



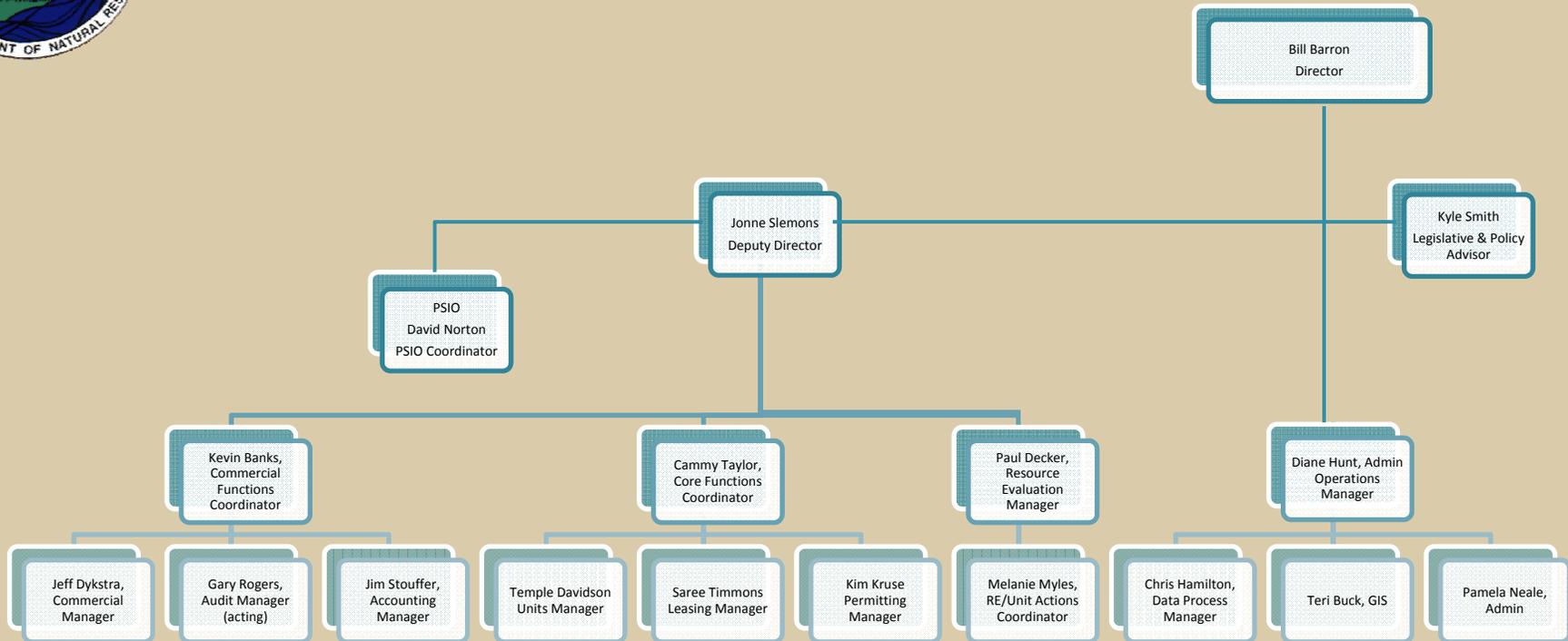
Division Update
AAPL
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William C. Barron
Director
Division of Oil and Gas





Division of Oil and Gas Organization





Units: What, why, and why not?

- Criteria for unitization are specified in Alaska law
 - AS 38.05.180(p), 11 AAC 83.303
- Unitization is about managing the resource
 - Purpose (DNR Criteria for Unitization):
 - Conserve all natural resources, including all or part of an oil or gas pool, field, or like area
 - Promote prevention of economic and physical waste; and
 - Provide for the protection of all parties of interest, including the state
 - DNR also considers
 - Environmental cost and benefit of unitization
 - Geological & engineering characteristics of reservoir
 - Prior exploration activities
 - Economic cost and benefit to the state
 - Other relevant factors, including mitigation measures
 - Need
 - Trapping mechanism
 - Moveable hydrocarbons





Units: What, why, and why not?

