

**UNITED STATES DEPARTMENT OF THE INTERIOR
MINERALS MANAGEMENT SERVICE**

**Stipulations for Oil and Gas Lease Sale 144
Outer Continental Shelf Beaufort Sea, Alaska**

Stipulation No. 1, Protection of Biological Resources

If biological populations or habitats that may require additional protection are identified in the lease area by the Regional Supervisor, Field Operations (RS/FO), the RS/FO may require the lessee to conduct biological surveys to determine the extent and composition of such biological populations or habitats. The RS/FO shall give written notification to the lessee of the RS/FO's decision to require such surveys.

Based on any surveys that the RS/FO may require of the lessee or on other information available to the RS/FO on special biological resources, the RS/FO may require the lessee to:

- (1) Relocate the site of operations;
- (2) Establish to the satisfaction of the RS/FO, on the basis of a site-specific survey, either that such operations will not have a significant adverse effect upon the resource identified or that a special biological resource does not exist;
- (3) Operate during those periods of time, as established by the RS/FO, that do not adversely affect the biological resources; and/or
- (4) Modify operations to ensure that significant biological populations or habitats deserving protection are not adversely affected.

If any area of biological significance should be discovered during the conduct of any operations on the lease, the lessee shall immediately report such findings to the RS/FO and make every reasonable effort to preserve and protect the biological resource from damage until the RS/FO has given the lessee direction with respect to its protection.

The lessee shall submit all data obtained in the course of biological surveys to the RS/FO with the locational information for drilling or other activity. The lessee may take no action that might affect the biological populations or habitats surveyed until the RS/FO provides written directions to the lessee with regard to permissible actions. The RS/FO will utilize the best available information as determined in consultation with the Arctic Biological Task Force.

Stipulation No. 2, Orientation Program

The lessee shall include in any exploration or development and production plans submitted under 30 CFR 250.33 and 250.34 a proposed orientation program for all personnel involved in exploration or development and production activities (including personnel of the lessee's agents, contractors, and subcontractors) for review and approval by the Regional Supervisor, Field Operations. The program shall be designed in sufficient detail to inform individuals working on the project of specific types of environmental, social, and cultural concerns that relate to the sale and adjacent areas. The program shall address the importance of not disturbing archaeological and biological resources and habitats, including endangered species, fisheries, bird colonies, and marine mammals and provide guidance on how to avoid disturbance. This guidance will include the production and distribution of information cards on endangered and/or threatened species in the sale area. The program shall be designed to increase the

sensitivity and understanding of personnel to community values, customs, and lifestyles in areas in which such personnel will be operating. The orientation program shall also include information concerning avoidance of conflicts with subsistence, commercial fishing activities, and pertinent mitigation.

The program shall be attended at least once a year by all personnel involved in onsite exploration or development and production activities (including personnel of the lessee's agents, contractors, and subcontractors) and all supervisory and managerial personnel involved in lease activities of the lessee and its agents, contractors, and subcontractors.

The lessee shall maintain a record of all personnel who attend the program onsite for so long as the site is active, not to exceed 5 years. This record shall include the name and date(s) of attendance of each attendee.

Stipulation No. 3, Transportation of Hydrocarbons

Pipelines will be required: (a) if pipeline rights-of-way can be determined and obtained; (b) if laying such pipelines is technologically feasible and environmentally preferable; and (c) if, in the opinion of the lessor, pipelines can be laid without net social loss, taking into account any incremental costs of pipelines over alternative methods of transportation and any incremental benefits in the form of increased environmental protection or reduced multiple-use conflicts. The lessor specifically reserves the right to require that any pipeline used for transporting production to shore be placed in certain designated management areas. In selecting the means of transportation, consideration will be given to recommendations of any advisory groups and Federal, State, and local governments and industry.

Following the development of sufficient pipeline capacity, no crude oil production will be transported by surface vessel from offshore production sites, except in the case of an emergency. Determinations as to emergency conditions and appropriate responses to these conditions will be made by the Regional Supervisor, Field Operations.

Stipulation No. 4, Industry Site-Specific Bowhead Whale-Monitoring Program

Lessees proposing to conduct exploratory drilling operations, including seismic surveys, during the bowhead whale migration will be required to conduct a site-specific monitoring program approved by the Regional Supervisor, Field Operations (RS/FO); unless, based on the size, timing, duration, and scope of the proposed operations, the RS/FO, in consultation with the North Slope Borough (NSB) and the Alaska Eskimo Whaling Commission (AEWC), determine that a monitoring program is not necessary. The RS/FO will provide the NSB, AEWC, and the State of Alaska a minimum of 30 but no longer than 60 calendar days to review and comment on a proposed monitoring program prior to approval. The monitoring program must be approved each year before exploratory drilling operations can be commenced.

