

UNITED STATES
DEPARTMENT OF THE INTERIOR
MINERALS MANAGEMENT SERVICE

ALASKA OCS REGION
(Insert Appropriate Regional Office)

APPLICATION FOR PERMIT TO CONDUCT GEOLOGICAL OR GEOPHYSICAL
EXPLORATION FOR MINERAL RESOURCES OR SCIENTIFIC RESEARCH
IN THE OUTER CONTINENTAL SHELF

(Section 11, Outer Continental Shelf Lands Act of August 7, 1953, as amended on September 18, 1978, by Public Law 95-372, 92 Statute 629, 43 U.S.C. 1340; and 30 CFR Part 251)

Shell Offshore Inc.

Name of Applicant

3601 C Street, Suite 1334

Number and Street

Anchorage, AK 99503

City, State, and Zip Code

WesternGeco

Name of Service Company or Purchaser
(if different from above)

Application is made for the following activity: (check one)

- Geological exploration for mineral resources
 Geological scientific research
 Geophysical exploration for mineral resources
 Geophysical scientific research

Submit: Original, two copies, and one public information copy.

=====
To be completed by MMS

Permit Number: 07-04

Date: JUL 13 2007

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Resource Evaluation

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A. General Information

1. The activity will be conducted by:

WesternGeco
Service Company Name
10001 Richmond
Address
Houston, TX 77042
City, State, Zip
(713) 783-9600 / (713) 689-2471
Telephone/FAX Numbers
fenwick@slb.com
E-Mail Address

U.S. Dept. of the Interior
For Shell Offshore Inc. Alaska OCS Region
Purchaser(s) of the Data
3601 C Street, Suite 1334
Address
Anchorage, AK 99503
City, State, Zip
(907) 770-3700 / (907) 770-3636
Telephone/FAX Numbers
susan.childs@shell.com
E-Mail Address

2. The purpose of the activity is: Mineral exploration
 Scientific research

3. Describe the environmental effects of the proposed activity, including potential adverse effects on marine life and what steps are planned to minimize these adverse effects (use continuation sheets as necessary):
No anticipated adverse effects. Marine Mammal Monitoring and Mitigation Plan will be submitted when available.

4. The expected commencement date is: ~~July 1, 2007~~ JUL 13 2007
The expected completion date is: October 31, 2007

5. The name of the individual in charge of the field operation is: Peter Dawson
May be contacted at: 2525 Gambell, Suite 400, Anchorage, AK 99503
Telephone (Local) (907) 273-1700 (Marine) N/A
Radio call sign N/A

6. The vessel(s) to be used in the operation is (are):
Name M/V Gilavar; M/V Kilabuk Registry number M/V Gilavar 8008539; M/V Kilabuk 370261
Registered owner Caspian Geophysical Ltd., Baku, Azerbaijan (M/V Gilavar); Northern Transportation Co. Ltd. (M/V Kilabuk)

7. The port from which the vessel(s) will operate is: Prudhoe Bay, Point Barrow

8. Briefly describe the navigation system (vessel navigation only): TriNav integrated navigation with differential GPS input.

B. Complete for Geological Exploration for Mineral Resources or Geological Scientific Research

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1. The type of operation(s) to be employed is: (check one)

(a) Deep stratigraphic test, or

(b) Shallow stratigraphic test with proposed total depth of _____

(c) Other N/A

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U.S. Dept. of the Interior
Minerals Management Svc.
Alaska OCS Region

2. Exact geographic coordinates of proposed test(s) (attach a page-size plat(s)):

N/A

C. Complete for Geophysical Exploration for Mineral Resources or Geophysical Scientific Research

1. Proposed location of the activity (attach a page-size plat(s)): Beaufort Sea

2. The type(s) of operation(s) to be employed is (are):

3D Seismic Acquisition

(Seismic, gravity, magnetic, etc.)

3. The instrumentation and/or technique(s) to be used in the operation(s) is (are):

Towed multiple streamers with dual air gun source

(Air gun, sparker, etc.)

