



THE STATE
of **ALASKA**
GOVERNOR BILL WALKER

Department of Natural Resources

DIVISION OF OIL AND GAS

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Anchorage, Alaska 99501-3560
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February 14, 2018

Chris Wrobel
Permitting Coordinator
ConocoPhillips Alaska, Inc. (CPAI)
P. O. Box 100360
Anchorage, AK 99510-0360

RE: LONS 79-016, ConocoPhillips Alaska, Inc., Kuparuk River Unit, DS-1D, Two Modules and Eight VSMs Unit Plan of Operations Amendment Decision.

Dear Mr. Wrobel:

The Alaska Department of Natural Resources, Division of Oil and Gas (Division), in accordance with Alaska Statute 38.05 and Alaska Oil and Gas Leasing Regulations (11 AAC 83) grants authorization to conduct activities on state lands as proposed in the Kuparuk River Unit (KRU) Plan of Operations (Plan) amendment application dated October 11, 2017 for the above referenced project.

Scope:

ConocoPhillips Alaska, Inc. (CPAI) requests authorization to relocate two existing modules from Drill Sites DS-3J and DS-1H to DS-1D. Module 1D15 is a 24,360 gallon double-walled methanol storage tank measuring approximately 27 feet tall by 14.2 feet in diameter, and module 1D16 is a pump module measuring approximately 10 feet wide by 10 feet tall by 20 feet long. The modules will be used for continuous methanol injection.

The modules will be supported by a total of eight Vertical Support Members (VSMs) on DS-1D. Four VSMs, each measuring 18 inches in diameter and 40 feet in length, will be installed to support Module 1D15. Four VSMs, each measuring 8 inches in diameter and 25 feet in length, will be installed to support Module 1D16. The VSMs will be slurry-set piles. The 18-inch diameter piles will be buried to an approximate depth of 35 feet, and the 8-inch diameter piles will be buried to an approximate depth of 23 feet.

The proposed work will be done on-pad. All cuttings and removed material will be hauled to Mine Site C for proper disposal. Construction equipment may include tracked drill rig, portable truck mounted crane, skid-steer loader, dump truck, and slurry truck.

Plan activities include:

- Installation of eight VSMs.
- Installation of two modules.

Location information:

KRU

DS-1D

Meridian: Umiat

Township: 11N

Range: 10E

Section: 23

Lat: 70.2982, Long: -149.5133

ADL(s): 025650

Agency review:

As a courtesy, the amendment application was circulated to the Alaska Department of Fish and Game (ADF&G), DNR: Division of Mining, Land & Water (DMLW) and Division of Oil and Gas, and North Slope Borough (NSB). Comments were submitted by DMLW on October 16, 2017. The applicant's response is summarized in Appendix B.

Conditions/Stipulations:

1. A certified As-Built survey of the activity shall be provided within one year of placement of the improvement. This As-Built must be both digital and hard copy.

Please attach this amendment approval with the original decision. This unit operations amendment approval is issued in accordance with Alaska Statute 38.05, Alaska Administrative Codes 11 AAC 83.346 and 11 AAC 83.303. The Division reviewed this amendment under the unit regulation for the Plan, 11 AAC 83.346, and considers the factors set forth in 11 AAC 83.303(a) and (b). The amendment was also evaluated against the KRU agreement for conformance.

A person affected by this decision may appeal it, in accordance with 11 AAC 02. Any appeal must be received within 20 calendar days after issuance of the decision, as defined in 11 AAC 02.040(c) and (d) and may be mailed or delivered to the Commissioner, Department of Natural Resources, 550 W 7th Avenue, Suite 1400, Anchorage, Alaska 99501; faxed to 1-907-269-8918, or sent by electronic mail to dnr.appeals@alaska.gov. This decision takes effect immediately. If no appeal is filed by the appeal deadline, this decision becomes a final administrative order and decision of the department on the 31st day after issuance. An eligible person must first appeal this decision in accordance with 11 AAC 02 before appealing this decision to Superior Court. A copy of 11 AAC 02 may be obtained from any regional information office of the Department of Natural Resources.

This approval signifies only that the State of Alaska has no objection to the operations outlined in the Plan amendment application. It does not constitute certification of any property right or land status claimed by the applicant nor does it relieve the applicant of responsibility to obtain approvals or permits from other persons or governmental agencies that may also be required. All stipulations contained in the original lease and subsequent Plan approvals remain in full force and effect.

