



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
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November 13, 2018

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

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

Re: Colville River Unit, Nanuq Kuparuk Participating Area
Fourth Revision and Twelve-Year Reserves Estimate Revision

Dear Mr. Pysz:

On June 25, 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 Nanuq Kuparuk Participating Area (NKPA) (Application). The NKPA consists of State of Alaska oil and gas leases, Arctic Slope Regional Corporation (ASRC) oil and gas leases, State of Alaska and ASRC joint lands leases, and United States Bureau of Land Management oil and gas leases.

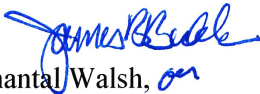
The Application contracts some lands that are currently within the NKPA and expands to include new areas as described in Attachment B to the Application (Attachment 1 to this Decision). The Application also includes a revised division of interest as described in Exhibit C to the (Attachment 2), and a revised Map of the NKPA submitted as Exhibit D to the Application (Attachment 3). The Application also included Exhibit E, a Revised Allocation of NKPA Expense, and Exhibit F, a Revised Allocation of Unit Expense. This decision approves the Application.

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 multiple technical meetings to discuss the merits of the NKPA revision and revised division of interest. The confidential geological, geophysical, and engineering data indicate that the acreage contracted from the NKPA and area added to the NKPA are reasonably estimated to be incapable and capable, respectively, 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 expansion and contraction of the NKPA. Based on the information ConocoPhillips provided and the Division’s own analysis, the Division finds that the revisions to the NKPA 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 above, I hereby approve the Fourth Revision and the Twelve-Year Reserves Estimate Revision of the Colville River Unit, Nanuq Kuparuk Participating Area. The contraction and revised allocation factors are effective December 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 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,



