

State of Alaska  
**Division of Oil and Gas**

**Kevin Banks**  
**Acting Director**

January 2007



Alaska Department of  
**Natural  
Resources**

# The Division of Oil and Gas ...

manages oil and gas lands to assure responsible oil and gas exploration and development and maximize revenues to the state.



# Core Services

- Encourage exploration and development of Alaska's oil and gas resources
- Maximize revenue from oil and gas production
- Maximize benefits of development and production

# GROSS OIL VOLUMES OFF OF STATE LEASES

January 2006 through November 2006

<u>Company</u>	<u>Barrels of Oil</u>
1. ConocoPhillips	92,586,154
2. BP	71,504,716
3. Exxon	41,788,992
<b>4. State of Alaska</b>	<b>32,823,355</b>
5. Anadarko	7,754,658
6. Chevron/Unocal	5,814,851
7. Forest Oil	1,703,775
8. XTO Energy	958,228
9. NANA	20,244
10. Doyon	6,540
<b>Total</b>	<b>254,961,513</b>

# The State Revenue Pie

Petroleum Revenue Sources (FY 2006)

**Total Royalties, Bonuses, Rents, Fees & Settlements:  
\$2,394.6 Million**

General Fund Royalties, Bonuses, Fees & Rents:<sup>1</sup>  
**\$1,783.9 Million**

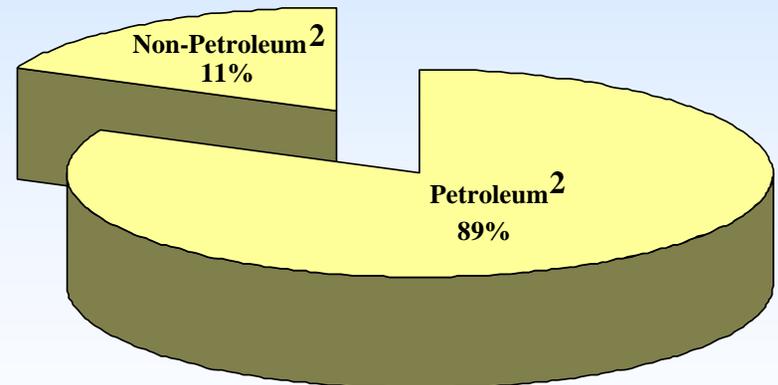
Royalties to Permanent Fund & School Fund:<sup>1</sup>  
**\$610.7 Million**

**Taxes:**

**\$1,915.0 Million<sup>2</sup>**

(Oil & Gas Property Tax + Income Tax + Severance Tax)

