy of this permit and all its attachments to any interested party upon request and in a reasonable time.

3. The permittee shall notify and obtain a modification from the Division in advance of any activities which deviate from the approved permit. 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 permit.

4. The issuance of this authorization does not alleviate the necessity of the permittee to obtain authorization required by other agencies for this activity.

5. The permittee shall inform and ensure compliance with all conditions of this permit by its employees, agents and contractors, including subcontractors at any level.

6. Reservation of Rights: 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.

7. Valid Existing Rights: This authorization is subject to all valid existing rights and to the land. 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.

8. The Commissioner of the DNR may require that an authorized state representative be present during any oil and gas activities described in or conducted under this permit.

9. The permittee shall consult the Alaska Heritage resources Survey (907-269-8721) so that known historic, archeological and paleontological sites may be avoided 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.

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

11. The permittee shall observe and apply applicable setbacks as defined by 18 AAC 80.020, 18 AAC 72 and/or the International Association of Geophysical Contractors Setback Guidelines to activities 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.

12. 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 within one calendar year.

13. The Director has the right at any time to modify or revoke this permit.

14. All wastewater must be disposed of in a manner acceptable to ADEC and must meet Alaska Water Quality Standards found at: http://dec.alaska.gov/water/wqsar/wqs/.

15. ADEC Drinking Water regulations 18 AAC 80 apply to public water systems.

Land and Access Stipulations:

1. The permit authorizes the Permittee to conduct geophysical/seismic exploration activity upon authorized lands owned by the State of Alaska. No person may engage in mineral exploratory activity on land, the surface of which has been granted or leased by the State of Alaska, or on land for which the state has received the reserved interest of the United States.

2. This approval does not authorize activity on Mental Health Trust Lands, School Trust Lands, Park Lands, or Lands of the University of Alaska.

3. Approval of this permit does not constitute the approval required for surface entry on non-state land without an agreement with the surface owner. This permit does not approve entry on private land. If surface access over non-State Lands is sought and the permittee is the oil and gas lessee, the permittee must provide for full payment of all damages sustained by the owner. The Division may assist land owners with securing for full payment and the permittee must provide, to the Division, good-faith attempts to contact and negotiate access with the private land owner (AS 38.05.130)

4. 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.

Public Safety and Program Outreach Stipulations:

1. Public safety: Appropriate signage will be deployed on all access routes and roadways in the project area. The Department of Transportation or Right of Way Lessee may advise permittee on appropriate measures to maintain safe conditions where appropriate. The permittee must watch for, provide verbal warning to and document people or vehicles entering potentially dangerous areas of the project. Lighting and marking with lath or fluorescent tape of some project work areas is advised for operations that occur during periods of sustained darkness or where conditions are unsafe for humans or animals.

2. Notices: To avoid unintended conflicts with other users, the permittee shall post a Notice of this project at conspicuous locations including key travel intersection crossings, areas of public use and in a prominent location in any operators or contractors staging area or camp. The Notice shall include the Division's contact number (907-269-8800), project title and permit number, names and contact telephone numbers of the permittee and all operators. The permittee shall provide notices on behalf of the Division to all upland owners involving shoreland, tideland, or submerged land adjacent to the upland owner's property if no notice or agreement is made with the owner by the permittee as required under 11 AAC 96.030(c). All forms of public outreach must be documented and reported to the Division as they occur.

3. In areas of subsistence and personal use harvesting, the permittee will coordinate survey activity with local users to prevent unnecessary conflicts. The permittee shall make a good faith attempt to coordinate survey activities with the owners of trap lines if known. Existing snowmachine, dogsled, or other trails, should be marked with survey lath where they intersect receiver and source lines. The permittee is required to post notice of potentially dangerous or hazardous project activities at these locations.

Fuel and Hazardous Substances Stipulations:

1. 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. 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.

2. Sorbent material in sufficient quantity to handle operation spills must be on hand at all times for use in the event of an oil or fuel spill.

3. Any use of explosives or blasting materials must comply with ADFG Habitat Publication No. 13-03, Alaska Blasting Standard for the Proper Protection of Fish. Additionally the permittee must contact the nearest ADFG Division of Habitat office regarding the need for a Fish Habitat permit.

4. Stationary fuel storage facilities must not be placed within the annual floodplain of a watercourse or closer than 100 feet 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 line of any river, lake or stream or closer than 100 ft. to a waterbody or wetland.

Wildlife Stipulations:

1. 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.

2. Operations must avoid occupied grizzly bear dens and black bear dens, by one-half mile unless alternative mitigation measures to minimize disturbance are authorized by the Division after consultation with ADFG. Known den locations shall be obtained from the nearest ADFG Division of Wildlife Conservation office prior to starting operations. Occupied dens encountered in the field must be reported to the above, and subsequently avoided.

3. The permittee shall abide by the provisions of Alaska's wildlife feeding regulation, 5 AAC 92.230.

4. Operations within State-designated special areas (AS 16.20.010- .162, .500-.690) will be conducted in a manner consistent with the area's statutes regulations and management plan.

5. 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.

6. Operations must avoid known polar bear dens by one mile. Known den locations shall be obtained from the U.S. Geological Survey (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.

North Slope Stipulations:

1. Crossing of water bodies and operations near fish bearing water bodies may require permits from ADFG, the permittee is required to obtain all permits necessary for this project prior to commencing activities authorized by this permit.

2. All solid wastes, including incinerator residue, shall be backhauled to a solid waste disposal site approved by ADEC.

3. 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 as determined by DNR DMLW NRO. 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.