4. Explosive charges will will not be used. If applicable, indicate the type of explosive and maximum charge size (in pounds) to be used:

Type _____ Pounds _____ Equivalent Pounds of TNT _____

D. Proprietary Information Attachments

Use the appropriate form on page 9 for a "geological" permit application or the form on page 10 for a "geophysical" permit application. You must submit a separate Form MMS-327 to apply for each geological or geophysical permit.

E. Certification

I hereby certify that foregoing and attached information are true and correct.

SIGNED *Susan Childs* DATE *11/22/06*

TITLE Regulatory Affairs Coordinator – Alaska

TO BE COMPLETED BY MMS

Permit No. 07-04 Assigned by Virginia Hoffman Date 11/22/06
of MMS

This application is hereby:

- a. Approved
- b. Returned for reasons in the attached

The approved permit is:

- a. Attached
- b. Will be forwarded at a later date

SIGNED *Tom Wae* TITLE Regional Supervisor DATE *7/13/07*

UNITED STATES
DEPARTMENT OF THE INTERIOR
MINERALS MANAGEMENT SERVICE

ALASKA OCS REGION

(Insert Appropriate Regional Office)

PERMIT FOR GEOPHYSICAL EXPLORATION
FOR MINERAL RESOURCES OR SCIENTIFIC RESEARCH
IN THE OUTER CONTINENTAL SHELF

In consideration of the terms and conditions contained herein and the authorization granted hereby, this permit is entered into by and between the United States of America (the Government), acting through the Minerals Management Service (MMS) of the Department of the Interior, and

Shell Offshore Inc.

(Name of Permittee)

3601 C Street, Suite 1334

(Number and Street)

Anchorage, AK 99503

(City, State, and Zip Code)

PERMIT NUMBER: 07-04

DATE: JUL 13 2007

This permit is issued pursuant to the authority of the Outer Continental Shelf Lands Act, as amended, (43 U.S.C. 1331 et seq.), hereinafter called the "Act," and Title 30 Code of Federal Regulations Part 251 (Geological and Geophysical (G&G) Explorations of the Outer Continental Shelf).

Paperwork Reduction Act of 1995 (PRA) Statement: This permit refers to information collection requirements contained in 30 CFR part 251 regulations. The Office of Management and Budget (OMB) has approved those reporting requirements under OMB control number 1010-0048.

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Section I. Authorization

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The Government authorizes the permittee to conduct:

- Geophysical exploration for mineral resources as defined in 30 CFR 251.1. A permit is required for any geophysical investigation that involves the use of solid or liquid explosives or developing data and information for proprietary use or sale.
- Geophysical scientific research as defined in 30 CFR 251.1. A permit is required for any geophysical investigation that involves the use of solid or liquid explosives or developing data and information for proprietary use or sale.

This permit authorizes the permittee to conduct the above geophysical activity during the period from ~~July 1, 2007~~ **JUL 13 2007** to October 31, 2007 in the following area(s):
(see attached Figure 1-Beaufort Sea)

Extensions of the time period specified above must be requested in writing. A permit plus extensions for activities will be limited to a period of not more than 1 year from the original issuance date of the permit. Inspection and reporting of geophysical exploration activities, suspension and cancellation of authority to conduct exploration or scientific research activities under permit, and penalties and appeals will be carried out in accordance with 30 CFR 251.8, 251.9, and 251.10.

The authority of the Regional Director may be delegated to the Regional Supervisor for Resource Evaluation for the purposes of this permit.

Section II. Type(s) of Operations and Technique(s)

- A. The permittee will employ the following type(s) of operations:
3D Seismic Acquisition
- and will utilize the following instruments and/or technique(s) in such operations:
Towed multiple streamers with identically tuned Bolt gun subarrays operating at 2000 psi
- B. The permittee will conduct all activities in compliance with the terms and conditions of this permit, including the "Stipulations," "Special Provisions," and the approved "Application for Permit," which are attached to and incorporated into this permit.
- C. The permittee will conduct all geophysical exploration or scientific research activities in compliance with the Act, the regulations in 30 CFR Part 251, and other applicable statutes and regulations whether such statutes and regulations are enacted, promulgated, issued, or amended before or after this permit is issued. Some of the provisions of 30 CFR Part 251 are restated in this permit for emphasis. However, all of the provisions of 30 CFR Part 251 apply to this permit.