**FY 2006 Unrestricted Revenue**

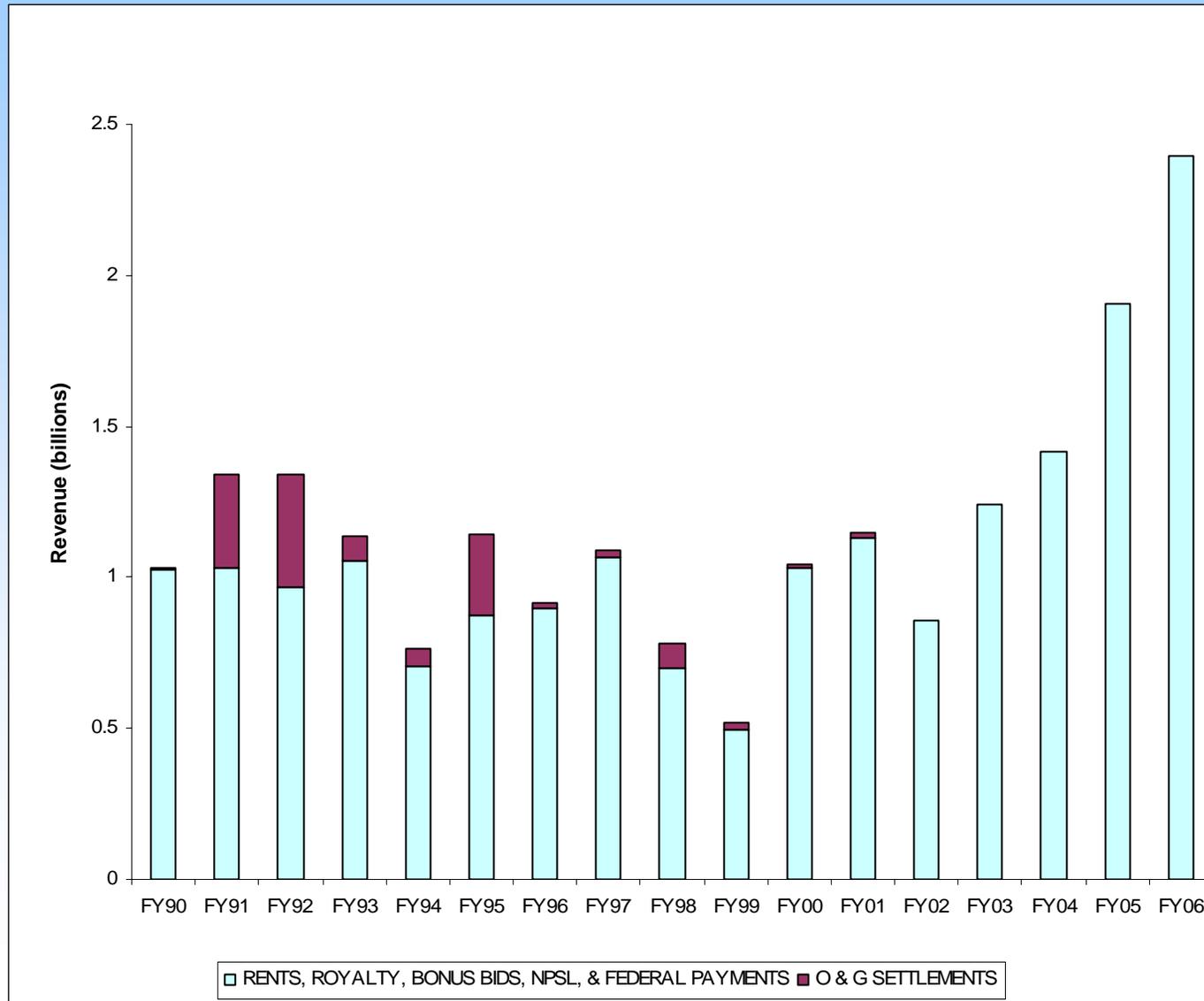


<sup>1</sup> Includes Federally shared rentals + royalties

<sup>2</sup> Source: DOR Preliminary Fall 2006 Revenue Sources Book

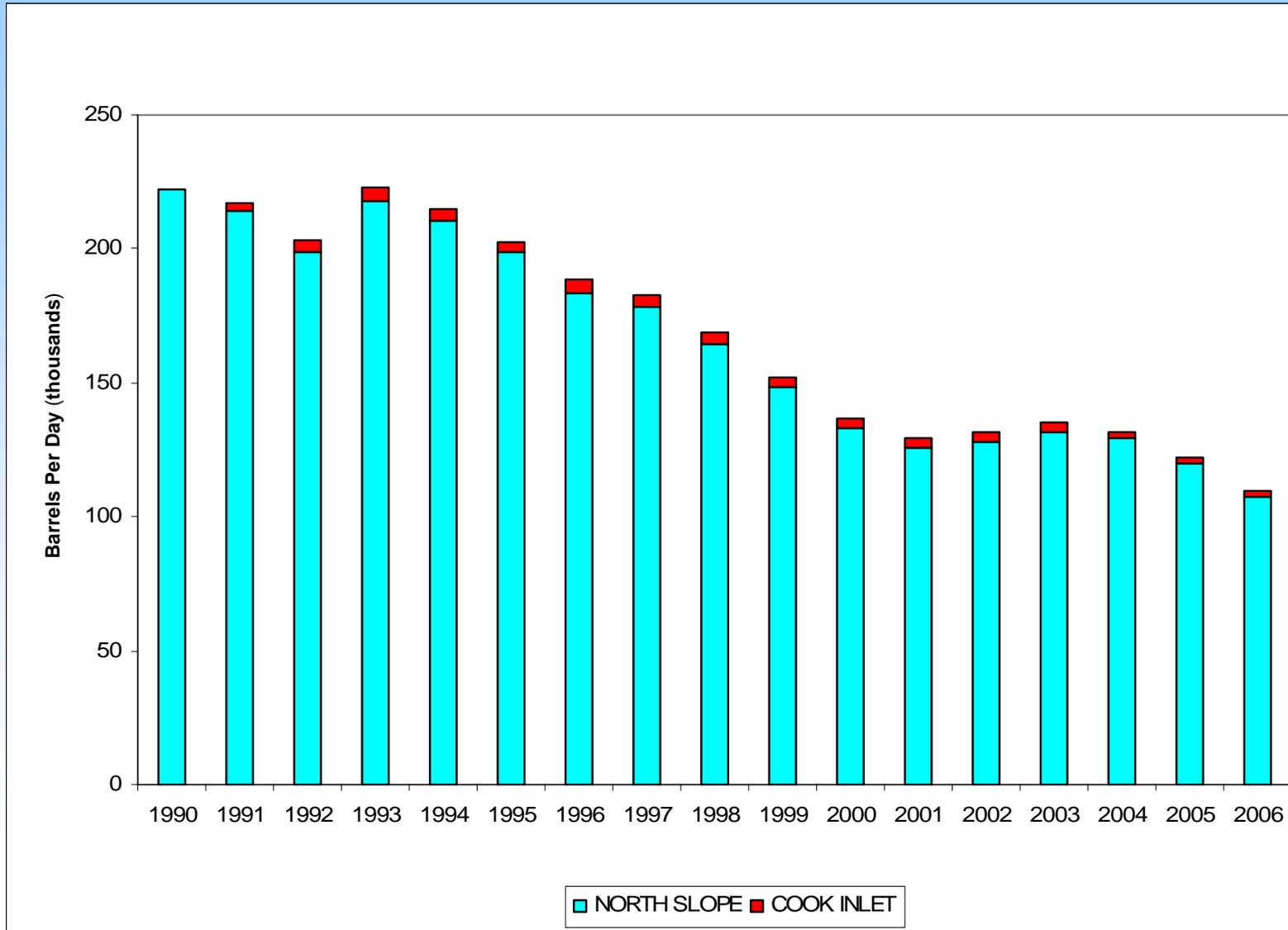
# Fiscal Year Oil and Gas Revenue on State Lands

Fiscal Years 1990 - 2006



# Annual State Oil Royalty Production

In thousands of barrels per day; fiscal years 1990 - 2006



# Achievements in 2006

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- Resource Evaluation
- Leasing/Permitting
- Unit Administration
- Royalty Accounting
- Audit
- Commercial

## Achievements in 2006

# Resource Evaluation

- Evaluated unit applications by analyzing the technical merits of lessees' confidential geological, geophysical, and engineering data
- Evaluated distribution of oil and gas reserves on tracts within participating areas (producing fields)
- Evaluated royalty modification applications in conjunction with the Commercial Section
- Performed technical evaluations on 11 well and 10 seismic applications for DOR Exploration Credit Program.
- Evaluated geological and geophysical data to provide input for areawide lease sales terms

## Achievements in 2006

# Leasing/Permitting

- Conducted five areawide lease sales in FY 2006, resulting in \$38.2 million in bonus bids
- 1.6 million acres leased, with 402 bids on 360 tracts, and 41 bidding groups participating
