

**FRANK H. MURKOWSKI,
GOVERNOR**

**DEPARTMENT OF NATURAL RESOURCE
DIVISION OF OIL AND GAS**

550 WEST 7TH AVENUE, SUITE 800
ANCHORAGE, ALASKA 99501-3560
PHONE: (907) 269-8800
FAX: (907) 269-8938

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

May 7, 2003

R. F. Buckley, Chairman PTU Owners Committee
ExxonMobil Development Company
P.O. Box 4867
Houston, TX 77210-4876

RE: Point Thomson Unit
Proposed Changes to Expansion/Contraction Commitment Schedule

Dear Mr. Buckley:

The May 24, 2002, Findings and Decision of the Director, Division of Oil and Gas (the Division) conditionally approved the *Application for the Second Expansion and Third Contraction of the Unit Area* (the Decision). ExxonMobil Corporation, the Point Thomson Unit (PTU) Operator, BP Exploration (Alaska), Inc., Chevron USA Inc., and Phillips Alaska Inc. (the Owners) agreed to sixteen conditions for approval listed in the Decision, including the following:

1. On or before June 15, 2003, the Working Interest Owners may elect to contract all of the Expansion Acreage out of the PTU, pay the State of Alaska \$8,000,000 to compensate for the unrealized bonus payments during the period that the acreage was withheld from leasing (Extension Charge), and be released from the remaining obligations imposed herein. The Extension Charge will be due on July 1, 2003.
4. Development drilling in the PTU must begin by June 15, 2006, or all of the Expansion Acreage will automatically contract out of the PTU effective that date, and the Working Interest Owners will pay the State of Alaska \$20,000,000 by July 1, 2006, to compensate for the unrealized bonus payments during the period that the Expansion Acreage was withheld from leasing.
5. The Working Interest Owners must complete the drilling of seven development wells in the PTU by June 15, 2008, or all of the Expansion Acreage will automatically contract out of the PTU effective that date, and the Working Interest Owners will pay the State of Alaska \$27,500,000 by July 1, 2008, to compensate for the unrealized bonus payments during the period that the Expansion Acreage was withheld from leasing.

"Develop, Conserve, and Enhance Natural Resources for Present and Future Alaskans."

R.F. Buckley, ExxonMobil
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On April 24, 2003, the Owners requested a two-year extension of the commitment deadlines in conditions #1, # 4, and #5 above.

The Division appreciates the time and effort that the Owners have committed to the permitting process and seismic interpretation toward the ultimate development of the PTU. The Division grants a one-month extension of the June 15, 2003 deadline in condition #1 as follows:

1. On or before July 15, 2003, the Working Interest Owners may elect to contract all of the Expansion Acreage out of the PTU, pay the State of Alaska \$8,000,000 to compensate for the unrealized bonus payments during the period that the acreage was withheld from leasing (Extension Charge), and be released from the remaining obligations imposed in the Decision. The Extension Charge will be due on August 1, 2003.

If the Owners accept this one-month extension, they must notify the Division in writing by May 30, 2003, or the current condition deadline will remain in effect.

It is premature to consider extending any of the other dates set forth in the Decision. The Division denies the Owners' request to extend the deadlines in conditions #4 and #5 above.

Any person affected by this decision may appeal it, in accordance with 11 AAC 02. Any appeal must be received within 20 calendar days after the date of "issuance" of this decision, as defined in 11 AAC 02.040 (c) and (d), and may be mailed or delivered to Tom Irwin, 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@dnr.state.ak.us. 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.

Sincerely,

Original signed by Bonnie Robson, Deputy Director

Mark D. Myers
Director

cc: Tom Irwin, DNR Commissioner
Richard Todd, Department of Law