

DEPARTMENT OF THE ARMY PERMIT

Permittee: ConocoPhillips Alaska Inc.

Permit No.: POA-2005-1576

Issuing Office: U.S. Army Engineer District, Alaska

NOTE: The term "you" and its derivatives, as used in this permit, means the permittee or any future transferee. The term "this office" refers to the appropriate district or division office of the Corps of Engineers having jurisdiction over the permitted activity or the appropriate official of that office acting under the authority of the commanding officer.

You are authorized to perform work in accordance with the terms and conditions specified below.

Project Description:

Discharge 595,700 cubic yards of gravel into 58.5 acres of waters of the U.S. including wetlands to construct the CD-5 pad; access road and associated infrastructure.

All work will be performed in accordance with the attached plans, sheets 1-33, dated December 8, 2011.

Project Location:

The CD-5 satellite pad and access road are located within Sections 13, 14, 15, 16, 17, and 18, T. 11 N., R. 4 E., Umiat Meridian; USGS Quad Map Harrison Bay B-3; Latitude 70.307° N., Longitude 151.222° W. The CD-5 satellite location is approximately 7 miles west/southwest of the ACPF and approximately 8.7 miles northwest of the Village of Nuiqsut. The CD-5 pad and access road after crossing the Nigliagvik Channel are located within the National Petroleum Reserve – Alaska (NPR-A).

Permit Conditions:

General Conditions:

1. The time limit for completing the work authorized ends on **December 31, 2018**. If you find that you need more time to complete the authorized activity, submit your request for a time extension to this office for consideration at least one month before the above date is reached.
2. You must maintain the activity authorized by this permit in conformance with the terms and conditions of this permit. You are not relieved of this requirement if you abandon the permitted activity, although you may make a good faith transfer to a third party in compliance with General Condition 4 below. Should you wish to cease to maintain the authorized activity or should you desire to abandon it without a good faith transfer, you must obtain a modification of this permit from this office, which may require restoration of the area.
3. If you discover any previously unknown historic or archeological remains while accomplishing the activity authorized by this permit, you must immediately notify this office of what you have found. We will initiate the Federal and State coordination required to determine if the remains warrant a recovery effort or if the site is eligible for listing in the National Register of Historic Places.
4. If you sell the property associated with this permit, you must obtain the signature of the new owner in the space provided and forward a copy of the permit to this office to validate the transfer of this authorization.

5. If a conditioned water quality certification has been issued for your project, you must comply with the conditions specified in the certification as special conditions to this permit. For your convenience, a copy of the certification is attached if it contains such conditions.
6. You must allow representatives from this office to inspect the authorized activity at any time deemed necessary to ensure that it is being or has been accomplished in accordance with the terms and conditions of your permit.

Special Conditions:

1. You will submit a monitoring plan with an adaptive management strategy (MP-AMS) for the impacts of the proposed CD-5 development within the Colville River Delta (CRD) and wetlands in the vicinity of the road and pad outside the CRD. You will work with USFWS and USEPA to further develop and finalize the scopes and methodologies for the studies comprising the MP-AMS, based upon the proposed plan submitted by you to this office as attachment A (including Table 1) to your November 23, 2011 submittal. The MP-AMS must be submitted within 60 days of permit issuance. The plan must be approved by this office prior to construction. Once approved, the MP-AMS will become a requirement of this permit.
2. As compensatory mitigation you shall provide the monetary requirements for an in-lieu fee (ILF) to The Conservation Fund to compensate for the unavoidable direct and indirect impacts to aquatic resources. Based on the ratios of 10:1 in the CRD and 3:1 out of the CRD; and calculations for all direct and indirect impacts an ILF is required for a total of 627 acres. You shall submit the proof of payment to our office prior to commencement of any work authorized by this permit.
3. Riparian buffers shall be provided at the bridge openings. The bridge abutments on the cut bank for the Nigliagvik Channel, Lake L9341 and Lake 9323 bridges shall not be closer than 50-feet from the vegetated top of bank.
4. Within 90 days of completion of the construction activities authorized, the following actions are required:
 - 4a. As-built surveys shall be conducted by a Registered Professional Land Surveyor. The survey shall quantify gravel footprints by acreage in the CRD and acreage outside of the CRD. The as-built survey shall be submitted to this office. You shall compensate for any additional acreage above the initial authorized acres (58.5) according to the above referenced ratios.
 - 4b. As-built plans for all components of the authorized work shall be submitted to this office and any deviations or changes from the attached plans dated December 8, 2011 shall be noted on the as-built plans.
5. You shall provide plans for items a. and b. The plans must be submitted to this office within 60 days of permit issuance; if any part of the plan is not acceptable, you shall revise the plan and re-submit.
 - 5a. Dust reduction – techniques for dust suppression on the CD-5 access road shall be described and criteria established for implementation. The criteria may be established based on number of vehicle trips, a measured quantity of dust on adjacent wetlands, or other means. Visible dust accumulation on vegetation in summer will be a clear indicator that further dust suppression is needed.
 - 5b. Snow removal – the plan shall identify locations where snow will be pushed off the pads, and will address methods for ensuring that sand and gravel is not entrained in the snow. This plan shall also describe how any fill material which is inadvertently entrained will be removed from wetlands within the same growing season.