The monitoring program will be designed to assess when bowhead whales are present in the vicinity of lease operations and the extent of behavioral effects on bowhead whales due to these operations. In designing the program, lessees must consider the potential scope and extent of effects that the type of operation could have on bowhead whales. Scientific studies and individual experiences relayed by subsistence hunters indicate that, depending on the type of operations, individual whales may demonstrate avoidance behavior at distances of up to 24 km. The program must also provide for the following:

- (1) Recording and reporting information on sighting of other marine mammals and the extent of behavioral effects due to operations,

- (2) Inviting an AEW or NSB representative to participate in the monitoring program as an observer,
- (3) Coordinating the monitoring logistics beforehand with the MMS Bowhead Whale Aerial Survey Project (BWASP),
- (4) Submitting daily monitoring results to the MMS BWASP,
- (5) Submitting a draft report on the results of the monitoring program to the RS/FO within 60 days following the completion of the operation. The RS/FO will distribute this draft report to the AEW, the NSB, the State of Alaska, and the National Marine Fisheries Service (NMFS).
- (6) Submitting a final report on the results of the monitoring program to the RS/FO. The final report will include a discussion of the results of the peer review of the draft report. The RS/FO will distribute this report to the AEW, the NSB, the State of Alaska, and the NMFS.

Lessees will be required to fund an independent peer review of a proposed monitoring plan and the draft report on the results of the monitoring program. This peer review will consist of independent reviewers who have knowledge and experience in statistics, monitoring marine mammal behavior, the type and extent of the proposed operations, and an awareness of traditional knowledge. The peer reviewers will be selected by the RS/FO from experts recommended by the NSB, the AEW, industry, NMFS, and MMS. The results of these peer reviews will be provided to the RS/FO for consideration in final approval of the monitoring program and the final report, with copies to the NSB, AEW, and the State of Alaska.

In the event the lessee is seeking a Letter of Authorization (LOA) or Incidental Harassment Authorization (IHA) for incidental take from the NMFS, the monitoring program and review process required under the LOA or IHA may satisfy the requirements of this stipulation. Lessees must advise the RS/FO when it is seeking an LOA or IHA in lieu of meeting the requirements of this stipulation and provide the RS/FO with copies of all pertinent submittals and resulting correspondence. The RS/FO will coordinate with the NMFS and advise the lessee if the LOA or IHA will meet these requirements.

This stipulation applies to the following blocks for the time periods listed and will remain in effect until termination or modification by the Department of the Interior, after consultation with the NMFS and the NSB.

SPRING MIGRATION AREA

April 1 through June 15

| OPD | Blocks Included |
|------------------------------|--|
| NR 05-01, Dease Inlet | 6004 - 6011, 6054 - 6061, 6104- 6111, 6154 - 6167, 6204 - 6220, 6254 - 6270, 6304 - 6321, 6354 - 6371, 6404 - 6423, 6454 - 6473, 6504 - 6523, 6554 - 6573, 6604 - 6623, 6654 - 6673, 6717 - 6723 |
| NR 05-02, Harrison Bay North | 6401 - 6404, 6451 - 6454, 6501 - 6506, 6551 - 6556, 6601 - 6612, 6651 - 6662, 6701 - 6716 |

