



THE STATE
of **ALASKA**
GOVERNOR BILL WALKER

Department of Natural Resources

Division of Oil & Gas

550 W 7th Avenue, Suite 1100
Anchorage, Alaska 99501-3560
Main: 907.269.8800
Fax: 907.269.8939

August 6, 2018

**CERTIFIED MAIL
RETURN RECEIPT REQUESTED**

Nick Pysz
Supervisor, WNS Supervisor
ConocoPhillips Alaska Inc.
700 G Street
Anchorage, AK 99501

Re: Colville River Unit, Fiord Nechelik Participating Area
Fourth Revision and Twelve Year Reserves Estimate Revision

Dear Mr. Pysz:

On March 8, 2018, ConocoPhillips Alaska, Inc. (ConocoPhillips), as Colville River Unit (CRU) Operator, submitted an application pursuant to Articles 9 and 10 of the Colville River Unit Agreement (CRUA) and 11 AAC 83.351, to the Department of Natural Resources, Division of Oil and Gas, (Division) for the Fourth Revision and the Twelve Year Reserves Estimate Revision of the CRU Fiord Nechelik Participating Area (FNPA) (Application). The FNPA consists of State of Alaska oil and gas leases, and State of Alaska and Arctic Slope Regional Corporation (ASRC) joint lands leases. The Application contracts some lands that are currently within the FNPA as described in Attachment B (Attachment 1). The Application also includes a revised division of interest as described in Exhibit C (Attachment 2), Exhibit D, Map of the FNPA (Attachment 3), Exhibit E, Revised Allocation of FNPA Expense, and Exhibit F, Revised Allocation of Unit Expense. This decision approves the Application, effective September 1, 2018.

A participating area “must be expanded to include acreage reasonably estimated through use of geological, geophysical, or engineering data to be capable of producing or contributing to the production of hydrocarbons in paying quantities, and must be contracted to exclude acreage reasonably proven through the use of geological, geophysical, and engineering data to be incapable of producing hydrocarbons in paying quantities, subject to approval by the commissioner.” 11 AAC 83.351(c). ConocoPhillips submitted confidential and public information with the Application. The Division and ConocoPhillips conducted several technical meetings to discuss the merits of the FNPA revision and revised division of interest. The confidential geological, geophysical, and engineering data indicate that the acreage contracted from the FNPA are reasonably estimated to be incapable of producing or contributing to production of hydrocarbons in paying quantities. The Division also considered the criteria set forth in 11 AAC 83.303(a) and (b) as it relates to the contraction of the FNPA. Based on the information ConocoPhillips provided and the Division’s own analysis, the Division finds that the revisions to the FNPA and revised division of interest promotes conservation of all natural resources, promotes the prevention of economic and physical waste, provides for the protection

of all parties of interest, including the State, and protects the public interest. AS 38.05.180(p); 11 AAC 83.303.

For the reasons discussed in above, I hereby approve the Fourth Revision and Twelve Year Reserves Estimate Revision of the Colville River Unit, Fiord Nechelik Participating Area. The contraction and revised allocation factors are effective September 1, 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,