Observations:

- Shorter lease terms inadequate for companies to get to production
- Lessees requested units to hold on to leases without having done adequate exploration
- Unitization was being used as a mechanism to extend leases rather than as a tool for unified reservoir management
- Change in lease terms allow adequate time for exploration and sufficient delineation
- Unitization is used for efficient development of the reservoirs that are identified during primary term. It is not
 - For extension of primary lease term
 - For conducting seismic work
 - For activities which could otherwise be conducted on a lease by lease basis





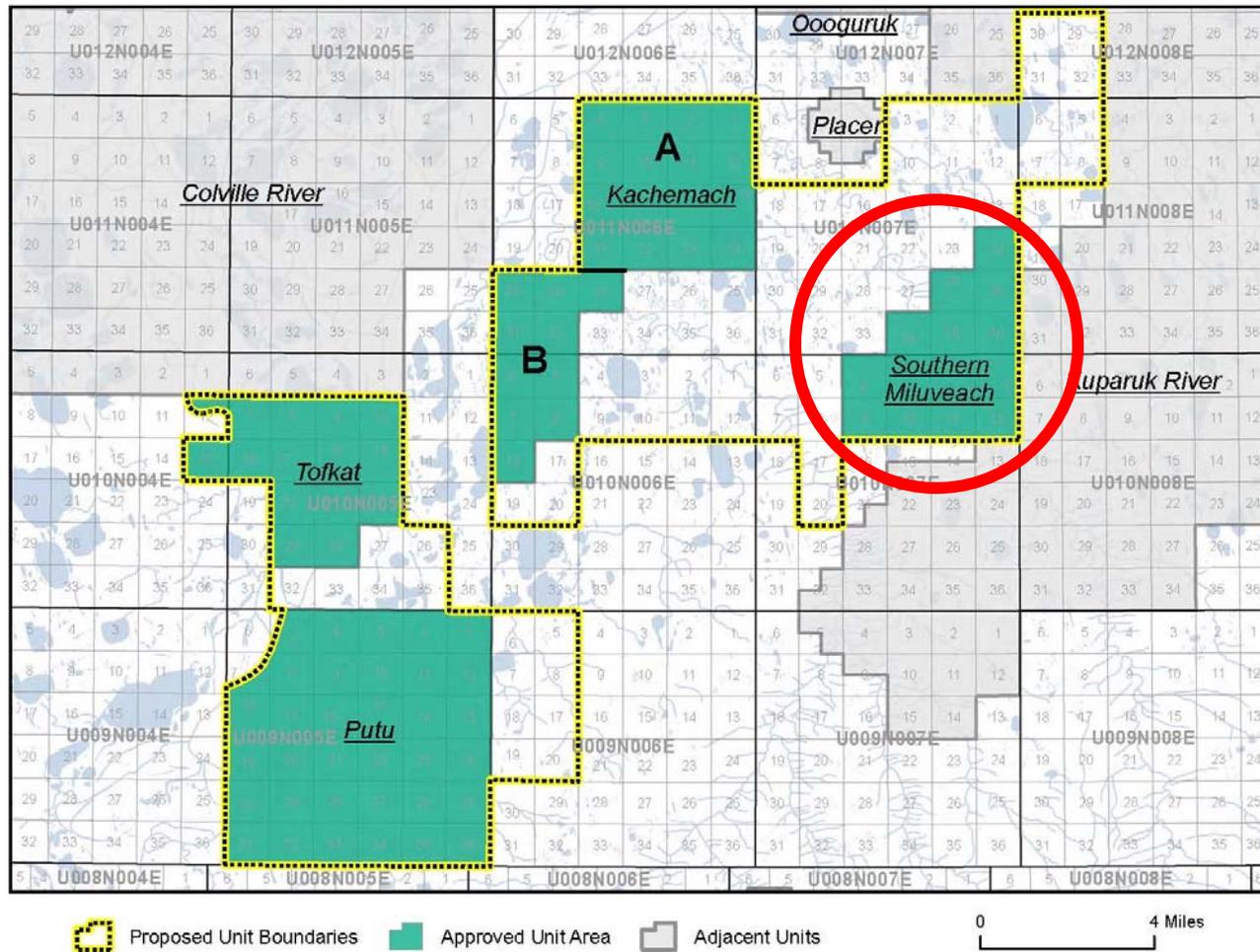
Units: Recent Decisions

- North Slope Units formed since July 1, 2011
 - Placer Unit (Arctic Slope Regional Corporation)
 - Tofkat Unit (Brooks Range)
 - Southern Miluveach Unit (Brooks Range)
 - Putu Unit (Brooks Range)
 - Kachemak Unit (Brooks Range)
 - Qugruk Unit (Repsol)
- Cook Inlet Unit Activity
 - Kitchen Lights Unit (Furie, term extension)
 - Cohoe Unit (Aurora, denial)