CENTRAL FALL MIGRATION AREA

September 1 through October 31

| OPD | Blocks Included |
|-------------------------------|---|
| NR 05-01, Dease Inlet | 6704 - 6716, 6754 - 6773, 6804 - 6823, 6856 - 6873, 6908 - 6923, 6960 - 6973, 7011 - 7023, 7062 - 7073, 7112 - 7123 |
| NR 05-05, Teshekpuk | 6015 - 6024, 6067 - 6072 |
| NR 05-02, Harrison Bay North | 6751 - 6766, 6801 - 6818, 6851 - 6868, 6901 - 6923, 6951 - 6973, 7001 - 7023, 7051 - 7073, 7101 - 7123 |
| NR 05-04, Harrison Bay | 6001 - 6023, 6052 - 6073, 6105 - 6123, 6157 - 6173, 6208 - 6223, 6258 - 6274, 6309 - 6324, 6360 - 6374, 6410 - 6424, 6461 - 6471, 6512 - 6519, 6562 - 6566, 6613 - 6614 |
| NR 06-01, Beechey Point North | 6901, 6951, 7001, 7051 - 7062, 7101 - 7113 |
| NR 06-03, Beechey Point | 6002 - 6014, 6052 - 6064, 6102 - 6114, 6152 - 6169, 6202 - 6220, 6251 - 6274, 6301 - 6324, 6351 - 6374, 6401 - 6424, 6456 - 6474, 6509 - 6524, 6568 - 6574, 6618 - 6624, 6671 - 6674, 6723 - 6724, 6773 |
| NR 06-04, Flaxman Island | 6301 - 6303, 6351 - 6359, 6401 - 6409, 6451 - 6459, 6501 - 6509, 6551 - 6559, 6601 - 6609, 6651 - 6659, 6701 - 6709, 6751 - 6759, 6802 - 6809, 6856 - 6859 |

EASTERN FALL MIGRATION

August 1 through October 31

| OPD | Blocks Included |
|--------------------------|--|
| NR 06-04, Flaxman Island | 6360 - 6364, 6410 - 6424, 6460 - 6474, 6510 - 6524, 6560 - 6574, 6610 - 6624, 6660 - 6674, 6710 - 6724, 6760 - 6774, 6810 - 6824, 6860 - 6874, 6910 - 6924, 6961 - 6974, 7013 - 7022, 7066 - 7070, 7118 - 7119 |
| NR 07 -03, Barter Island | 6401 - 6405, 6451 - 6455, 6501 - 6505, 6551 - 6555, 6601 - 6605, 6651 - 6655, 6701 - 6705, 6751 - 6755, 6801 - 6805, 6851 - 6855, 6901 - 6905 |

Stipulation No. 5, Subsistence Whaling and Other Subsistence Activities

Exploration and development and production operations shall be conducted in a manner that prevents unreasonable conflicts between the oil and gas industry and subsistence activities (including, but not limited to, bowhead whale subsistence hunting).

Prior to submitting an exploration plan or development and production plan (including associated oil-spill contingency plans) to the MMS for activities proposed during the bowhead whale migration period, the lessee shall consult with the potentially affected subsistence communities, Barrow, Kaktovik, or Nuiqsut, the North Slope Borough (NSB), and the Alaska Eskimo Whaling Commission (AEWC) to discuss potential conflicts with the siting, timing, and methods of proposed operations and safeguards or mitigating measures which could be implemented by the operator to prevent unreasonable conflicts. Through this consultation, the lessee shall make every reasonable effort to assure that exploration, development, and production activities are compatible with whaling and other subsistence hunting activities and will not result in unreasonable interference with subsistence harvests.

A discussion of resolutions reached during this consultation process and plans for continued consultation shall be included in the exploration plan or the development and production plan. In particular, the lessee shall show in the plan how activities will be scheduled and located to prevent unreasonable conflicts with subsistence activities.

Lessees shall also include a discussion of multiple or simultaneous operations, such as ice management and seismic activities, that can be expected to occur during operations in order to more accurately assess the potential for any cumulative effects. Communities, individuals, and other entities who were involved in the consultation shall be identified in the plan. The RS/FO shall send a copy of the exploration plan or development and production plan (including associated oil-spill contingency plans) to the potentially affected communities and the AEWC at the time they are submitted to the MMS to allow concurrent review and comment as part of the plan approval process.

In the event no agreement is reached between the parties, the lessee, the AEWC, the NSB, the National Marine Fisheries Service (NMFS), or any of the subsistence communities that could potentially be affected by the proposed activity may request that the RS/FO assemble a group consisting of representatives from the subsistence communities, AEWC, NSB, NMFS, and the lessee(s) to specifically address the conflict and attempt to resolve the issues before making a final determination on the adequacy of the measures taken to prevent unreasonable conflicts with subsistence harvests. Upon request, the RS/FO will assemble this group before making a final determination on the adequacy of the measures taken to prevent unreasonable conflicts with subsistence harvests.

The lessee shall notify the RS/FO of all concerns expressed by subsistence hunters during operations and of steps taken to address such concerns. Lease-related use will be restricted when the RS/FO determines it is necessary to prevent unreasonable conflicts with local subsistence hunting activities.