- Administered more than 1,200 leases covering nearly 4 million acres generating more than \$7 million in rental income
- Processed more than 1,000 assignments of interests in oil and gas leases

## Achievements in 2006

# Unit Administration

- Staff managed 38 units producing from 59 participating areas with six new units approved in FY06
  
- Considered and issued 20 unit and PA decisions in FY 06, including:
  - Six new units
  - Four new PAs
  - One unit expansion
  - Two PA expansions
  - Four unit contractions
  - One PA contraction
  - Two unit terminations
  
- Currently working on a dozen unit actions in the pre-application phase, including two new units and at least six new PAs

Achievements in 2006

# Royalty Accounting

(FY '06)

- Collected \$2,274 million in revenue, including:
  - \$944 million in royalty-in-value;
  - \$1,305 million from royalty-in-kind oil sales, and
  - \$25 million in the state's share of federal rents and royalties
  
- Processed more than 5,700 production reports
  
- Reconciled more than 18,900 royalty transactions

## Achievements in 2006

# Audit

- Staff completed 12 state and federal audits during the past 18 months resulting in the collection of \$2.1 million in additional revenue
- Performed a critical role in the recently completed ExxonMobil royalty re-opener analyzing marine transportation costs
- Audit claims in the amount of \$13 million are currently outstanding