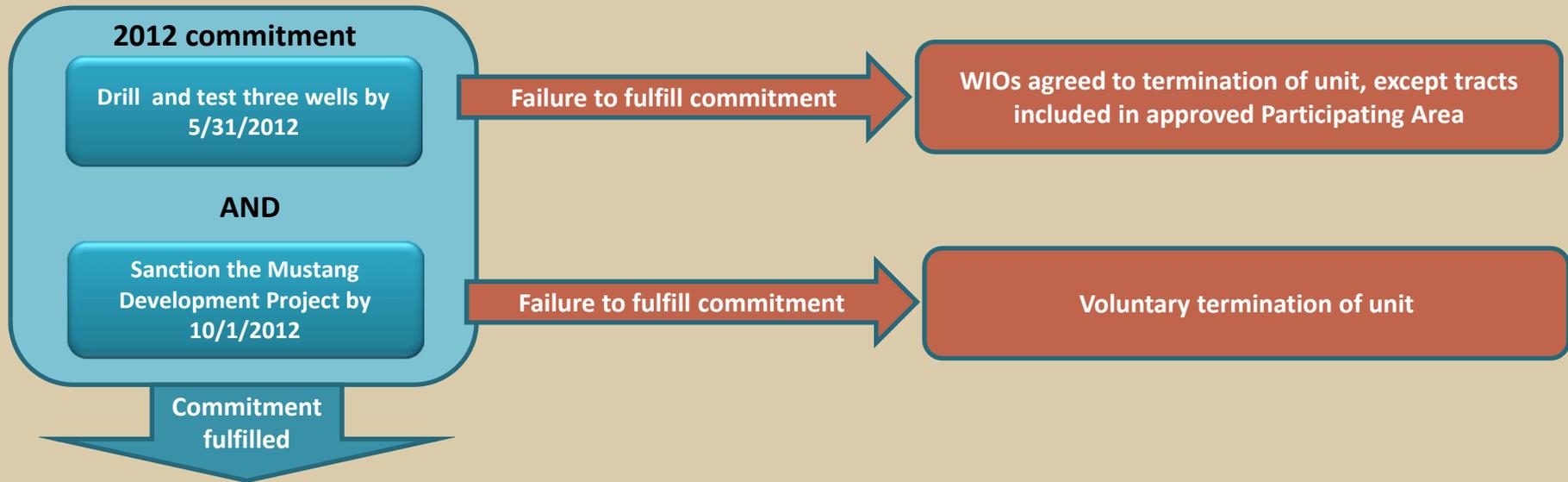




Unit Decision Opportunities: Brooks Range

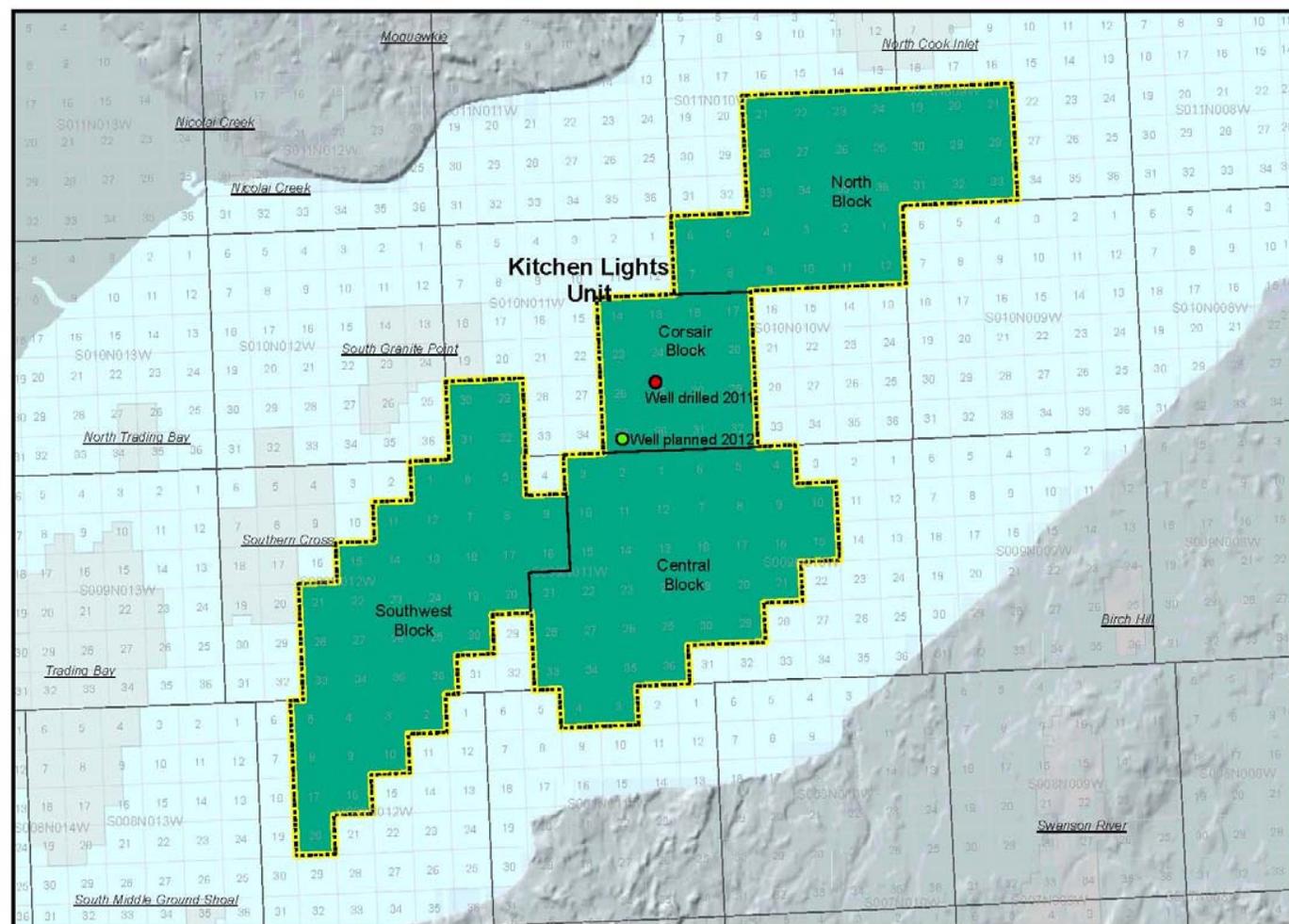


Unit Decision Opportunities: Southern Miluveach Unit