6. You shall notify this office immediately if failure of any section of the road or culvert occurs; you shall replace failed road fill with adequate culverts and/or bridge; and failed culverts shall be replaced with a bridge, as determined by this office.
7. All culverts in permanent and ephemeral channels shall be designed for fish passage and be a minimum diameter of 48-inches. Culverts placed in the roadbed to equalize hydrostatic flow across a wetland need not be designed for fish passage. Culverts in the CRD shall be a minimum diameter of 48-inches.
8. If placement of road fill material is not completed within one winter season, sufficient openings shall be incorporated in the road to maintain cross-drainage and fish passage. Side slopes of temporary road openings shall be armored to prevent erosion of the fill material. Road opening widths shall be of sufficient length to prevent scour of the adjacent tundra.
9. All fills and disturbed areas resulting from project construction shall be immediately stabilized to prevent erosion and subsequent sedimentation into streams and wetlands. Active sloughing or erosion, sedimentation, and erosion scars around culverts are indicators that stabilization is not adequate.
10. Only native seed source (North Slope of Alaska coastal plain) shall be used.
11. All utility lines (power and communication) shall be at a minimum elevation of seven feet above tundra elevation.
12. To avoid disturbance to nesting birds, filling of wetlands, major construction and gravel-hauling shall be avoided during the pre-nesting and nesting season (1 June - 31 July).
13. Before construction begins you must submit a Predator Management Plan, including a waste management strategy, that has been approved by the U.S. Fish and Wildlife Service (USFWS), to this office.
14. Prior to construction, you must submit to this office, a lighting/operating protocol approved by USFWS. This lighting/operating protocol shall be used on all drill rigs and associated production infrastructure, to minimize the likelihood that migrating spectacled eiders will strike structures. The lighting protocol shall ensure that radiation of light outward from all drill rigs and associated infrastructure will be minimized. This will be achieved by shading and/or light fixture placement to direct light inward and downward to living and work surfaces while minimizing light radiating upward and outward. Any protocol developed will be in compliance with Federal Aviation Administration (FAA) regulations.
15. In order to legally incidentally take a listed species, you must have authorization under the Endangered Species Act (ESA) and, where appropriate, the Marine Mammal Protection Act (MMPA). The attached USFWS Biological Opinion (BO) and Incidental Take Statement authorizes the incidental taking of small numbers of spectacled eiders that may result from the proposed project. Your authorization under this permit is conditional upon your compliance with all of the mandatory reasonable and prudent measures and their implementing terms and conditions in the attached BO. Failure to comply with the terms and conditions of the BO, where a take of the listed species occurs, would constitute an unauthorized take, and noncompliance with this permit. Because polar bears are a marine mammal you are required to obtain authorization for incidental take of this species under the MMPA as well as the ESA. Currently this is done for both Acts through a Letter of Authorization issued by the USFWS under the existing Beaufort Sea Incidental Take Regulations pursuant to the MMPA. Your authorization under this Corps permit is conditional upon your compliance with any terms of your authorization under the MMPA. The USFWS is the appropriate authority to determine compliance with the terms and conditions of its BO, with the ESA, and the MMPA.

16. Upon abandonment of the pipelines supported by the authorized facilities (defined as no flow through the pipelines for three years unless you request to abandon at an earlier date), after consultation with the landowner(s) and other regulatory agencies, including the State of Alaska and its applicable agencies, the District Engineer shall determine whether any or all gravel pads, roads and other authorized facilities will be rehabilitated to restore hydrological functions and fish and wildlife habitat, or will be left intact and transferred to an appropriate party. If determined appropriate, a rehabilitation plan shall be submitted including, at a minimum: goals and objectives, site treatments, performance standards, reporting, remedial work plans, and monitoring to ensure performance standards are met.
17. Aerial and ground photography shall be taken within 24 hours of peak flood discharge during spring breakup and any other high water event that results in water passing through the CD-5 road cross-drainage structures (culverts or bridges) until the roads are removed, or this office agrees to discontinue monitoring. The photography shall document aerial coverage of the water. Cross-drainage structures in the CD2, CD4 and CD5 access roads shall be monitored for flow volume through the structure, flow velocity, water depth, and head differential at peak breakup; water velocities along roads and along pad corners shall also be measured at peak breakup. A field report shall be provided to this office within 60-days of breakup. The field report shall include observations documenting locations of concern or other significant events associated with breakup which may warrant corrective action and/or a summary of the breakup event which occurred. An annual report shall be provided to this office within 6 months of breakup, or December 1. The report shall include the listed data, photographs, and identify and document erosion, scouring, or gravel deposition related to the facilities.
18. Your use of the permitted activity must not interfere with the public's right to free navigation on all navigable waters of the United States.
19. You must install and maintain, at your expense, any safety lights and signals prescribed by the United States Coast Guard (USCG), through regulations or otherwise, on your authorized facilities. The USCG may be reached at the following address and telephone number: Commander (dpw), 17th Coast Guard District, P.O. Box 25517, Juneau, Alaska 99802; or by telephone at (907) 463-2272.
20. You understand and agree that, if future operations by the United States require the removal, relocation, or other alteration, of the structure or work herein authorized, or if, in the opinion of the Secretary of the Army or his authorized representative, said structure or work shall cause unreasonable obstruction to the free navigation of the navigable waters, the permittee will be required, upon due notice from the Corps of Engineers, to remove, relocate, or alter the structural work or obstructions caused thereby, without expense to the United States. No claim shall be made against the United States on account of any such removal or alteration.
21. In order to help minimize impacts of future development on the Colville River Delta and surrounding wetlands, you shall not unreasonably withhold consent to reasonable vehicle and pipeline access for other oil and gas producers across the gravel road and bridges that are authorized under this permit, subject to available capacity and reasonable commercial terms, including but not limited to terms addressing use, security, safety, scheduling, maintenance and repair costs, and allocation of risk and liability. This condition is added to your permit by this office at your request.
22. The gravel pads and road authorized under this permit do not constitute a hydrological barrier across the CRD or between jurisdictional waters of the U.S., including wetlands; upstream and downstream of the road or gravel pads.