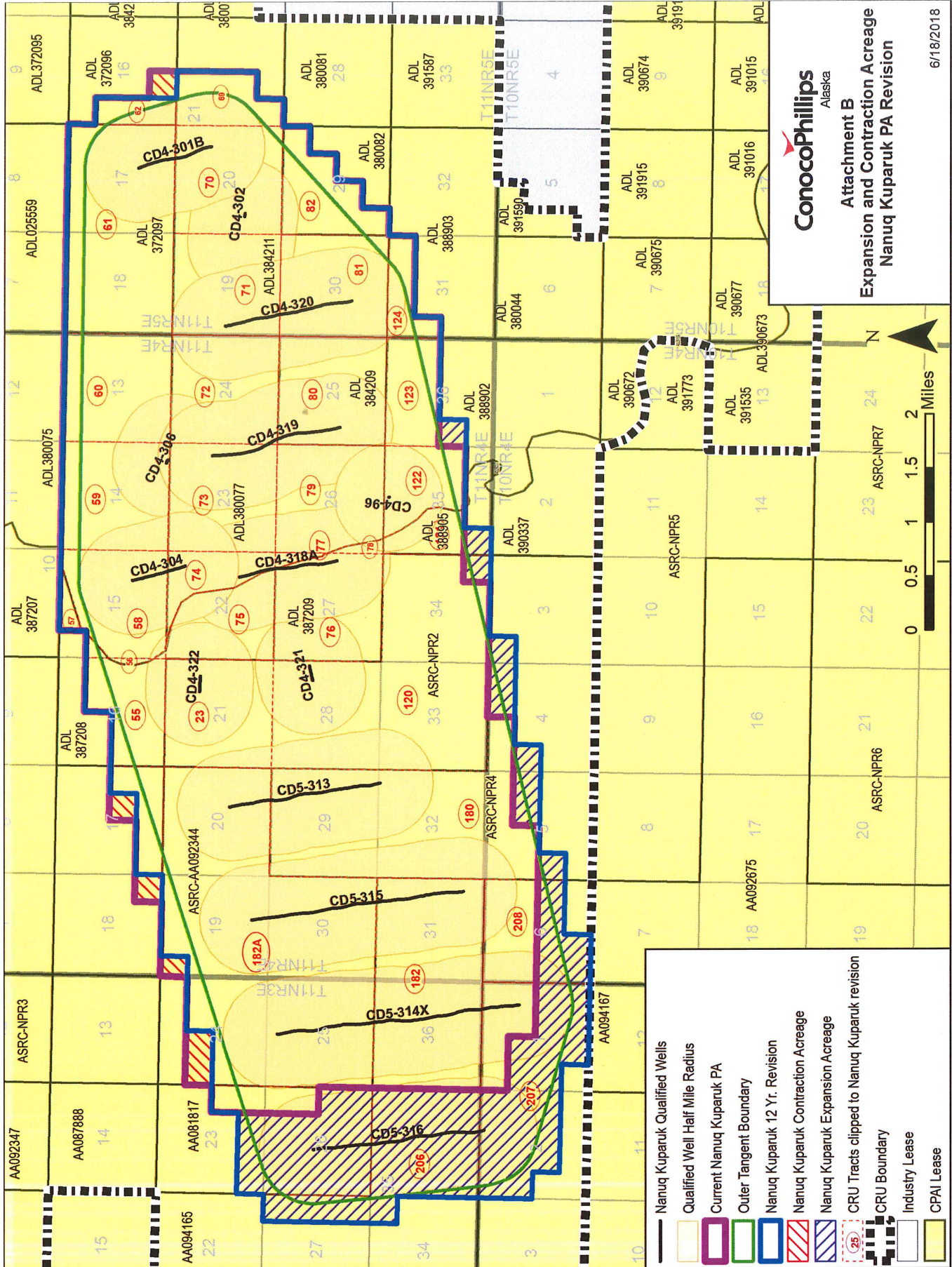
Chantal Walsh, *on*
Director

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 NKPA
2. Application Exhibit C, Description of Lands and Division of Interest in the NKPA
3. Application Exhibit D, Map of the NKPA

Attachment 1
Application Attachment B, Description of Lands affected by the revised NKPA



ConocoPhillips
 Alaska
Attachment B
Expansion and Contraction Acreage
Nanuq Kuparuk PA Revision

6/18/2018

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Attachment 2
Application Exhibit C, Description of Lands and Division of Interest in the NKPA

Exhibit C
Nanuq Kuparuk Participating Area
Attached to and made a part of the Colville River Unit Agreement
Revised June 25, 2018

Tr. No.	ADL No./ Tobin No.	Legal Description	Acres	Depth Restrictions	Royalty (%)	NPSL (%)	Tract Owners	Working Interest (%)	Tract Allocation
23	ASRC NPRA 2 932128	T11N,R4E, U.M. Sec. 21, All TOTAL	<u>640.00</u> 640.00	None	16.667		CPAI	<u>100.000000</u> 100.000000	0.02496180
55	387208 932193	T11N,R4E, U.M. Sec. 16, S1/2, S1/2NE1/4, within NPRA TOTAL	<u>390.47</u> 390.47	None	Sliding Scale Royalty 16.66667*		CPAI	<u>100.000000</u> 100.000000	0.00048649
56	380075 932034	T11N,R4E, U.M. Sec. 16, E1/2SE1/4, excl. NPRA TOTAL	<u>9.53</u> 9.53	None	16.667		CPAI	<u>100.000000</u> 100.000000	0.00001267
57	387208 932193	T11N,R4E, U.M. Sec. 15, S1/2SW1/4, SW1/4NW1/4, N1/2NE1/4, NE1/4NW1/4, within NPRA TOTAL	<u>63.94</u> 63.94	None	Sliding Scale Royalty 16.66667*		CPAI	<u>100.000000</u> 100.000000	0.00008845
58	380075 932034	T11N,R4E, U.M. Sec. 15, E1/2, E1/2W1/2, W1/2SW1/4, SW1/4NW1/4, excl. NPRA TOTAL	<u>536.06</u> 536.06	None	16.667		CPAI	<u>100.000000</u> 100.000000	0.00325601
59	380075 932034	T11N,R4E, U.M. Sec. 14, All TOTAL	<u>640.00</u> 640.00	None	16.667		CPAI	<u>100.000000</u> 100.000000	0.00627146
60	380075 932034	T11N,R4E, U.M. Sec. 13, All TOTAL	<u>640.00</u> 640.00	None	16.667		CPAI	<u>100.000000</u> 100.000000	0.00313903