Unit Decision Opportunities: Furie's Kitchen Lights Unit

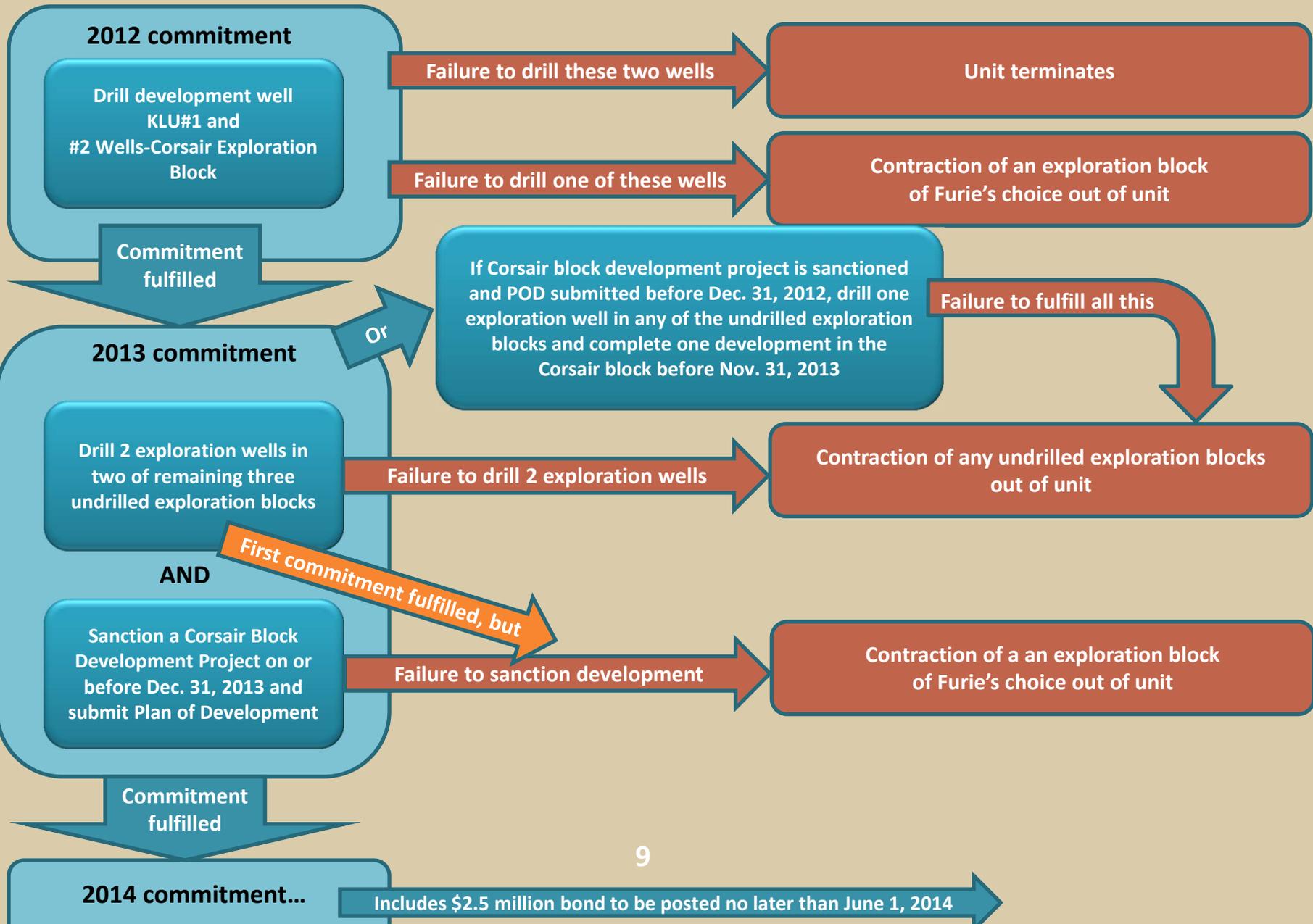


Kitchen Lights Unit Adjacent Units

0 4 Miles



Unit Decision Opportunities: Kitchen Lights Unit





Take-Home Message

- Personnel organization to streamline internal coordination and improve customer service
- Environment to encourage dialogue
- Action-oriented decisions
- Progress exploration and development