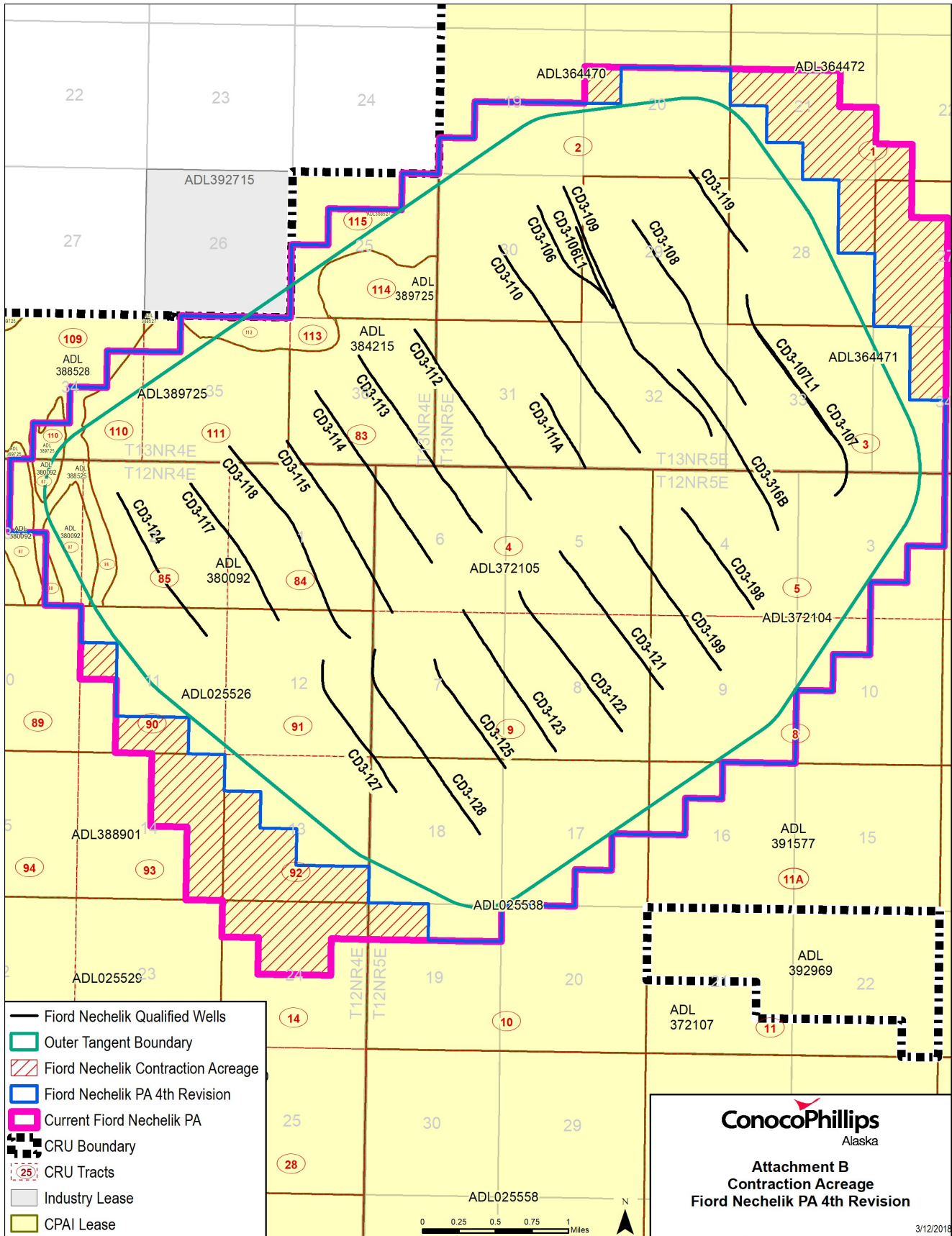
Chantal Walsh,
Director

cc: Teresa Imm, Arctic Slope Regional Corporation
Wayne Svejnoha, United States Bureau of Land Management

Attachments

1. Application Attachment B, Description of Lands affected by the revised FNPA
2. Application Exhibit C, Description of Lands and Division of Interest in the FNPA
3. Application Exhibit D, Map of the FNPA

Attachment 1



Attachment 2

Exhibit C

Fiord Nechelik Participating Area Tract Participations

Tr. No.	ADL No./ Tobin No.	Legal Description	Acres	Depth Restrictions	Royalty (%)	NPSL (%)	Tract Owners	Working Interest (%)	Tract Allocation
1	364472	T13N,R5E-U.M.		None	12.5	30	CPAI	78.000000	0.00998452
	931986	NW1/4SW1/4, S1/2SW1/4 of Sec. 21	120.00						
		NW1/4, W1/2NE1/4, S1/2 of Sec. 28	560.00						
		TOTAL	680.00					100.000000	
2	364470	T13N,R5E-U.M.		None	12.5	30	CPAI	78.000000	0.05521577
	931974	SE1/4, S1/2SW1/4, NE1/4SW1/4 of Sec. 19	278.54						
		SE1/4NW1/4, S1/2NE1/4, S1/2 of Sec. 20	440.00						
		All of Sec. 30	636.00						
		TOTAL	1354.54						
3	364471	T13N,R5E-U.M.		None	12.5	30	CPAI	78.000000	0.29518826
	931976	All of Sec. 29	640.00						
		All of Sec. 31	639.00						
		All of Sec. 32	640.00						
		All of Sec. 33	640.00						
		W1/2NW1/4, SW1/4 of Sec. 34	240.00						
	TOTAL	2799.00							
4	372105	T12N,R5E-U.M.		Above 10,350'	12.5		CPAI	78.000000	0.13732714
	932002	All of Sec. 5	640.00						
		All of Sec. 6	577.00						
		TOTAL	1217.00						
5	372104	T12N,R5E-U.M.		Above 10,350'	12.5		CPAI	78.000000	0.03401861
	932000	N1/2, SW1/4, NW1/4SE1/4 of Sec. 3	520.00						
		All of Sec. 4	640.00						
		TOTAL	1160.00					100.000000	