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61	372097	T11N,R5E, U.M.		Above 10,350'	12.50000		CPAI	100.000000	0.02088157
	931996	Sec. 17, All	640.00					<u>100.000000</u>	
		Sec. 18, All	599.00						
		TOTAL	1239.00						
62	372096	T11N,R5E, U.M.		Above 10,350'	12.50000		CPAI	100.000000	0.00000000
	931994	Sec. 16, SW1/4NW1/4, W1/2SW1/4	120.00					<u>100.000000</u>	
		TOTAL	120.00						
69	384211	T11N,R5E, U.M.		None	16.667		CPAI	100.000000	0.00041703
	932080	Sec. 21, NW1/4, N1/2SW1/4, SW1/4SW1/4,	280.00					<u>100.000000</u>	
		TOTAL	280.00						
70	384211	T11N,R5E, U.M.		Above 7,631'	16.667		CPAI	100.000000	0.04638476
	932080	Sec. 20, All	640.00					<u>100.000000</u>	
		TOTAL	640.00						
71	384211	T11N,R5E, U.M.		Above 7,631'	16.667		CPAI	100.000000	0.04220020
	932080	Sec. 19, All	601.00					<u>100.000000</u>	
		TOTAL	601.00						
72	380077	T11N,R4E, U.M.		None	16.667		CPAI	100.000000	0.05238028
	932036	Sec. 24, All	640.00					<u>100.000000</u>	
		TOTAL	640.00						
73	380077	T11N,R4E, U.M.		None	16.667		CPAI	100.000000	0.05669151
	932036	Sec. 23, All	640.00					<u>100.000000</u>	
		TOTAL	640.00						

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74	380077 932036	T11N,R4E, U.M. Sec. 22, All, excl. NPRA TOTAL	<u>228.74</u> 228.74	None	16.667		CPAI	<u>100.000000</u> 100.000000	0.01395735
75	387208 932193	T11N,R4E, U.M. Sec. 22, All, within NPRA TOTAL	<u>411.26</u> 411.26	None	Sliding Scale 16.66667*		CPAI	<u>100.000000</u> 100.000000	0.02796723
76	387209 932195	T11N,R4E, U.M. Sec. 27, Unsurveyed, All, within NPRA TOTAL	<u>614.70</u> 614.70	None	Sliding Scale 16.66667*		CPAI	<u>100.000000</u> 100.000000	0.05842128
77	380077 932036	T11N,R4E, U.M. Sec. 27, Unsurveyed, All, excl. NPRA TOTAL	<u>25.30</u> 25.30	None	16.667		CPAI	<u>100.000000</u> 100.000000	0.00304653
78	387209 932195	T11N,R4E, U.M. Sec. 26, All, within NPRA TOTAL	<u>25.23</u> 25.23	None	Sliding Scale 16.66667*		CPAI	<u>100.000000</u> 100.000000	0.00123752
79	380077 932036	T11N,R4E, U.M. Sec. 26, All, excl. NPRA TOTAL	<u>614.77</u> 614.77	None	16.667		CPAI	<u>100.000000</u> 100.000000	0.05830752
80	384209 932076	T11N,R4E, U.M. Sec. 25, All TOTAL	<u>640.00</u> 640.00	None	16.667		CPAI	<u>100.000000</u> 100.000000	0.04696857

Exhibit C
Nanuq Kuparuk Participating Area
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 Revised June 25, 2018

