



THE STATE
of **ALASKA**
GOVERNOR SEAN PARNELL

Department of Natural Resources

DIVISION of Oil & Gas
Anchorage Office

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

January 22, 2014

Mr. Samuel Widmer, Environmental Coordinator
ConocoPhillips Alaska, Inc.
P.O. Box 100360
Anchorage, AK 99501

RE: MLUP/NS 13-013 Geophysical Exploration Permit
Kuparuk River Unit, Drill Site 2A Area Seismic Survey Study

Dear Mr. Widmer:

The Division of Oil and Gas (Division) approves the ConocoPhillips Alaska, Inc. (CPAI) Kuparuk River Unit permit application, dated November 12, 2013, to conduct geophysical exploration on State of Alaska lands in the North Slope Borough near the Drill Site 2A (DS-2A) area. This permit, MLUP/NS 13-013, authorizes CPAI to utilize SAExploration, Inc. to conduct a geophysical permafrost study per the conditions of the permit.

This permit is effective January 21, 2014 to May 31, 2014 or until tundra closes this season.

Scope of Review

Issuance of a permit under 11 AAC 96 is not a disposal of an interest in land and does not grant a preference right to a lease or other disposal. The permit is revocable for cause for violation of a permit stipulation or of this chapter, and is revocable at will if the department determines that the revocation is in the state's interest. Each permit issued is subject to any stipulations the department determines necessary to assure compliance with this chapter, to minimize conflicts with other uses, to minimize environmental impacts, or otherwise to be in the interests of the state. Public notice of any miscellaneous land use application is discretionary under 11 AAC 96.030(c). The Director of the Division has the right at any time to amend or modify any provisions of this permit, or revoke this permit.

Location Information

This 3D seismic survey will be used to evaluate less than three square miles of near surface surrounding the DS-2A area. Shake areas in the vicinity will be conducted along the road to DS-2T, DS-2M, DS-2H, and DS-2B.

Kuparuk River Unit, DS-2A Area
Sections 23, 24, 25, 26, 27, 01, 12, 13 T11N, R08E, UM and Sections 18, 19 T11N, R09E, UM
ADLs 025570, 025569, 025655, 025587, 025586

Project Description

Three component geophones will be used in this study and each location will have three phones per unit. The unit will be placed by drilling a 2.5 inch diameter hole approximately 9 inches deep. There are approximately 565 locations on and around the pad.

For this study vibrators will be the primary source. Source locations will be in a 4,000-foot diameter circle around the pad. There will be 72 evenly spaced vibroseis points around the circle. There will also be a series of vibroseis points on the road leading to and from the pad, approximately every 1,000 feet, up to a distance of 15,000 feet away. Depending on the results of the source study applied for earlier at DS-1H, a minimum of 16-20 of the locations will also have an impulsive source with the charge size determined from the previous study – maximum of 2 kg. Vibroseis will be done along the road from DS-2T to DS-2M to DS-2B which is shown on the attached Figure 1.

Agency Comments

The Division provided notice to other regulatory agencies on November 19, 2013 for the opportunity to comment on this proposed project. The Division of Mining, Land and Water (DMLW) Northern Region Office (NRO) submitted their comments and the Division incorporated those comments into the geophysical permit conditions, under project specific stipulation numbers 32 and 33. CPAI will send both DMLW NRO and DOG the completion report which will include all surface damages and corrective actions.

Performance Guarantee

The permittee is liable for any and all damages. The permittee has provided the Division with a performance guarantee under 11 AAC 96.060 in the amount of \$100,000.

Application Approved

Should any unforeseen issues arise, the Division has authority to revoke and amend this permit. As detailed in this authorization, the Division shall be notified if, during the conduct of operations, a surface use conflict occurs. All operations conducted under this permit are subject to inspection by the Division, and if damage occurs, appropriate interest holders will be engaged, and corrective action will be prescribed. The Division will impose additional provisions as necessary as set out in 11 AAC 96.040 at any time during the activity approved under this authorization to minimize impacts and conflicts.

The Division considered all facts material to this application including the permit provisions contained in this authorization per 11 AAC 96.040(b). The Division has determined that this permit and attached provisions for this non-permanent activity as conditioned is in the interests of the state. Provisions in this authorization were necessary to protect the state's interest and the public interest.