Section III. Reports on Operations

- A. The permittee must submit status reports on a weekly basis in a manner approved or prescribed by the Regional Supervisor, Resource Evaluation (hereinafter referred to as Supervisor). The report must include a daily log of operations and a map (preferably on a scale of 1:250,000 or other scale suitable to clearly display information in the report) showing traverse lines according to Minerals Management Service (MMS) area and block numbers.

- B. The permittee must submit to the Supervisor a final report within 30 days after the completion of operations. The final report must contain the following:
1. A description of the work performed including number of line miles or OCS blocks of geophysical data acquired;
 2. Chart(s), map(s), or plat(s) depicting the areas and blocks in which any exploration or scientific research activities were conducted. These graphics must clearly indicate the location of the activities so that the data produced from the activities can be accurately located and identified;
 3. The dates on which the actual geophysical exploration or scientific research activities were performed;
 4. A narrative summary of any: (a) hydrocarbon occurrences or environmental hazards observed and (b) adverse effects of the geophysical exploration or scientific research activities on the environment, aquatic life, archaeological resources, or other uses of the area in which the activities were conducted;
 5. The estimated date on which the processed or interpreted data or information will be available for inspection by the MMS;
 6. A final edited navigation tape or other suitable storage medium of all data or sample locations in latitude/longitude degrees. The tape or other medium is to be formatted to be readable by a PC running current Windows software, coded in ASCII with fixed record length and fixed block size such as UK00A84 or SEGP1. A printed listing and a format statement are to be included;
 7. Identification of geocentric ellipsoid (NAD 27 or NAD 83) used as a reference for the data or sample locations; and
 8. Such other descriptions of the activities conducted as may be specified by the Supervisor.
- C. The last status report and the final report can be combined into one report.

Section IV. Submission, Inspection, and Selection of Geophysical Data and Information

- A. The permittee must notify the Supervisor, in writing, when the permittee has completed the initial processing and interpretation of any geophysical data and information collected under an exploration permit or a scientific research permit that involves developing data and information for proprietary use or sale. If the Supervisor asks if the permittee has further processed or interpreted any geophysical data and information collected under a permit, the permittee must respond within 30 days. If further processing of the data and information is conducted, it is the responsibility of the permittee to keep the most current resulting products available in the event the Supervisor requests the current status of data processing. At any time within 10 years after receiving notification of the completion of the acquisition activities conducted under the permit, the Supervisor may request that the permittee submit for inspection and possible retention all or part of the geophysical data, processed geophysical information, and interpreted geophysical information.
- B. The Supervisor will have the right to inspect and select the geophysical data, processed geophysical information, or interpreted geophysical information. This inspection will be performed on the permittee's premises unless the Supervisor requests that the permittee submit the data or information to the Supervisor for inspection. Such submission must be within 30 days following

the receipt of the Supervisor's request unless the Supervisor authorizes a later delivery date. If the inspection is done on the permittee's premises, the permittee must submit the geophysical data or information selected within 30 days following receipt of the Supervisor's request, unless the Supervisor authorizes a longer period of time for delivery. The data or information requested for inspection or selected by the Supervisor must be submitted regardless of whether the permittee and the Government have or have not concluded an agreement for reimbursement. If the Supervisor decides to retain all or a portion of the geophysical data or information, the Supervisor will notify the permittee, in writing, of this decision.

