

STATE OF ALASKA

SARAH PALIN, GOVERNOR

DEPARTMENT OF NATURAL RESOURCES

DIVISION OF OIL AND GAS

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ANCHORAGE, ALASKA 99501-3560

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November 3, 2008

Steven K. Dodds
Land Manager - Alaska
Anadarko Petroleum Corporation
P.O. Box 1330
Houston, Texas 77251-1330

Subject: Termination of the Jacobs Ladder Unit and Voluntary Relinquishment of Leases

Dear Mr. Dodds:

On October 1, 2008, Anadarko Petroleum Corporation (Anadarko) notified the Division of Oil and Gas (Division) by letter that it (1) had no further exploration plans for the Jacobs Ladder Unit (JLU) and would not submit a Fourth Plan of Exploration on November 1, 2008; (2) would relinquish the following JLU leases effective November 1, 2008: ADLs 389065, 389066, 389067, 389068, 389069, 389070, 389073, 389074, 389100, 389101, 389102, 389105, 389673, 389674, 389675 and 389676; and (3) on behalf of itself and the other Unit Working Owners, requested the termination of the JLU Agreement, effective December 31, 2008, the expiration date of the currently approved Third Plan of Exploration. Anadarko submitted revised Exhibits A & B to the JLU Agreement reflecting the lease relinquishments. Under Anadarko's request, two leases - ADLs 389164 and 389165- would remain in the JLU until December 31, 2008.

The Division accepts Anadarko's voluntary relinquishment of the JLU leases listed above. They expired, effective November 1, 2008.

The JLU Agreement may be terminated by an affirmative vote of the working interest owners and the Commissioner's approval. The Division approves the requested JLU termination effective December 31, 2008, under Article 14.5 of the Agreement and 11 AAC 83.336(c). Under Article 15.2 of the Agreement and 11 AAC 83.140, ADLs 389164 and 389165 will continue in full force and effect for 90 days from the date of the JLU termination, that is, until March 31, 2009, and so long thereafter as drilling or re-drilling operations are being conducted on them and so long thereafter as oil or gas is produced in paying quantities.

This unit termination approval does not relieve Anadarko from its obligations under Article 15.3 of the Agreement and the individual leases, including its responsibility for well and facility abandonment and lease surface restoration.

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

Mr. Steven K. Dodds
JLU Termination and Lease Relinquishment
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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 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@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,

A handwritten signature in black ink, appearing to read "Kevin R. Banks". The signature is fluid and cursive, with a long horizontal stroke at the end.

Kevin R. Banks
Director

cc: Steve Schmitz, DO&G
Terry Peterson, DO&G
AOGCC