## Achievements in 2006

# Commercial

- Staff completed a Royalty Settlement Agreement re-opener with ExxonMobil which will result in \$37.9 million in additional revenue to the state, including adjustments to previous RIK oil sales
- Approved a royalty modification for the Oooguruk leases and denied a royalty modification for the Nikaitchuq leases

# Issues

- North Slope Natural Gas Pipeline
- Point Thomson Unit
- Petroleum Systems Integrity Office
- New Unit Initiatives in Cook Inlet
- Audit and Re-openers

# Long-term Issues

- Foster programs to slow North Slope oil production decline
- Facility access

# Feedback/Questions



# Appendices

# Continuing Projects

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- Conduct five lease sales per year
- Exploration licensing
- Royalty accounting
- Production accounting
- Data management and GIS systems
- Royalty-in-kind sales
- Royalty reduction requests
- Viscous oil and other challenges related to marginal field development
- Audits and royalty/Net Profit Share settlements
- Royalty settlement re-openers
- Resource evaluation for new units, new and revised participating areas, lease sale areas, and new lease sale areas
- Satellite field development-facility sharing arrangements
- Lease administration-assignments, title and rental
- New units and unit administration
- Pipeline tariffs including TAPS
- Cook Inlet gas: storage and supply
- Permitting for exploration and development activities
- Inspections of oil and gas activities on state lands
- Promote state oil and gas opportunities
- Assist new entrants in start-up activities
- Collaboration with USGS and DGGS — Gas hydrate research, oil and gas field work
- Cook Inlet DR&R: platforms & pipelines
- TAPS quality bank methodology
- Review technical data submittals and obtain data as required by DOR
- Exploration Incentive Credit programs
- Staff & technical support for DGGS energy program
- Facilitating reasonable access to existing infrastructure for explorers
- Coordinating and collaborating with federal oil and gas managers — BLM and MMS
- Working with local governments on permitting and zoning concerns
- Evaluating geothermal energy production prospects
- PSIO (Petroleum Systems Integrity Office)

# Oil Field Integrity: PSIO

- Petroleum Systems Integrity Office
- Comprehensive oversight program, focusing on proper maintenance
- Goal: Increase oversight of oil and gas facilities and activities on state land, ensuring regulatory “gaps” are filled;
  - Exercises lease authority through approval and enforcement of Operators’ Quality Assurance Programs;
  - State agencies’ existing permitting and enforcement activities continue;
  - DNR leads state agencies to ensure comprehensive oversight and coordinated enforcement, as necessary.

# Areawide Oil and Gas Lease Sales

- Annual Lease Sales:
  - February: Alaska Peninsula & North Slope Foothills
  - May: Cook Inlet
  - October: North Slope & Beaufort Sea
- Lease Sizes:
  - Up to 5,760 acres
- Maximum Non-unitized state acreage under lease by entity
  - Offshore – 500,000 acres
  - Onshore – 750,000 acres
- Term of Lease
  - 5 to 10 years
- Annual Rentals
  - \$1/acre initially, increasing annually by 50¢/acre to maximum of \$3/acre in 5<sup>th</sup> year

# ALASKA OIL AND GAS LEASING PROGRAM



**ALASKA**  
**DEPARTMENT OF NATURAL RESOURCES**  
**DIVISION OF OIL AND GAS**  
 KEVIN BANKS, DIRECTOR

**AREAWIDE SALES**  
**2007-2011**

	NS Foothills	Feb
	Ak Peninsula	Feb
	Cook Inlet	May
	Beaufort Sea	Oct
	North Slope	Oct

