

STATE OF ALASKA



JAN

BILL SHEFFIELD, GOVERNOR

DEPARTMENT OF NATURAL RESOURCES

DIVISION OF OIL AND GAS

POUCH 7-034
ANCHORAGE, ALASKA 99510

February 21, 1985

Exxon Company U.S.A
P.O. Box 5025
Thousand Oaks, CA 91359

Sohio Alaska Petroleum Company
Pouch 6-612
Anchorage, AK 99502

Attn: Mr. J. C. Bowen
Division Operations Manager

Attn: Mr. Paul J. Martin
Vice President, Operations and
Engineering

Subject: Duck Island Unit, Endicott Reservoir
Approval of Initial Participating Area
Approval of Production and Cost Allocations

Dear Messrs. Bowen and Martin:

The Division of Oil and Gas has reviewed the application for the establishment of the Initial Participating Area and Production and Cost Allocations for the Duck Island Unit, Endicott Reservoir, as submitted on November 9, 1985 in conjunction with the application for expansion of the Duck Island Unit.

The application for the expansion of the Duck Island Unit, which is being approved separately and concurrently with this approval, requires the Working Interest Owners of the Duck Island and Prudhoe Bay Units to amend the Unit Areas of those units to exclude certain lands from the Duck Island Unit and recommit them to the Prudhoe Bay Unit by February 22, 1986.

Some of the lands required to be excluded from the Duck Island Unit by February 22, 1986 are within the lands proposed as the Initial Participating Area for the Endicott Reservoir of the Duck Island Unit. At that time, the Participating Area for the Endicott Reservoir will have to be revised to conform to and be contained within the Duck Island Unit as amended at that time.

Accordingly, I hereby approve the proposed Participating Area and Production and Cost Allocations for the Endicott Reservoir of the Duck Island Unit as submitted (Attachment I); however, this approval will only be effective for the period February 22, 1985 through February 21, 1986. By November 21, 1985, the Unit Operator of the Duck Island Unit must submit a revised Participating



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Area for the Endicott Reservoir corresponding to the revised Duck Island Unit Area (Attachment II). Also, by November 21, 1985, revised production and cost allocations for that Participating Area must be submitted to the State for approval. Should revised Participating Area and Production and Cost Allocations for the Endicott Reservoir not be submitted by that time, the Duck Island Unit may be determined to be in default pursuant to the governing regulations and the Duck Island Unit Agreement.

This approval shall have the effect of amending the Duck Island Unit Agreement to add Exhibits C, D, E, and F to the approved agreement, pursuant to 11 AAC 83.385.

The formation of the Initial Participating Area and the initial Allocations of Production and Costs to the tracts within that Initial Participating Area (Attachment I) shall be effective as of 12:01 a.m. February 22, 1985.

Sincerely,


Kay Brown
Director

Attachments: Delegation of Authority from the Commissioner, Department of Natural Resources, to the Director, Division of Oil and Gas

Duck Island Unit Agreement, Exhibits C, D, E, and F

Approved Initial Participating Area and Allocations of Cost and Production for the Endicott Reservoir, Duck Island Unit

Required Revised Participating Area for the Endicott Reservoir, Duck Island Unit, February 22, 1986

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