Tr. No.	ADL No./ Tobin No.	Legal Description	Acres	Depth Restrictions	Royalty (%)	NPSL (%)	Tract Owners	Working Interest (%)	Tract Allocation
81	384211 932080	T11N,R5E, U.M. Sec. 30, All TOTAL	604.00 604.00	None	16.667		CPAI	100.000000 100.000000	0.02230274
82	380082 932046	T11N,R5E, U.M. Sec. 29, N1/2N1/2, S1/2NW1/4, SW1/4NE1/4, N1/2SW1/4, SW1/4SW1/4 TOTAL	400.00 400.00	None	16.667		CPAI	100.000000 100.000000	0.00894316
120	ASRC NPRA 2 932128	T11N,R4E, U.M. Sec. 28, All Sec. 33, All Sec. 34, All TOTAL	640.00 640.00 640.00 1920.00	None	16.667		CPAI	100.000000 100.000000	0.08969725
121	388905 932357	T11N,R4E, U.M. Sec. 35, NW1/4, N1/2SW1/4, SW1/4SW1/4 within NPRA TOTAL	200.55 200.55	None	Sliding Scale Royalty 16.66667*		CPAI	100.000000 100.000000	0.00019730
122	388902 932351	T11N,R4E, U.M. Sec. 35, N1/2, N1/2SE1/4, NE1/4SW1/4 Unsurveyed, excl. NPRA TOTAL	319.80 319.80	None	16.667		CPAI	100.000000 100.000000	0.00091950
123	388902 932351	T11N,R4E, U.M. Sec. 36, N1/2, NW1/4SW1/4, Unsurveyed, TOTAL	360.00 360.00	None	16.667		CPAI	100.000000 100.000000	0.00000089

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Tr. No.	ADL No./ Tobin No.	Legal Description	Acres	Depth Restrictions	Royalty (%)	NPSL (%)	Tract Owners	Working Interest (%)	Tract Allocation
124	388903 932353	T11N,R5E, U.M. Sec. 31, N1/2N1/2, SW1/4NW1/4 Unsurveyed, TOTAL	<u>182.80</u> 182.80	None	16.667		CPAI	<u>100.000000</u> 100.000000	0.00000000
180	ASRC NPRA 4 932669	T11N,R4E, U.M. Sec. 17, S1/2S1/2, NE1/4SE1/4 Sec. 29, All Sec. 32, All T10N,R4E, U.M. Sec. 3, NW1/4NW1/4 Sec. 4, N1/2N1/2, SW1/4NW1/4 Sec. 5, N1/2, NW1/4SW1/4 TOTAL	200.00 640.00 640.00 40.00 200.00 <u>360.00</u> 2080.00	None	16.667		CPAI	<u>100.000000</u> 100.000000	0.10347173
182	AA081817 932552	T11N,R4E, U.M. Sec. 31, All T11N,R3E, U.M. Sec. 23, NE1/4SE1/4, S1/2S1/2 Sec. 26, All Sec. 36, All TOTAL	605.00 200.00 640.00 <u>640.00</u> 2085.00	None	16.66667		CPAI	<u>100.000000</u> 100.000000	0.15290430

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Tr. No.	ADL No./ Tobin No.	Legal Description	Acres	Depth Restrictions	Royalty (%)	NPSL (%)	Tract Owners	Working Interest (%)	Tract Allocation
182A	ASRC AA092344 340757	T11N,R4E, U.M. Sec. 19, NE1/4NW1/4, S1/2NW1/4, E1/2, SW1/4 Sec. 20, All Sec. 30, All	600.00 640.00 602.00	None	16.66667		CPAI	100.000000 100.000000	0.10036811
		T11N,R3E, U.M. Sec. 24, S1/2NE1/4, S1/2 Sec. 25, All TOTAL	400.00 640.00 2882.00						
206	AA092675 341734	T11N,R3E, U.M. Sec. 27: E1/2E1/2 Sec. 34: NE1/4NE1/4 Sec. 35: All TOTAL	160.00 40.00 640.00 840.00	None	16.66667		CPAI	100.000000 100.000000	0.03524022
207	AA094167 366608	T10N,R3E, U.M. Sec. 1, N1/2, SE1/4, N1/2SW1/4, SE1/4SW1/4 Sec. 2, N1/2, N1/2SE1/4, NE1/4SW1/4 TOTAL	600.00 440.00 1040.00	None	16.66667		CPAI	100.000000 100.000000	0.00932008
208	AA092675 341734	T10N,R4E, U.M. Sec. 6, N1/2, N1/2SE1/4, SW1/4 TOTAL	560.00 560.00	None	16.66667		CPAI	100.000000 100.000000	0.00965746
TOTAL PA ACREAGE									23,114.15

* Sliding Scale Overriding Royalty - The Original Royalty Percentage of this lease will vary between 16.66667% and 33.333333%.

KEY: CPAI: ConocoPhillips Alaska, Inc.

Attachment 3
Application Exhibit D, Map of the NKPA