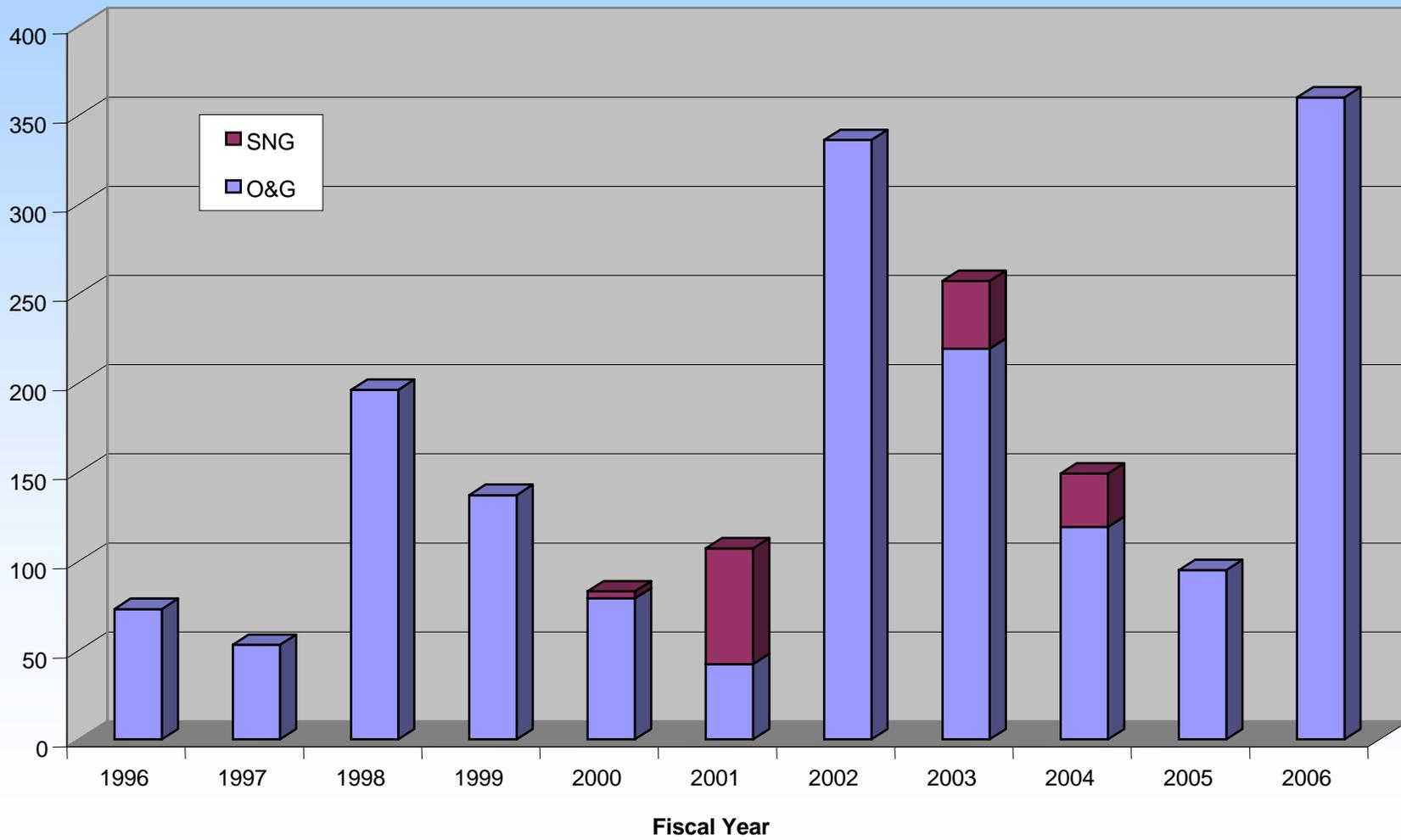
0 100 200 MILES

Base Map: Albers Equal-Area Conic Projection, 1927 North American Datum, Clarke 1866 ellipsoid with a central meridian of 154°, origin latitude of 50°, northern parallel of 66°, southern parallel of 65°. This map is for informational purposes only. January 2007



# Number of Leases Issued

## 1996 - 2006

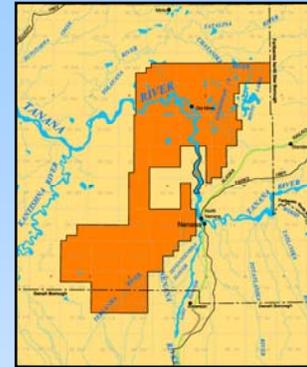


# Exploration Licensing Program

- New proposals accepted every April
- Exclusive right to explore for oil and/or gas
- Work commitment, expressed in \$\$
- No rental fees during term of license
- One-time \$1/acre licensing fee
- Right to convert to oil & gas leases (Recently exercised in Copper River license area)