If activities have not commenced, this approval expires on February 14, 2021. Failure to comply with the terms and conditions outlined in the lease, the attached stipulations, and this authorization may result in revocation of this unit operations approval.

Any questions or concerns about this amendment may be directed to Natural Resource Specialist James Hyun at 907-269-8885 or emailed to james.hyun@alaska.gov.

Sincerely,

A handwritten signature in black ink that reads "Nathaniel G. Emery". The signature is written in a cursive style with a large, stylized 'N' and 'E'.

Nathaniel G. Emery
Natural Resource Specialist

Attachments: Appendix A: Figure(s) 1-3
Appendix B: Agency Comments
2008 North Slope Mitigation Measures with 2011 Supplement

ecc: DOG: Graham Smith, Nathaniel Emery, Paul Blanche, Conor Williamson, Jeanne Frazier,
and spco.record@alaska.gov
DMLW: Henry Brooks, Melissa Head, Sean Willison, Kimberly Maher, and Becky Baird
ADF&G: Jack Winters
Borough: John Adams, Jason Bergerson, Matt C. Dunn, and Josie Kaleak

Appendix A

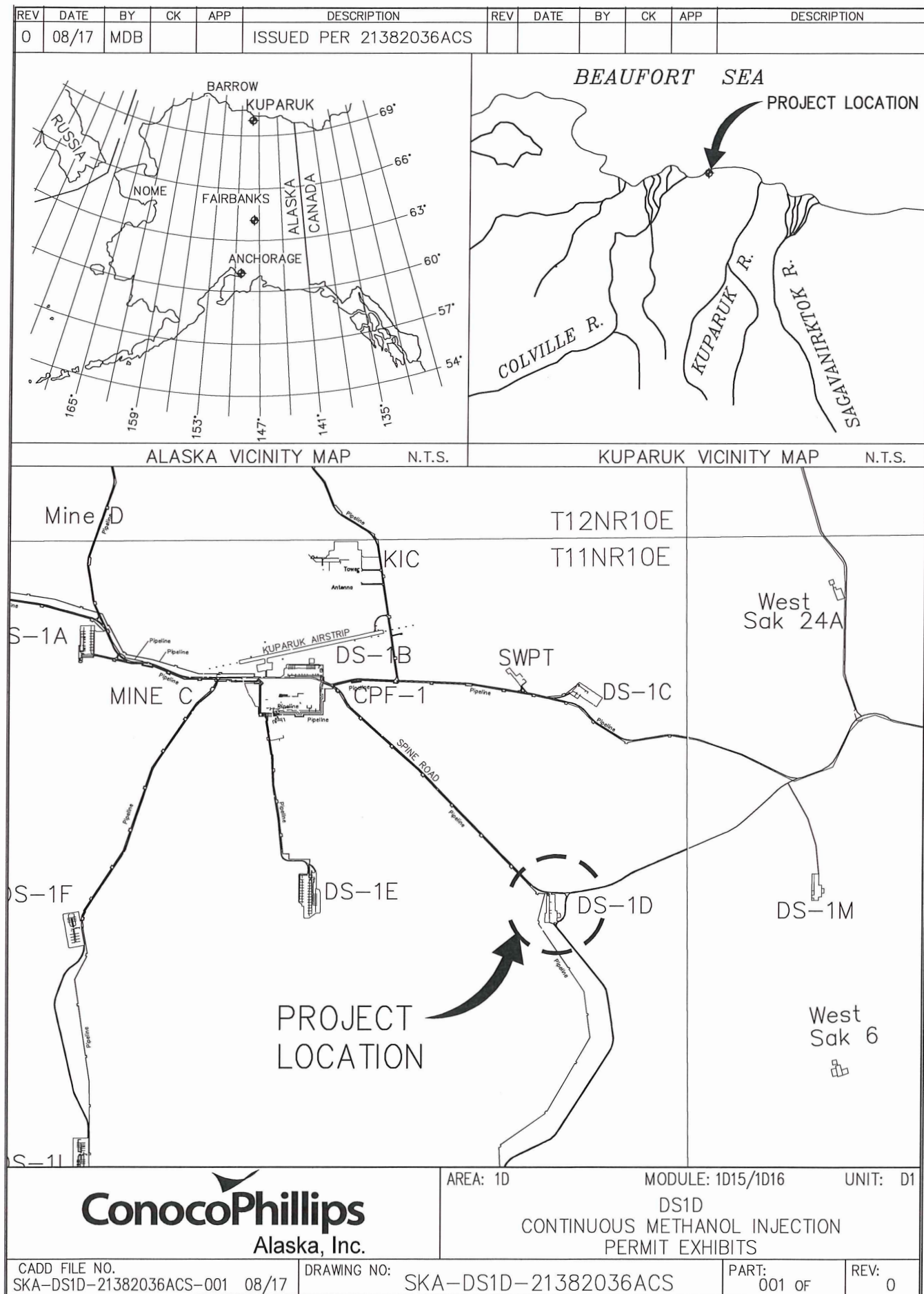


Figure 1

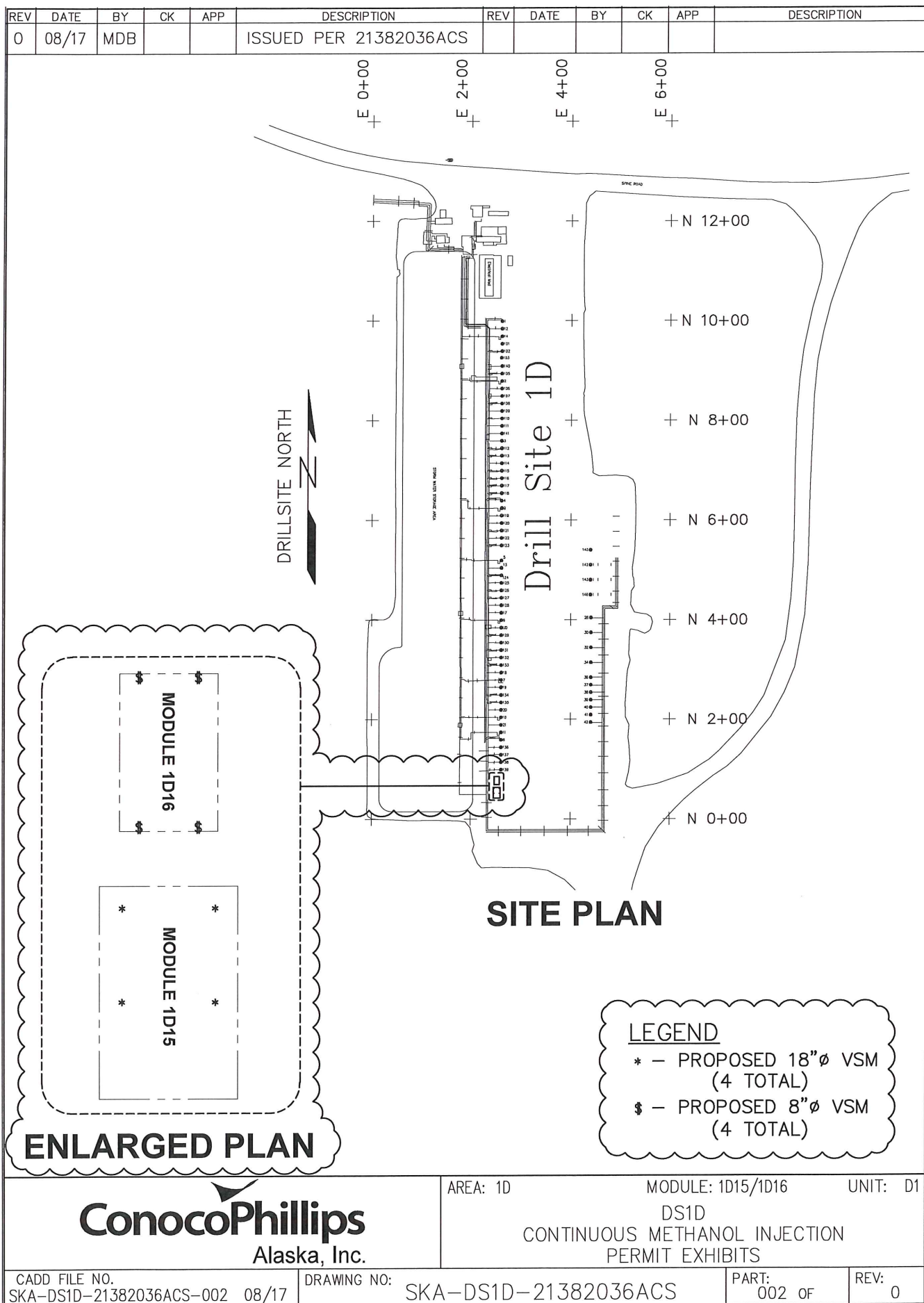


Figure 2

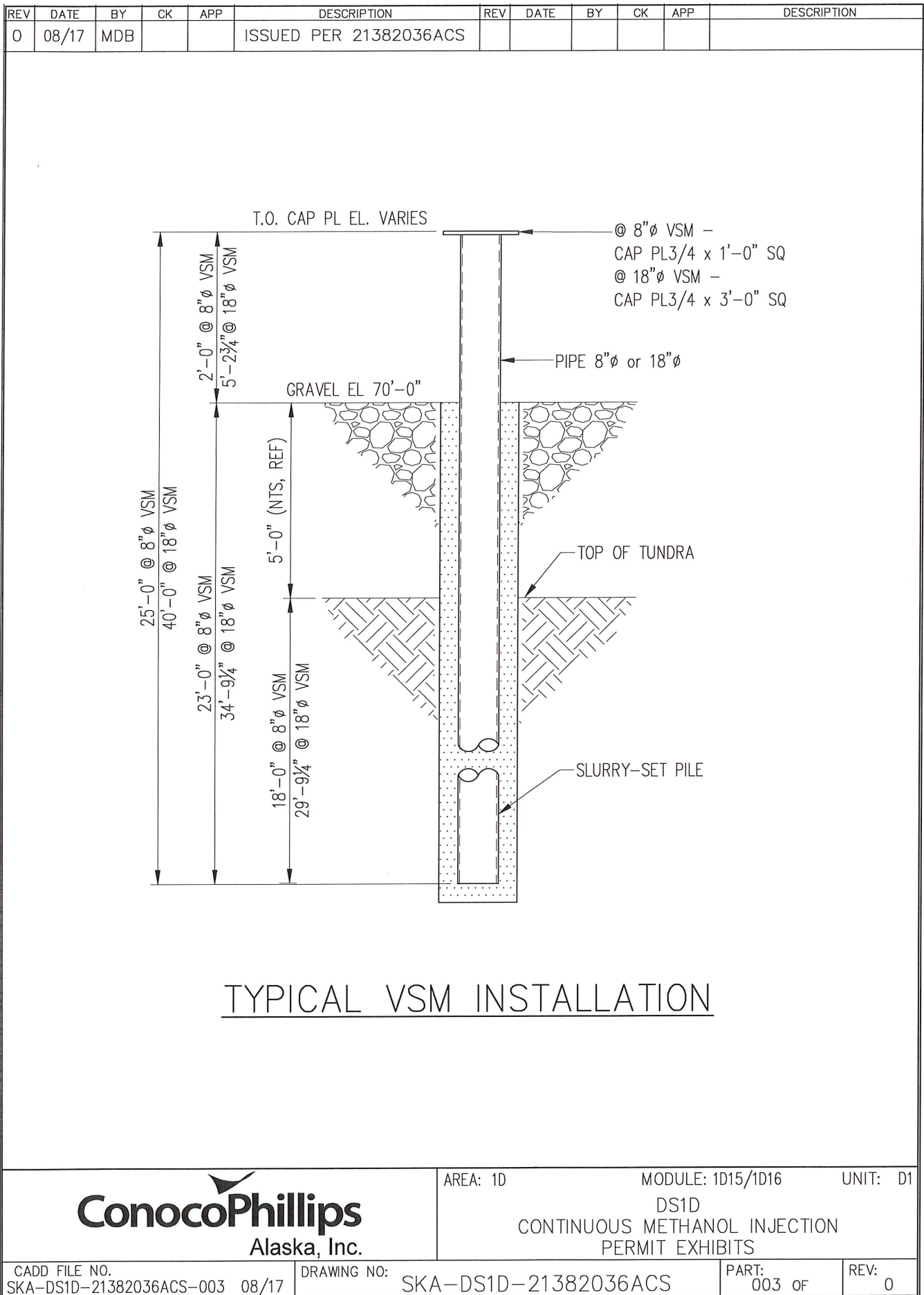


Figure 3

Appendix B: Agency Comments

The Division received comments from DMLW in response to the courtesy agency notice.

Comment: “Will Conoco be providing adequate secondary containment for these modules? Will the respective module locations at DS 3J and DS 1H be visually checked after removal for staining/signs of accidental release?”

Applicant Response to Comment: The methanol tank is double-walled and it is currently used at a different pad. When the tank is relocated to DS-1D, the tank itself along with the respective former module locations at DS 3J and DS 1H will be visually inspected. The tank is currently on a platform above grade and the pad below the tank will also be visually inspected. Secondary containment will be constructed for the double-walled methanol tank.