Attachment 2

Exhibit C

Fiord Nechelik Participating Area Tract Participations

Tr. No.	ADL No./ Tobin No.	Legal Description	Acres	Depth Restrictions	Royalty (%)	NPSL (%)	Tract Owners	Working Interest (%)	Tract Allocation
8	372104	T12N,R5E-U.M.	640.00	Above 10,350'	12.5		CPAI	78.000000	0.01567067
	932000	All of Sec. 9	120.00				APC	22.000000	
		N1/2NW1/4, SW1/4NW1/4 of Sec. 10	760.00					100.000000	
		TOTAL							
9	372105	T12N, R5E-U.M.	580.00	Above 10,350'	12.5		CPAI	78.000000	0.09236607
	932002	All of Sec. 7	640.00				APC	22.000000	
		All of Sec. 8	1220.00					100.000000	
		TOTAL							
10	25538	T12N,R5E-U.M.	520.00	None	12.5		CPAI	78.000000	0.02047257
	932100	N1/2, SW1/4, NW1/4SE1/4 of Sec. 17	583.00				APC	22.000000	
		All of Sec. 18	73.13					100.000000	
		N1/2NE1/4 of Sec. 19	1176.13						
		TOTAL							
11A	391577	T12N,R5E-U.M.	120.00	Above 8,500'	12.5		CPAI	78.000000	0.00000000
	341402	N1/2NW1/4, SW1/4NW1/4 of Sec. 16	120.00				APC	22.000000	
		TOTAL						100.000000	
83	384215	T13N,R4E-U.M.		None	16.667		CPAI	77.620000	0.07958146
	932084	All of Sec. 36, All excluding tide and submerged lands seaward of the line of mean high water as shown on the official tract map for Oil and Gas Lease Sale 43					APC	22.000000	
		TOTAL					Petro-Hunt	0.380000	
		TOTAL	597.00					100.000000	
84	380092	T12N-R4E, U.M.	640.00	None	16.667		CPAI	78.000000	0.09730307
	932052	All of Sec. 1	640.00				APC	22.000000	
		TOTAL						100.000000	

Attachment 2

Exhibit C

Fiord Nechelik Participating Area Tract Participations

Tr. No.	ADL No./ Tobin No.	Legal Description	Acres	Depth Restrictions	Royalty (%)	NPSL (%)	Tract Owners	Working Interest (%)	Tract Allocation
85	380092 932052	T12N-R4E, U.M. All of Sec. 2, All excluding tide and submerged lands seaward of the line of mean high water as shown on the official tract map for Oil and Gas Lease Sale 43	<u>583.00</u> 583.00	None	16.667		CPAI APC	78.000000 22.000000 <u>100.000000</u>	0.07201630
86	388525 932306	T12N-R4E, U.M. All of Sec. 2, Unsurveyed, All within the bed of the unnamed channel for the Colville River as shown on the official tract map for state Oil and Gas Sale 75 dated August 26, 1992	<u>57.00</u> 57.00	None	16.66667		CPAI APC	78.000000 22.000000 <u>100.000000</u>	0.00373345
87	380092 932052	T12N-R4E, U.M. E1/2E1/2, W1/2NE1/4 of Sec. 3, Unsurveyed, excluding tide and submerged lands seaward of the line of mean high water as shown on the official tract map for Oil and Gas Lease Sale 43	<u>177.90</u> 177.90	None	16.667		CPAI APC	78.000000 22.000000 <u>100.000000</u>	0.00000000
88	388525 932306	T12N-R4E, U.M. NE1/4, E1/2SE1/4 of Sec. 3, Unsurveyed, All within the beds of the Nechelik Channel and the bed of the unnamed channel of the Colville River as shown on the official tract map for state Oil and Gas Lease Sale 75 dated August 26, 1992	<u>62.10</u> 62.10	None	16.66667		CPAI APC	78.000000 22.000000 <u>100.000000</u>	0.00000000