## Issued Licenses

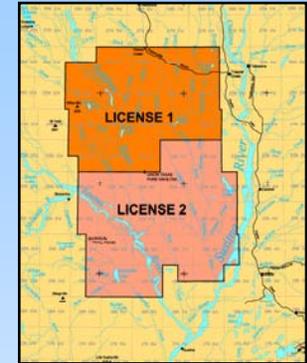
### Nenana



#### Nenana Basin

Licensee: Andex Resources  
 Size: 483,175 Acres

### Susitna



#### Susitna Basin License 1

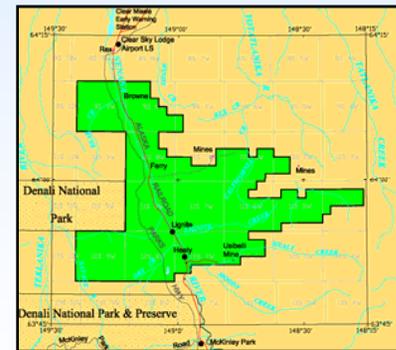
Licensee - Forest Oil Corp.  
 386,207 Acres

#### Susitna Basin License 2

Licensee - Forest Oil Corp.  
 471,474 Acres

## License Proposed

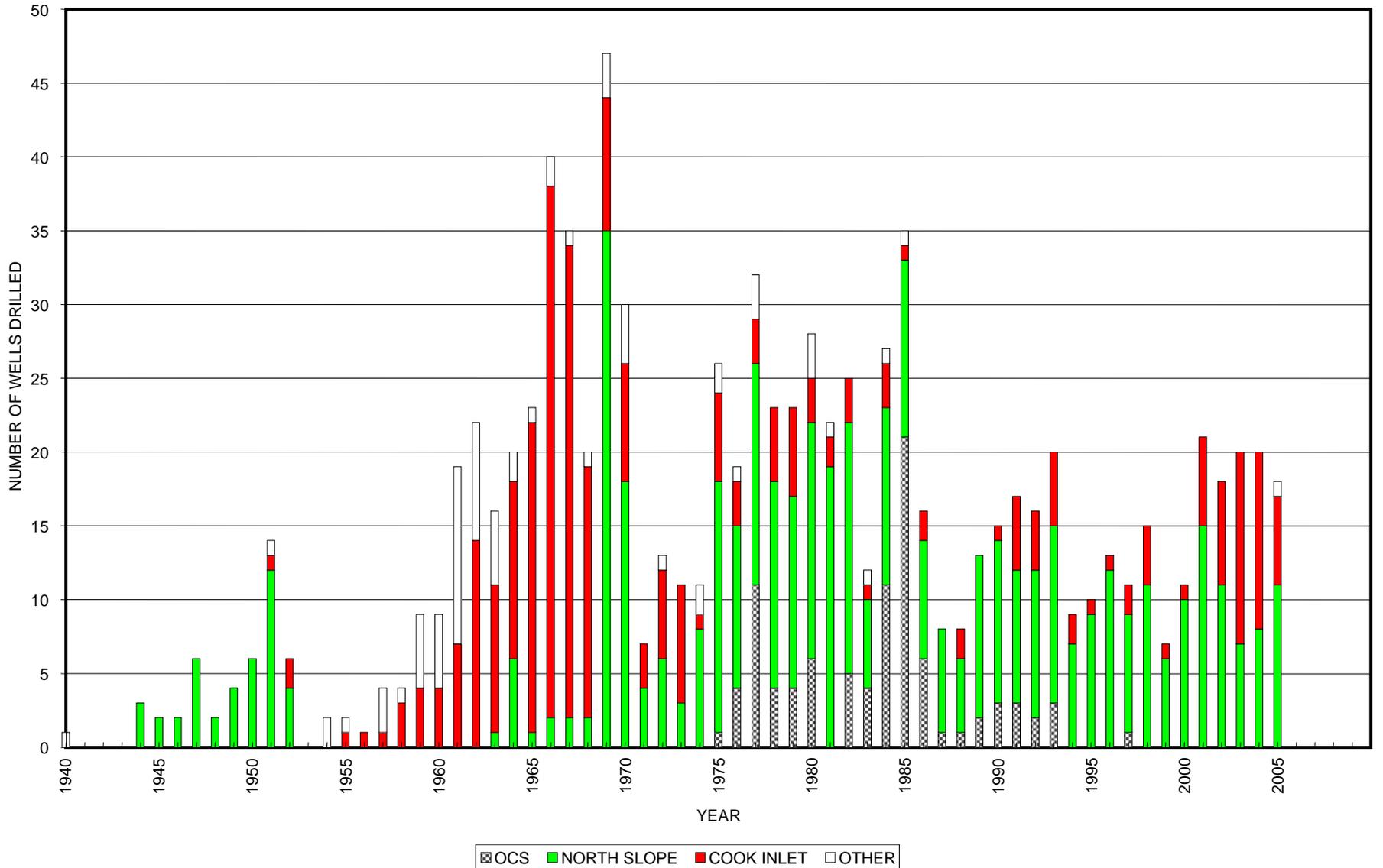
### Healy



#### Healy Basin

Licensee: Usibelli Coal Mine  
 Size: 209,000 Acres

# Alaska Exploration Wells



# Units

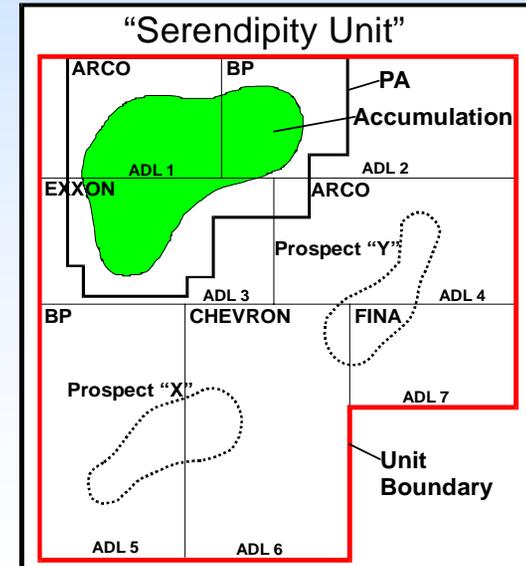
# What Are The Common Lease/Unit Administrative Actions?

**Unit -** Units are groups of leases; units are established to efficiently explore and develop the leases covering one or more potential hydrocarbon accumulations

**Participating Area (PA) -** That portion of leases in a unit which cover a known or estimated accumulation and to which production is allocated via a unit agreement

**Units Actions:** Initial Formation  
 Technical Evaluations - Reservoir Extent, Paying Quantities  
 Negotiations - Unit Agreement  
 Work Commitments  
 Expansions  
 Contractions  
 Annual Plan of Exploration or Development