In enforcing this stipulation, the RS/FO will work with other agencies and the public to assure that potential conflicts are identified and efforts are taken to avoid these conflicts, (for example, timing operations to avoid the bowhead whale subsistence hunt). These efforts might include seasonal drilling restrictions, seismic and threshold depth restrictions, and requirements for directional drilling and the use of other technologies deemed appropriate by the RS/FO.

Subsistence whaling activities occur generally during the following periods:

August to October: Kaktovik whalers use the area circumscribed from Anderson Point in Camden Bay to a point 30 kilometers north of Barter Island to Humphrey Point east of Barter Island. Nuiqsut whalers use an area extending from a line northward of the Nechelik Channel of the Colville River to Flaxman Island, seaward of the Barrier Islands.

September to October: Barrow hunters use the area circumscribed by a western boundary extending approximately 15 kilometers west of Barrow, a northern boundary 50 kilometers north of Barrow, then southeastward to a point about 50 kilometers off Cooper Island, with an eastern boundary on the east side of Dease Inlet. Occasional use may extend eastward as far as Cape Halkett.

Stipulation No. 6, Agreement Between the United States of America and the State of Alaska

This stipulation applies to the following blocks or portions of blocks referred to in this Notice as disputed: NR 05-03, Teshekpuk, block 6024; NR 05-04, Harrison Bay, blocks 6001, 6421, 6423-6424, 6461-6463, 6470-6471, 6512-6515, 6562-6566, 6613-6614; NR 06-03, Beechey Point, blocks 6401, 6403, 6511-6514, 6562-6563, 6568-6570, 6612-6614, 6616, 6618-6621, 6663-6666, 6668-6669, 6718-6720, 6723-6724, 6768-6771, 6819-6820, 6870-6871, 6874, 6924; NR 06-04, Flaxman Island, blocks 6802-6803, 6857, 6901, 7014-7016, 7066-7067.

This lease is subject to the "Agreement Between the United States of America and the State of Alaska Pursuant to Section 7 of the Outer Continental Shelf Lands Act and Alaska Statutes 38.05.137 for the Leasing of Disputed Blocks in Federal Outer Continental Shelf Oil and Gas Lease Sale 144 and State Oil and Gas lease Sale 86" (referred to as the "Agreement"), and the lessee hereby consents to every term of that Agreement. Nothing in that Agreement or this Notice shall affect or prejudice the legal position of the United States in United States of America v State of Alaska, United States Supreme Court No. 84, Original.

Any loss incurred or sustained by the lessee as a result of obtaining validation and recognition of this lease pursuant to the Agreement, and in particular any loss incurred or sustained by the lessee as a result of conforming this lease with any and all provisions of all applicable laws of the party prevailing in United States of America v, State of Alaska, No. 84 Original, shall be borne exclusively by the lessee.

No taxes payable to the State of Alaska will be required to be paid with respect to this lease until such time as ownership of or jurisdiction over the lands subject to this lease is resolved. In the event that the lands subject to this lease or any portion of them are judicially determined to be State lands, the lessee shall pay to the State of Alaska a sum equivalent to the State taxes which would have been imposed under Alaska law if the lands, or portion thereof determined to be State lands, had been undisputed State lands from the date the lease was executed, plus interest at the annual legal rate of interest provided under Alaska Jaw accruing from the date the taxes would have become due under Alaska law. Such payment shall be in lieu of, and in satisfaction of, the actual State taxes.

Stipulation No. 7, Agreement Regarding Unitization

This stipulation applies to the following blocks or portions of blocks referred to in this Notice as disputed: NR 05-03, Teshekpuk, block 6024; NR 05-04, Harrison Bay, blocks 6001, 6421, 6423-6424, 6461-6463, 6470-6471, 6512-6515, 6562-6566, 6613-6614; NR 06-03, Beechey Point, blocks 6401, 6403, 6511-6514, 6562-6563, 6568-6570, 6612-6614, 6616, 6618-6621, 6663-6666, 6668-6669, 6718-6720, 6723-6724, 6768-6771, 6819-6820, 6870-6871, 6874, 6924; NR 06-04, Flaxman Island, blocks 6802-6803, 6857, 6901, 7014-7016, 7066-7067.

This lease is subject to the "Agreement Regarding Unitization for the Outer Continental Shelf Oil and Gas Lease Sale 144 and State Oil and Gas Lease Sale 86 Between the United States of America and the State of Alaska" and the lessee is bound by the terms of that Agreement.