Attachment 2

Exhibit C

Fiord Nechelik Participating Area Tract Participations

Tr. No.	ADL No./ Tobin No.	Legal Description	Acres	Depth Restrictions	Original Royalty (%)	NPSL (%)	Tract Owners	Working Interest (%)	Tract Allocation
90	25526 932094	T12N-R4E, U.M. N1/2NW1/4, NE1/4, N1/2SE1/4, SE1/4SE1/4, SE1/4NW1/4 of Sec. 11	440.00 440.00	None	12.5		CPAI APC	78.000000 22.000000 100.000000	0.02054626
91	25526 932094	T12N-R4E, U.M. All of Sec. 12, Unsurveyed	640.00 640.00	None	12.5		CPAI APC	78.000000 22.000000 100.000000	0.04633655
92	25526 932094	T12N-R4E, U.M. N1/2NW1/4, SE1/4NW1/4, NE1/4, N1/2NE1/4 of Sec. 13	360.00 360.00	None	12.5		CPAI APC	78.000000 22.000000 100.000000	0.00000000
109	388528 932308	T13N-R4E, U.M. SE1/4NE1/4, W1/2SE1/4, SE1/4SW1/4 of Sec. 34, Unsurveyed, All tide and submerged lands seaward of the line of mean high water and the channel closing line, and all uplands within the bed of the unnamed channel of the Colville River, both as shown on the official tract map for Oil and Gas Lease Sale 75A dated June 17, 1993	84.76 84.76	None	16.66667		CPAI APC	78.000000 22.000000 100.000000	0.00000000
110	389725 932682	T13N-R4E, U.M. SE1/4, SE1/4NE1/4, SE1/4SW1/4 of Sec. 34, Unsurveyed, All excluding tide and submerged lands seaward of the line of mean high water as shown on the official tract map for Oil and Gas Lease Sale 43	153.10 153.10	None	16.667		CPAI APC Petro-Hunt	77.620000 22.000000 0.380000 100.000000	0.00000000

Attachment 2

Exhibit C

Fiord Nechelik Participating Area Tract Participations

Tr. No.	ADL No./ Tobin No.	Legal Description	Acres	Depth Restrictions	Original Royalty (%)	NPSL (%)	Tract Owners	Working Interest (%)	Tract Allocation
111	389725 932682	T13N,R4E-U.M. S1/2, S1/2N1/2, N1/2NE1/4, NE1/4NW1/4, of Sec. 35, Unsurveyed, excluding tide and submerged lands seaward of the line of mean high water as shown on the official tract map for Oil and Gas Lease Sale 43	<u>525.00</u> 525.00	None	16.667		CPAI APC Petro-Hunt	77.620000 22.000000 <u>0.380000</u> 100.000000	0.01451624
112	388527 932623	T13N,R4E-U.M. S1/2, S1/2N1/2, N1/2NE1/4, NE1/4NW1/4, of Sec. 35, Unsurveyed tide and submergedlands seaward of the line of mean highwater and the channel closing line as shown on the official tract map for Oil and Gas Lease Sale 75A dated June 17, 1993	<u>75.00</u> 75.00	None	16.66667		CPAI APC	78.000000 22.000000 <u>100.000000</u>	0.00000000
113	388527 932623	T13N,R4E-U.M. All of Sec. 36, Unsurveyed, All tide and submerged lands seaward of the line of mean high water and the channel closing line as shown on the official tract map for Oil and Gas Lease Sale 75A dated June 17, 1993	<u>43.00</u> 43.00	None	16.66667		CPAI APC	78.000000 22.000000 <u>100.000000</u>	0.00004920
		TOTAL							