- C. In the event that a third party obtains geophysical data, processed geophysical information, or interpreted geophysical information from a permittee, or from another third party, by sale, trade, license agreement, or other means:
1. The third party recipient of the data and information assumes the obligations under this section except for notification of initial processing and interpretation of the data and information and is subject to the penalty provisions of 30 CFR Part 250, Subpart N; and
 2. A permittee or third party that sells, trades, licenses, or otherwise provides the data and information to a third party must advise the recipient, in writing, that accepting these obligations is a condition precedent of the sale, trade, license, or other agreement; and
 3. Except for license agreements, a permittee or third party that sells, trades, or otherwise provides data and information to a third party must advise the Supervisor in writing within 30 days of the sale, trade, or other agreement, including the identity of the recipient of the data and information; or
 4. With regard to license agreements, a permittee or third party that licenses data and information to a third party, within 30 days of a request by the Supervisor, must advise the Supervisor, in writing, of the license agreement, including the identity of the recipient of the data and information.
- D. Each submission of geophysical data, processed geophysical information, and interpreted geophysical information must contain, unless otherwise specified by the Supervisor, the following:
1. An accurate and complete record of each geophysical survey conducted under the permit, including digital navigational data and final location maps of all surveys;
 2. All seismic data developed under a permit presented in a format and of a quality suitable for processing;
 3. Processed geophysical information derived from seismic data with extraneous signals and interference removed, presented in a format and of a quality suitable for interpretive evaluation, reflecting state-of-the-art processing techniques; and
 4. Other geophysical data, processed geophysical information, and interpreted geophysical information obtained from, but not limited to, shallow and deep subbottom profiles, bathymetry, side-scan sonar, gravity, magnetic, and electrical surveys, and special studies such as refraction, shear wave, and velocity surveys.

Section V. Reimbursement to Permittees

- A. After the delivery of geophysical data, processed geophysical information, and interpreted geophysical information requested by the Supervisor in accordance with subsection IV of this permit, and upon receipt of a request for reimbursement and a determination by MMS that the requested reimbursement is proper, MMS will reimburse the permittee or third party for the reasonable costs of reproducing the submitted data and information at the permittee's or third party's lowest rate or at the lowest commercial rate established in the area, whichever is less.
- B. If the processing was in a form and manner other than that used in the normal conduct of the permittee's business at MMS's request, MMS will reimburse the permittee or third party for the reasonable costs of processing or reprocessing such data. Requests for reimbursement must identify processing costs separate from acquisition costs.
- C. The permittee or third party will not be reimbursed for the costs of acquiring or interpreting geophysical information.
- D. Data and information required under section IV.D.1. of this permit are not considered to be geophysical data or processed geophysical information and must be provided by the permittee at no cost to the Government.

Section VI. Disclosure of Data and Information to the Public

- A. The MMS will make data and information submitted by a permittee available in accordance with the requirements and subject to the limitations of the Freedom of Information Act (5 U.S.C. 552) and the implementing regulations (43 CFR Part 2), the requirements of the Act, and the regulations contained in 30 CFR Part 250 (Oil and Gas and Sulphur Operations in the Outer Continental Shelf), 30 CFR Part 251, and 30 CFR Part 252 (Outer Continental Shelf (OCS) Oil and Gas Information Program).
- B. Except as specified in this section, or Section VIII, or in 30 CFR Parts 250 and 252, no data or information determined by MMS to be exempt from public disclosure under subsection A of this section will be provided to any affected State or be made available to the executive of any affected local government or to the public, unless the permittee or third party and all persons to whom such permittee has sold, traded, or licensed the data or information under promise of confidentiality agree to such an action.
- C. Geophysical data and processed or interpreted geophysical information submitted under a permit, and retained by MMS, will be disclosed as follows:
 1. Except for deep stratigraphic tests, the MMS will make available to the public geophysical data 50 years after the date of issuance of the permit under which the data were collected (See 251.12 (a) (b) (c) and (d)).
 2. Except for deep stratigraphic tests, the MMS will make available to the public processed geophysical information and interpreted geophysical information 25 years after the date of issuance of the permit under which the original data were collected (See 251.12 (a) (b) (c) and (d)).
 3. The MMS will make available to the public all geophysical data and information and geophysical interpretations related to a deep stratigraphic test, at the earlier of the following times: (a) 25 years after the completion of the test, or (b) for a lease sale held after the test well

is completed, 60 calendar days after the Department of the Interior executes the first lease for a block, any part of which is within 50 geographic miles (92.6 kilometers) of the site of the completed test.

