



STATE OF ALASKA
Department of Natural Resources
Division of Mining, Land & Water

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LAND USE PERMIT
Under AS 38.05.850

PERMIT # LAS 23007

ConocoPhillips (Alaska), Inc. herein known as the permittee, is issued this permit authorizing the use of the following state land:

All state land located on North Slope from the Canning River to the east to the Colville River to the west and south to the Brooks Range.

This permit is effective beginning June 1, 2005 and ending May 31, 2010 unless sooner terminated at the state's discretion. This permit does not convey an interest in state land and as such is revocable with or without cause. No preference right for use or conveyance of the land is granted or implied by this authorization.

This permit is issued for the purpose of authorizing:

Off Road Travel on state land located on the North Slope.

All activities shall be conducted in accordance with the following General and Special Stipulations.

General Stipulations

- 1. Authorized Officer.** The Authorized Officer for the Department of Natural Resources is the Regional Land Manager. The Authorized Officer may be contacted at 3700 Airport Way, Fairbanks, Alaska 99709 or (907) 451-2740. The Authorized Officer reserves the right to modify these stipulations or use additional stipulations as deemed necessary.
- 2. Compliance with Governmental Requirements; Recovery of Costs.** Permittee shall, at its expense, comply with all applicable laws, regulations, rules and orders, and the requirements and stipulations included in this authorization. Permittee shall ensure compliance by its employees, agents, contractors, subcontractors, licensees, or invitees.
- 3. Alaska Coastal Management Program.** This project is subject to General Consistency Determinations GC-5 and GC-19 (see attached).
- 4. Indemnification.** Permittee assumes all responsibility, risk and liability for all activities of Permittee, its employees, agents, invitees, contractors, subcontractors, or licensees directly or indirectly conducted in connection with this permit, including environmental and hazardous substance risks and liabilities, whether accruing during or after the term of this permit. Permittee shall defend, indemnify, and hold harmless the State of Alaska, its employees, and agents from and against any and all suits, claims, actions, losses, costs, penalties, and damages of whatever kind or nature, including all attorney's fees and litigation costs, arising out of, in connection with, or incident to any act or omission by Permittee, its employees, agents, invitees, contractors, subcontractors, or

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licensees, unless the sole proximate cause of the injury or damage is the negligence or willful misconduct of the State or anyone acting on the State's behalf. Within 15 days Permittee shall accept any such cause or action or proceeding upon tender by the State. This indemnification shall survive the termination of the permit.

5. **Valid Existing Rights.** This authorization is subject to all valid existing rights in and to the land under this authorization. The State of Alaska makes no representations or warranties whatsoever, either expressed or implied, as to the existence, number, or nature of such valid existing rights.
6. **Reservation of Rights.** The Division reserves the right to grant additional authorizations to third parties for compatible uses on or adjacent to the land under this authorization.
7. **Inspection.**
 - a. Authorized representatives of the State of Alaska shall have reasonable access to the subject parcel for purposes of inspection.
 - b. The permittee may be charged fees under 11 AAC 05.010(a)(7)(M) for routine inspections of the subject parcel, inspections concerning non-compliance, and a final close-out inspection.
8. **Performance Guaranty.** The permittee shall provide a surety bond or other form of security acceptable to the Division in the amount of \$1,000,000.00 (statewide oil and gas bond, 103172912089). Such performance guaranty shall remain in effect for the term of this authorization and shall secure performance of the permittee's obligations hereunder. The amount of the performance guaranty may be adjusted by the Authorized Officer upon approval of amendments to this authorization, changes in the development plan, upon any change in the activities conducted or performance of operations conducted on the premises. If Permittee fails to perform the obligations under this permit within a reasonable time, the State may perform Permittee's obligations at Permittee's expense. Permittee agrees to pay within 20 days following demand, all costs and expenses reasonably incurred by the State of Alaska as a result of the failure of the permittee to comply with the terms of this permit. The provisions of this permit shall not prejudice the State's right to obtain a remedy under any law or regulation. If the authorized officer determines that the permittee has satisfied the terms and conditions of this authorization the performance guaranty may be released. The performance guaranty may only be released in a writing signed by the Authorized Officer.
9. **Assignment.** This permit may not be transferred or assigned to another individual or corporation.
10. **Violations.** This authorization is revocable immediately upon violation of any of its terms, conditions, stipulations, nonpayment of fees, or upon failure to comply with any other applicable laws, statutes and regulations (federal and state). Should any unlawful discharge, leakage, spillage, emission, or pollution of any type occur due to permittee's, or its employees', agents', contractors', subcontractors', licensees', or invitees' act or omission, permittee, at its expense shall be obligated to clean the area to the reasonable satisfaction of the State of Alaska.
11. **Tundra damage reports.** Incidents of damage to the vegetative mat and follow-up corrective actions that have occurred while operating under this authorization shall be reported to the Authorized Officer within 72 hours of occurrence.

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12. Completion Report. The completion report specified under Standard Condition 6 of General Concurrence GCD-19 shall be submitted to the Authorized Officer by June 30 of each year.

13. Spill Notification. The spill notification stipulations found in GC-5 and GC 19 are hereby replaced by the following stipulation:

Notification. The lessee or permittee shall notify DNR of all spills that must be reported under 18 AAC 75.300 under timelines of 18 AAC 75.300. All fires and explosions must be reported to DNR immediately. The DNR 24 hour spill report number is (907) 451-2678; the Fax number is (907) 451-2751. The DEC spill report number is (800) 478-9300. DNR and DEC shall be supplied with all follow-up incident reports.

I have read and understand all of the foregoing and attached stipulations. By signing this permit, I agree to conduct the authorized activity in accordance with the terms and conditions of this permit.

Thomas Manson SA, ENVIRONMENTAL COORDINATOR 5/27/05
Signature of Permittee or Authorized Representative Title Date

P.O. Box 100360 ANCHORAGE ALASKA 99510-0360
Permittee's Address City State Zip code

263-4627 THOMAS MANSON
Home Phone Work Phone Contact Person

Leon Lynch NATURAL RESOURCE SPECIALIST 5/27/05
Signature of Authorized State Representative Title Date