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 Joe Balash, 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. 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,

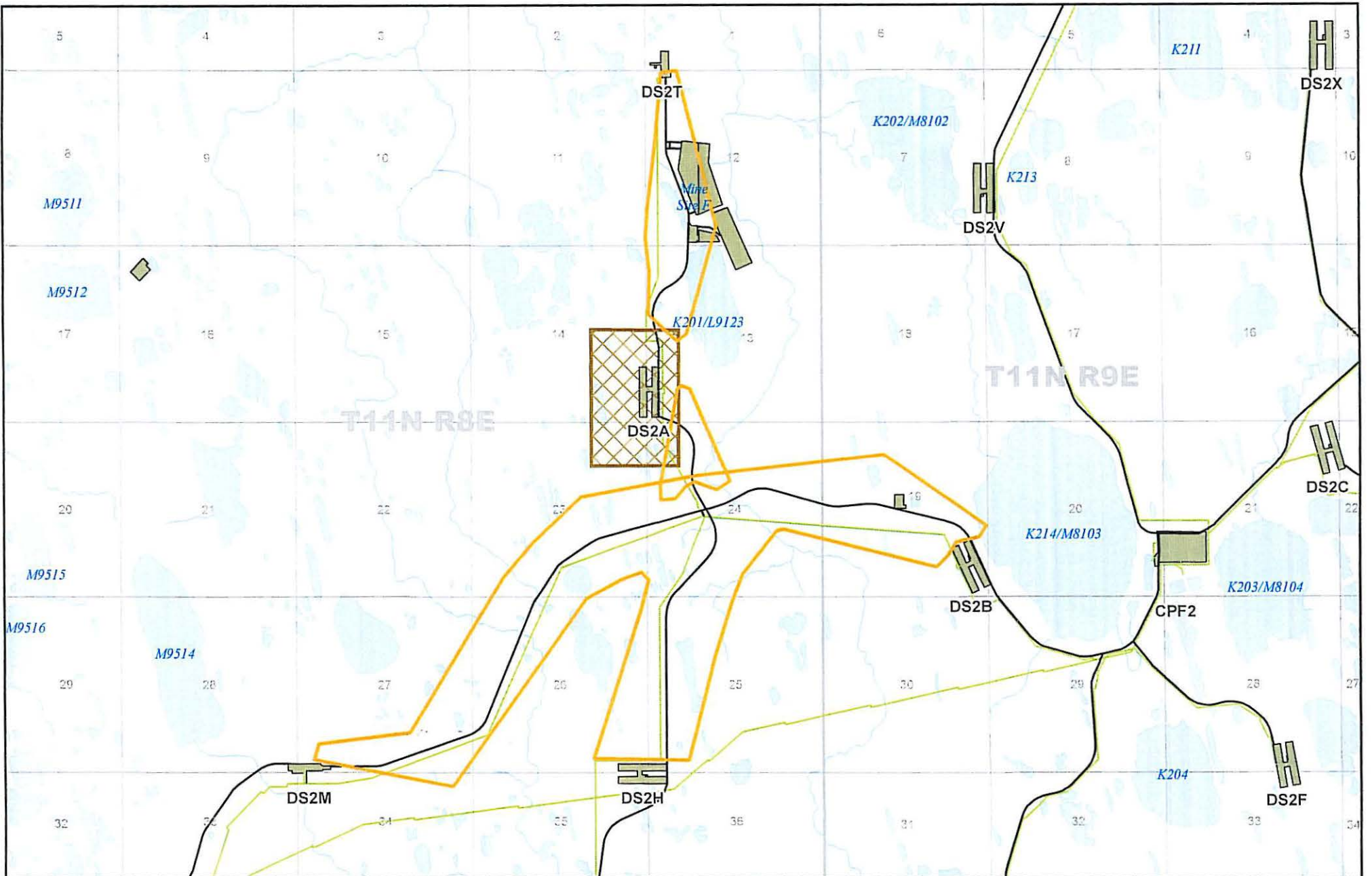


Kim Kruse
Petroleum Land Manager

Attachment: Location Map
Geophysical Permit Conditions

E-Distribution:

Gordon Brower, NSB; Gordon.Brower@north-slope.org
Matthew Willison, DMLW; sean.willison@alaska.gov
Melissa Head, DMLW; melissa.head@alaska.gov
Brian Jackson, DMLW; brian.jackson@alaska.gov
Temple Davidson, DOG; temple.davidson@alaska.gov
Jeanne Frazier, DOG; jeanne.frazier@alaska.gov
Heather Heusser, DOG; heather.heusser@alaska.gov






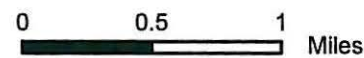
**DS-2A
Seismic Survey**

Seismic Survey Areas

-  Project Area
-  Shake Area

Infrastructure

-  Pad
-  Road
-  Pipeline



Alaska State Plane
Zone 4, NAD83

ConocoPhillips
Alaska, Inc.

January 20, 2014

Figure 1