- D. All line-specific preplot or postplot plat(s), and navigation tapes, including but not limited to seismic survey traverses and shotpoint locations, submitted as a requirement of 30 CFR 251.7 or 251.12, will be considered as "PROPRIETARY INFORMATION." Such information will not be made available to the public without the consent of the permittee for a period of 25 years from the date of issuance of the permit, unless the Director, MMS, determines that earlier release is necessary for the proper development of the area permitted.
- E. All other information submitted as a requirement of 30 CFR 251.8 and determined by MMS to be exempt from public disclosure will be considered as "PROPRIETARY." Such data and information will not be made available to the public without the consent of the permittee for a period of up to 25 years from the date of issuance of the permit as addressed in 30 CFR 251.14, unless the Director, MMS, determines that earlier release is necessary for the proper development of the area permitted. The executed permit will be considered as "PROPRIETARY" except the public information copy which will be available to the public upon request.
- F. The identities of third party recipients of data and information collected under a permit will be kept confidential. The identities will not be released unless the permittee and the third parties agree to the disclosure.

Section VII. Disclosure to Independent Contractors

The MMS reserves the right to disclose any data or information acquired from a permittee to an independent contractor or agent for the purpose of reproducing, processing, reprocessing, or interpreting such data or information. When practicable, MMS will advise the permittee who provided the data or information of intent to disclose the data or information to an independent contractor or agent. The MMS's notice of intent will afford the permittee a period of not less than 5 working days within which to comment on the intended action. When MMS so advises a permittee of the intent to disclose data or information to an independent contractor or agent, all other owners of such data or information will be deemed to have been notified of MMS's intent. Prior to any such disclosure, the contractor or agent will be required to execute a written commitment not to sell, trade, license, or disclose any data or information to anyone without the express consent of MMS.

Section VIII. Sharing of Information with Affected States

- A. At the time of soliciting nominations for the leasing of lands within 3 geographic miles of the seaward boundary of any coastal State, MMS, pursuant to the provisions of 30 CFR 252.7 and subsections 8(g) and 26(e) (43 U.S.C. 1337(g) and 1352(e)) of the Act, will provide the Governor of the State (or the Governor's designated representative) the following information that has been acquired by MMS on such lands proposed to be offered for leasing:
 - 1. All information on the geographical, geological, and ecological characteristics of the areas and regions proposed to be offered for leasing;
 - 2. An estimate of the oil and gas reserves in the area proposed for leasing; and
 - 3. An identification of any field, geological structure, or trap located within 3 miles of the seaward boundary of the State.

- B. After the time of receipt of nominations for any area of the OCS within 3 geographic miles of the seaward boundary of any coastal State and Area Identification in accordance with the provisions of Subparts D and E of 30 CFR Part 256, MMS, in consultation with the Governor of the State (or the Governor's designated representative), will determine whether any tracts being given further consideration for leasing may contain one or more oil or gas reservoirs underlying both the OCS and lands subject to the jurisdiction of the State.
- C. At any time prior to a sale, information acquired by MMS that pertains to the identification of potential and/or proven common hydrocarbon-bearing areas within 3 geographic miles of the seaward boundary of any such State will be shared, upon request by the Governor and pursuant to the provisions of 30 CFR 252.7 and subsections 8(g) and 26(e) of the Act, with the Governor of such State (or the Governor's designated representative).
- D. Knowledge obtained by a State official who receives information under subsections A, B, and C of this section will be subject to the requirements and limitations of the Act and the regulations contained in 30 CFR Part 250, Part 251, and Part 252.

Section IX. Permit Modifications

The Department will have the right at any time to modify or amend any provisions of this permit, except that the Department will not have such right with respect to the provisions of Sections VI, VII, and VIII hereof, unless required by an Act of Congress.

IN WITNESS WHEREOF the parties have executed this permit and it will be effective as of the date of signature by the Supervisor.

PERMITTEE:

THE UNITED STATES OF AMERICA:

Susan Childs
(Signature of Permittee)

Rance R. Wall
(Signature of Regional Supervisor)

SUSAN Childs
(Type or Print Name of Permittee)

Rance R. Wall
(Type or Print Name of Regional Supervisor)

Regulatory Affairs Coord.
(Title) ALASKA

7/13/07
(Date)

11/22/06
(Date)