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Regional Director, Alaska OCS
Bureau of Ocean Energy Management
Anchorage, Alaska

Alaska Eskimo Whaling Commission

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September 28, 2012

James Kendall
Alaska Regional Director
Bureau of Ocean Energy Management
U.S. Department of the Interior
3801 Centerpoint Drive
Suite 500
Anchorage, AK 99503

Dear Jim:

I am sending this letter to update you on the decisions made by the AEWC Commissioners and the Village of Kaktovik whaling captains regarding Shell's request to begin operations at Sivulliq.

As you know, the Commissioners, including Joe Kaleak from Kaktovik, met by teleconference on Monday to consider Shell's request to move the Kulluk, along with its anchor handler and ice management vessel, onsite at Sivulliq even though Kaktovik whaling has not been completed. Based on Shell's request, the Commissioners decided at that time to ease the restriction in the AEWC's Conflict Avoidance Agreement stating that:

No drilling equipment or related vessels used for at-sea oil and gas operations shall be onsite at any offshore drilling location east of Cross Island from 25 August until the close of the bowhead whale hunt in Nuiqsut and Kaktovik. (2012 CAA, Section 503(b).)

The Commissioners recognize that the circumstances in Kaktovik are unusual this year due to whaling operations being suspended because of the death of an elder. They recognize that this has created a burden for Shell and so they agreed to allow Shell to move its equipment. They also talked about whether Shell should go ahead and begin its drilling operations. But the Kaktovik whalers felt strongly that Shell should hold off putting that much sound in the water until after the whaling is completed. We communicated this decision to Susan Childs in a letter dated September 25, 2012. A copy of that letter was sent to you and others at BOEM.

Yesterday, our legal counsel informed us that she had received a call from someone at NOAA indicating that Shell might want to ask to begin drilling if the whaling operations at Kaktovik don't wrap up in the next few days. With this information, the Commissioners met by teleconference again last night. Kaktovik reported that they had planned to begin whaling operations on Thursday, but couldn't due to bad weather and rough seas. They can see whales from the beach and are watching the weather so they can get out as soon as the weather breaks.

Our Commissioners and hunters are very much aware of the importance of working cooperatively with the industry operators and with the federal agencies, and this factors very heavily into all of the AEWC's

decisions related to offshore development. The Commissioners spent a lot of time last night talking about how to find a balance in this current situation. They are very aware that Shell needs to get their work done, but they also have to respect Kaktovik's concerns that the drilling noise could cause the whales to move farther offshore and put the hunters at risk if they have to go too far to take them.

After a great deal of discussion, they decided that the best way to make a compromise here is to give the Kaktovik whalers a set window of time to try to take their remaining strike, and maybe one transfer to cover the whale they lost. Then if they don't get done with their whaling by the end of that period, Shell should still be given the green light to start their drilling operations anyway.

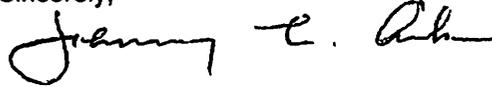
The Commissioners's decision, with Kaktovik's agreement, was that **Shell can begin drilling operations at 12:01 am on October 9, even if Kaktovik has not completed their whaling for the year. Of course, if the AEWC announces Kaktovik whaling is completed before then, under the terms of the CAA Shell is free to begin operations immediately.**

I hope everyone can understand that our whalers and our Commissioners do not take these issues lightly. We all know that there is a lot at stake here and that a cooperative approach is the best for everyone. I also hope that you and your colleagues, as well as the industry folks, can understand that for our communities these are decisions involving very important food and cultural resources.

We all very much appreciate the approach taken by your agency and the other federal agencies in this Administration. The way you are handling these matters makes us feel very proud of our government, and we look forward to continuing our work with you.

Again, please call me if you want to talk about any of this.

Sincerely,

A handwritten signature in black ink, appearing to read "Johnny E. Aiken".

Johnny Aiken
Executive Director

cc: AEWC Commissioners
Mayor Charlotte Brower
Tommy Beaudreau
Jim Balsiger
Mark Fesmire