



THE STATE
of **ALASKA**
GOVERNOR BILL WALKER

Department of Natural Resources

Division of Oil & Gas
Anchorage Office

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Anchorage, Alaska 99501-3560
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May 9, 2017

**CERTIFIED MAIL
RETURN RECEIPT REQUESTED**

Mr. Steve Thatcher
Manager WNS Development
ConocoPhillips Alaska, Inc.
P.O. Box 100360
Anchorage, Alaska 99510-0360

Re: 19th Annual Plan of Development Update, Colville River Unit Agreement

Dear Mr Thatcher:

On March 16, 2017, the State of Alaska, Department of Natural Resources, Division of Oil and Gas (Division), received the 19th Annual Plan of Development (CRU 19th POD), Colville River Unit Agreement (CRUA) from the Unit Operator, ConocoPhillips Alaska, Inc. (CPAI). In December of each year, under CRUA Subsection 3.9.8, CPAI presents a review of plans for the entire CRU area (December 3.9.8 Meeting). Article 10 of the CRUA also requires information sharing meetings under Subsection 3.9.8 for submittals of revised divisions of interest at regular intervals for each of the six CRU participating areas and for expansions and contractions of the participating areas under Subsection 9.7. The CRUA describes the confidential data submittals required of CPAI.

Production rate from the CRU shows an increase, from an average production of 48,488 Barrels of Oil Per Day (BOPD) in 2015 to 58,830 BOPD in 2016. CPAI drilled ten wells in the Alpine Participating Area (PA) during the 18th POD, all from CD5. The 5th, 6th and 7th unit expansions were requested during the 18th POD period. The 5th and 7th expansion decisions have yet to be resolved and the 6th was approved by the Division on August 22, 2016. Alpine participating area and Nanuq Kuparuk participating area reserves estimate revisions and PA expansions were also conducted during the 18th period.

Proposed drilling opportunities for the 19th POD period are composed of 11 new wells and two multilateral CDT sidetracks. One exploration well is planned for the 5th expansion area. No other exploration activities are planned for the 19th POD period.

The activities proposed in the 19th POD benefit the state through maximizing recovery of the state's resources. The work CPAI is performing at the CRU is advisable to protect the public interest and increase state oil and gas revenues.

The Division has considered the criteria in 11 AAC 83.303 and Article 8 of the CRU Agreement and finds that CRU 19th POD protects the public interest. The CRU 19th POD is approved for the period May 16, 2017 through May 15, 2018. The approval is only for the general POD; specific field operations require additional approvals. This approval does not authorize or approve any activities outside the unit area. Pursuant to Article 8.1.2(c) of the CRUA, the 20th Annual Plan of Development will be due in this office on or before March 16, 2018.

An eligible 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 Andrew T. Mack, 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. 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,



Chantal Walsh
Director

cc: Teresa Imm, Arctic Slope Regional Corporation
Wayne Svejnoha, U.S. Department of the Interior, Bureau of Land Management