4. 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 mat damage and follow-up corrective actions shall be reported to the Division.

5. The DNR/DMLW maintains tundra monitoring stations throughout the North Slope. Tundra monitoring stations must not be impacted by permitted activities. Specific location information for these sites can be obtained from the DNR/DMLW directly at 907-451-2740.

6. If flowing or artesian water is encountered during the drilling of shot holes, the DMLW shall be contacted at 907-269-8645. Action may be required to stop the flow.

7. Existing roads, trails, and natural clearings must be used wherever possible. Trail widths and clearing shall be kept to a minimum. Trail surfaces may be cleared of brush, stumps, and snags. 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. Additionally, any ground disturbance which may have occurred shall be restored to its original condition contoured to blend with the natural topography to protect human and wildlife health and safety. Particular attention must be paid to prevent pollution and siltation of streams, lakes, ponds, waterholes seeps and marshes, and disturbances to wetlands.

Reporting Stipulations:

1. Spill Notifications: The permittee shall comply with the ADEC requirements for reporting the unauthorized discharge, leak, or spill of hydrocarbons or toxic or hazardous substances. The permittee shall notify the Department of Natural Resources of all spills that must be reported under 18 AAC 75.300 under timelines of 18 AAC 75.300. All unintentional fires and explosions must be reported to DNR immediately. The DNR 24 hour spill number is (907) 451-2678; the fax number is (907) 451-2751. DNR and ADEC shall be supplied with all follow-up incident reports.

2. Blowouts, as defined as the detonation of source points that caused surface damaged, are reportable if the surface damaged is larger than 36 inches. The report must include the location (Lat./Long. in WGS 84) and pictures of the blowout. All blowouts will need to be reclaimed or rehabilitated to the satisfaction of the Alaska DNR.

3. As a stipulation of the issuance of this MLUP for Geophysical Exploration, 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.

4. The permittee must complete and return a Geophysical Activity Completion Report form for each set of 3D 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 by July 1 of the following year. 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.

5. 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.

6. All fires and explosions that require a response to protect life and property must be reported to DNR and ADEC immediately and shall be supplied with all follow-up incident reports.

7. 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.

8. Annual Reports: if the term of the MLUP exceeds one calendar year from the date of approval an annual report must be submitted and discuss the project timeline, progress, project work and continued public outreach.

9. Completion Statement: Upon expiration of the MLUP or completing all operations authorized under the MLUP, whichever occurs first, a completion report must be submitted and discuss a summary of operations, equipment trails, camps and staging areas, damages to State lands, spills, land-use conflicts and work completed.

10. The permittee shall make available a copy of the seismic plan of operations, all subsequent modifications, and a copy of this permit and all its attachments to any interested party upon request and in a reasonable time.

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

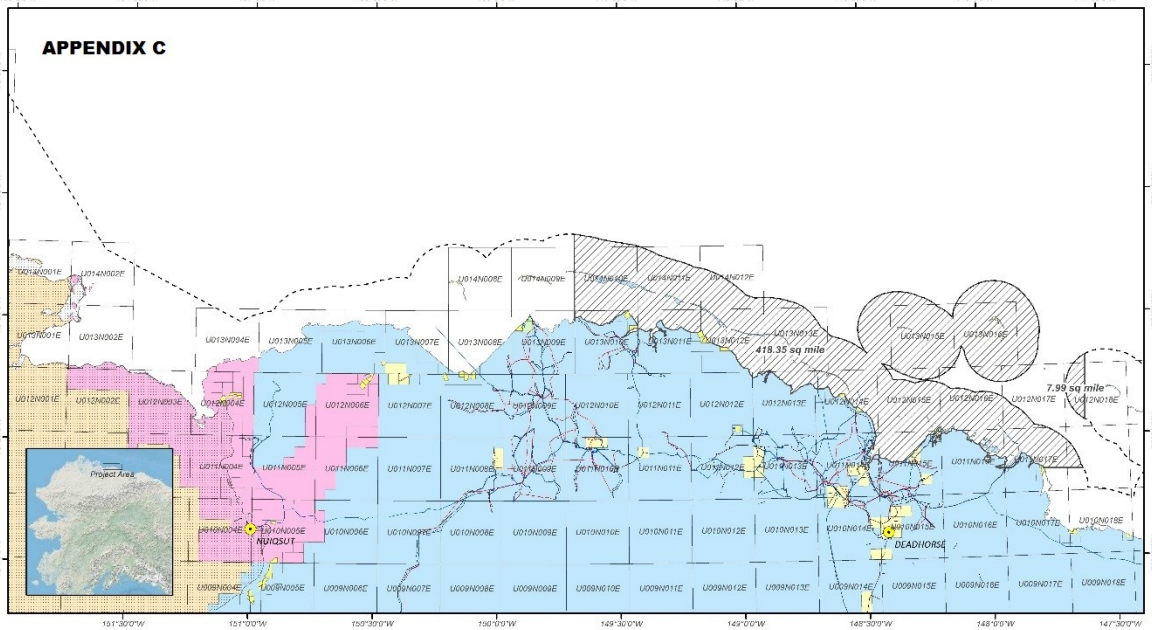
Authorized Representative

8-6-15
Date

APPENDIX B:

No Comments were received.

APPENDIX C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DEADHORSE
Project Area
Islands 3D
State Waters Permit 05Jun15
town
OCS
powerline
pipeline
road
NPRA
Native Allotment
Permit Area
BLM
Federal
Native
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State
State and Native
Miles