Special Information:

Any condition incorporated by reference into this permit by General Condition 5, remains a condition of this permit unless expressly modified or deleted, in writing, by the District Engineer or his authorized representative.

Further Information:

1. Congressional Authorities: You have been authorized to undertake the activity described above pursuant to:

() Section 10 of the Rivers and Harbors Act of 1899 (33 U.S.C. 403).

(X) Section 404 of the Clean Water Act (33 U.S.C. 1344).

() Section 103 of the Marine Protection, Research, and Sanctuaries Act of 1972 (33 U.S.C. 1413).

2. Limits of this authorization.

a. This permit does not obviate the need to obtain other Federal, State, or local authorization required by law.

b. This permit does not grant any property rights or exclusive privileges.

c. This permit does not authorize any injury to the property or rights of others.

d. This permit does not authorize interference with any existing or proposed Federal project.

3. Limits of Federal Liability. In issuing this permit, the Federal Government does not assume any liability for the following:

a. Damages to the permitted project or uses thereof as a result of other permitted or unpermitted activities or from natural causes.

b. Damages to the permitted project or uses thereof as a result of current or future activities undertaken by or on behalf of the United States in the public interest.

c. Damages to persons, property, or to other permitted or unpermitted activities or structures caused by the activity authorized by this permit.

d. Design or construction deficiencies associated with the permitted work.

e. Damage claims associated with any future modification, suspension, or revocation of this permit.

4. Reliance on Applicant's Data: The determination of this office that issuance of this permit is not contrary to the public interest was made in reliance on the information you provided.

5. Reevaluation of Permit Decision. This office may reevaluate its decision on this permit at any time the circumstances warrant. Circumstances that could require a reevaluation include, but are not limited to, the following:

a. You fail to comply with the terms and conditions of this permit.

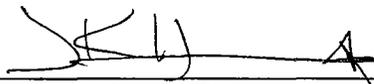
b. The information provided by you in support of your permit application proves to have been false, incomplete, or inaccurate (See 4 above).

c. Significant new information surfaces which this office did not consider in reaching the original public interest decision.

Such a reevaluation may result in a determination that it is appropriate to use the suspension, modification, and revocation procedures contained in 33 CFR 325.7 or enforcement procedures such as those contained in 33 CFR 326.4 and 326.5. The referenced enforcement procedures provide for the issuance of an administrative order requiring you to comply with the terms and conditions of your permit and for the initiation of legal action where appropriate. You will be required to pay for any corrective measures ordered by this office, and if you fail to comply with such directive, this office may in certain situations (such as those specified in 33 CFR 209.170) accomplish the corrective measures by contract or otherwise and bill you for the cost.

6. Extensions. General Condition 1 establishes a time limit for the completion of the activity authorized by this permit. Unless there are circumstances requiring either a prompt completion of the authorized activity or a reevaluation of the public interest decision, the Corps will normally give favorable consideration to a request for an extension of this time limit.

Your signature below, as permittee, indicates that you accept and agree to comply with the terms and conditions of this permit.

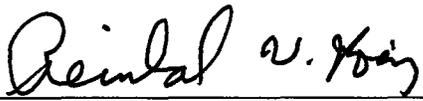


(PERMITTEE) AND TITLE

19/Dec/2011

(DATE)

This permit becomes effective when the Federal official, designated to act for the Secretary of the Army, has signed below.



Colonel Reinhard W. Koenig
District Commander

19 Dec 2011

(DATE)

When the structures or work authorized by this permit are still in existence at the time the property is transferred the terms and conditions of this permit will continue to be binding on the new owner(s) of the property. To validate the transfer of this permit and the associated liabilities associated with compliance with its terms and conditions have the transferee sign and date below.

(TRANSFEREE)

(DATE)