



United States Department of the Interior

BUREAU OF OCEAN ENERGY MANAGEMENT

Alaska OCS Region

3801 Centerpoint Drive, Suite 500

Anchorage, Alaska 99503-5823

JUN 13 2012

Shell Exploration and Production
AK Venture Support Integrator
Attn: Susan Childs, Manager
3601 C Street, Suite 1000
Anchorage, Alaska 99503

Dear Ms. Childs:

This correspondence is in response to your letters, dated April 26, May 4, and June 6, 2012, seeking confirmation of Shell's fulfillment of Conditions #5, #6, #7, #10 and #14 of Shell's Revised 2012 Chukchi Sea Exploration Plan (EP).

- Chukchi Sea EP Condition #5 requires Shell to obtain Marine Mammal Protection Act (MMPA) authorizations from the National Marine Fisheries Service (NMFS) and the U.S. Fish and Wildlife Service (USFWS), and to submit copies of these authorizations to the Regional Supervisor, Office of Leasing and Plans (RS/LP). Shell submitted copies of the approved Incidental Harassment Authorization (IHA) issued by NMFS in the May 4, 2012 letter and two Letters of Authorization (LOA), LOA 12-CS-02 and LOA 12-INT-12, from USFWS in the June 6, 2012 letter. Accordingly, the Bureau of Ocean Energy Management (BOEM) has determined that Shell has submitted all information required under Condition #5 for drilling operations during the open water season in 2012. This is an annual requirement; a current IHA must be submitted to the RS/LP prior to the start of operations each year.

Condition #5 also conditions exploratory drilling activities on BOEM receiving an Endangered Species Act (ESA) Incidental Take Statement (ITS) from NMFS and USFWS. The USFWS issued an ITS to BOEM on May 8, 2012, as part of the Biological Opinion covering oil and gas activities in the Beaufort and Chukchi Planning Areas. The NMFS issued an ITS to BOEM on June 11, 2012. We note for the record that NMFS issued an ITS to Shell on June 4, 2012, a copy of which you included in your June 6, 2012 letter to BOEM. Condition #5 is now satisfied in terms of ESA authorization.

- Chukchi Sea EP Condition #6 does not require a specific action on the part of Shell, but advises Shell that the RS/LP, in consultation with NMFS and USFWS, may modify lease operations as necessary to comply with the requirements of authorizations issued by NMFS and USFWS. With its May 4, 2012 letter, Shell submitted a revised 4MP Plan entitled *Marine Mammals Monitoring and Mitigation Plan for Exploration Drilling of Selected Lease Areas in the Alaskan Chukchi Sea*, revised April 2012. BOEM accepts and incorporates the revised 4MP plan in the record for Shell's 2012 Chukchi Sea EP. At this time, BOEM does not see any need to modify Shell's lease operations to comply with the requirements of the authorizations issued by NMFS and USFWS.
- Chukchi Sea EP Condition #7 requires Shell to provide additional information and documentation concerning its Plan of Cooperation (POC) developed to satisfy the consultation

requirements under Chukchi Sea Lease Stipulation #5. The need for Shell to submit certain information under Stipulation 5 is an on-going requirement. In its April 26, 2012, letter, Shell submitted the following documents:

- a copy of slides shown at community meetings held since approval of the EP;
- a table of issues brought up at those meetings; and
- a copy of the Subsistence Advisors Handbook for 2012.

BOEM accepts and incorporates these documents in the record for Shell's 2012 Chukchi Sea EP. BOEM notes that Shell must still submit daily summaries of POC activities and daily monitoring results, including but not limited to, Marine Mammal Observers' and local Subsistence Advisors' reports and notifications, as well as Shell's responses to each incident.

- Chukchi Sea EP Condition #10 requires Shell to submit annually an Orientation Program to satisfy the requirements of Chukchi Sea Lease Stipulation 2. Shell submitted a copy of its 2012 Program entitled, *Cultural Awareness and Environmental Awareness*. Shell's orientation program covers the following topics:
 - Endangered Species Act information identifying major provisions of the law, candidate, threatened and endangered species with particular attention given to bowhead whales, eiders, and polar bears;
 - Marine Mammal Protection Act information including role of Incidental Harassment Authorizations and Letters of Authorization mitigation measures;
 - Shell's Marine Mammal Monitoring and Mitigation Program (4MP) protocol;
 - Sensitive habitats including the Ledyard Bay Critical Habitat Unit, sea and sea floor areas, and barrier islands;
 - Conflict Avoidance Agreement;
 - Wildlife interactions;
 - Environmental requirements and compliance programs in place during operations; and
 - Shell's Cultural Awareness presentation providing extensive information on the land claims history, community cultural diversity, values, practices and norms, communications, and cultural artifacts.

BOEM has reviewed Shell's Orientation Program and believes it contains sufficient detail to inform individuals working on the project of specific types of environmental, social, and cultural concerns that relate to the project and adjacent areas. Accordingly, BOEM approves the Orientation Program for the 2012 open water drilling season.

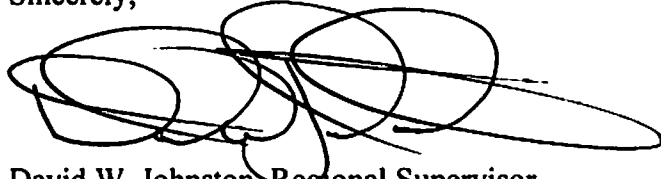
- Chukchi Sea EP Condition #14 requires Shell to provide justification for the alternative boom configuration proposed by Shell in its Chukchi Sea EP. Shell submitted the following documents with its April 26, 2012 letter:
 - Alaska Fuel Transfer Procedures; and
 - Supplemental Explanation of Shell's Fuel Transfer Procedures.

BOEM has reviewed Shell's Fuel Transfer Procedures and supplemental explanation and concludes that Configuration 2 provides a reasonable, safe, and environmentally sound process for handling fuel transfers between vessels whereas Configuration 1 would not provide adequate containment if the fuel transfer barge was required to maneuver away from the transfer site under

an emergency situation. Accordingly, under the authority of 30 CFR 550.141, I am approving Configuration 2, as described under Appendix M, Revised 2012 Chukchi Sea EP, as an alternative booming configuration that provides a level of safety and environmental protection equal to or surpassing the current requirements of Stipulation 6.

If you have any questions concerning this letter, please contact me at (907) 334-5273.

Sincerely,

A handwritten signature in black ink, consisting of several overlapping loops and a long horizontal stroke extending to the right.

David W. Johnston, Regional Supervisor
Office of Leasing & Plans

cc: Mark Fesmire, Bureau of Safety and Environmental Enforcement
Jeffrey Missal, Bureau of Safety and Environmental Enforcement
David Moore, Bureau of Safety and Environmental Enforcement
Geoff Haskett, U.S. Fish & Wildlife Service
Craig Perham, U.S. Fish & Wildlife Service
James Balsiger, National Marine Fisheries Service
Brad Smith, National Marine Fisheries Service