Attachment 2

Exhibit C

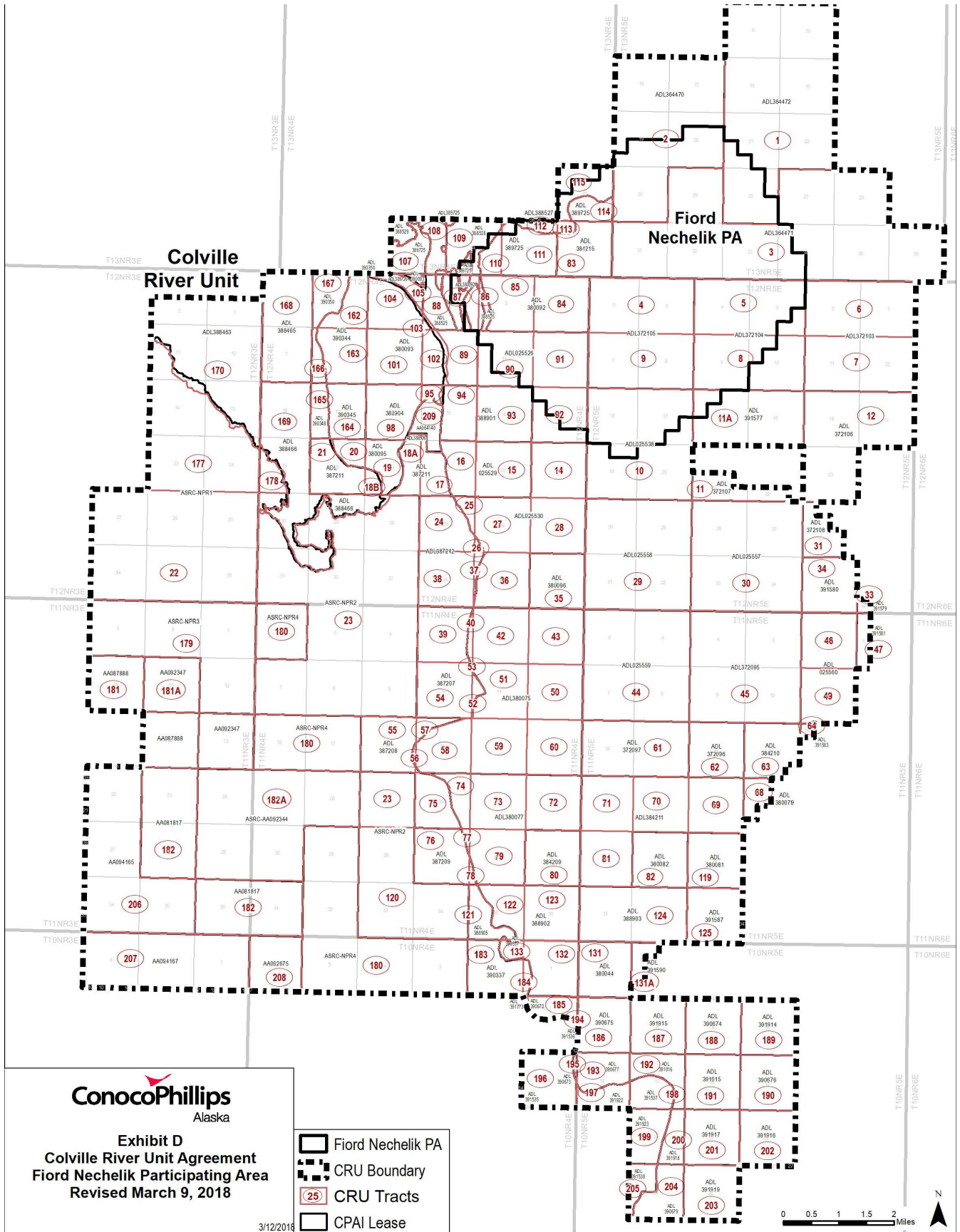
Fiord Nechelik Participating Area Tract Participations

Tr. No.	ADL No./ Tobin No.	Legal Description	Acres	Depth Restrictions	Original Royalty (%)	NPSL (%)	Tract Owners	Working Interest (%)	Tract Allocation
114	389725 932682	T13N,R4E-U.M. All of Sec. 25, Unsurveyed, All excluding tide and submerged lands seaward of the line of mean high water as shown on the official tract map for Oil and Gas Lease Sale 43	196.00 196.00	None	16.667		CPAI APC Petro-Hunt	77.620000 22.000000 0.380000 100.000000	0.00567386
115	388527 932623	T13N,R4E-U.M. NE1/4, SW1/4, SE1/4NW1/4, N1/2SE1/4 of Sec. 25, Unsurveyed, All tide and submerged lands seaward of the line of mean high water as shown on the official tract map for State Oil and Gas Lease Sale 75A dated June 17, 1993	275.47 275.47	None	16.66667		CPAI APC	78.000000 22.000000 100.000000	0.00000000
TOTAL			15,396.00						

KEY:

CPAI: ConocoPhillips Alaska, Inc.
 APC: Anadarko Petroleum Corporation
 Petro-Hunt: Petro-Hunt, LLC

Attachment 3



ConocoPhillips
Alaska

Exhibit D
Colville River Unit Agreement
Fiord Nechelik Participating Area
Revised March 9, 2018

3/12/2018

- Fiord Nechelik PA
- CRU Boundary
- CRU Tracts
- CPAI Lease