**Participating Areas:** Initial Formation  
 Technical Evaluations - Commerciality  
 Tract Allocation Factors  
 Field Costs/Processing Costs  
 Gas and Gas Liquids  
 Fluid Commingling  
 Facility Sharing  
 Well Test Allocation  
 Expansions  
 Contractions  
 Annual Plan of Development



# Growth in Number of North Slope Oil Pools

**1996**

**2006**

**Endicott**  
Endicott  
Ivishak

**Kuparuk River**  
Kuparuk River  
West Sak

**Milne Point**  
Kuparuk River  
Schrader Bluff  
Sag River

**Prudhoe Bay**  
Lisburne  
Niakuk  
Prudhoe  
N. Prudhoe Bay  
West Beach  
Point McIntyre

**Endicott**  
Eider  
Ivishak

**Kuparuk River**  
Kuparuk River  
Tabasco  
Ugnu

**Milne Point**  
Kuparuk River  
Schrader Bluff

**Prudhoe Bay**  
Aurora  
Lisburne  
Niakuk  
Prudhoe  
Raven  
Orion Schrader Bluff  
N. Prudhoe Bay

**Badami**  
Badami

**Colville River**  
Alpine  
Fiord-Kuparuk  
Nanuq-Kuparuk

**Northstar**  
Northstar

**Oooguruk**  
Jurassic

**Nikaitchuq**  
Schrader Bluff (pending)

Endicott

Meltwater  
Tarn  
West Sak

Sag River  
Ugnu

Borealis  
Midnight Sun  
Polaris  
Pt. McIntyre  
West Beach

Fiord  
Nanuq  
Qannik

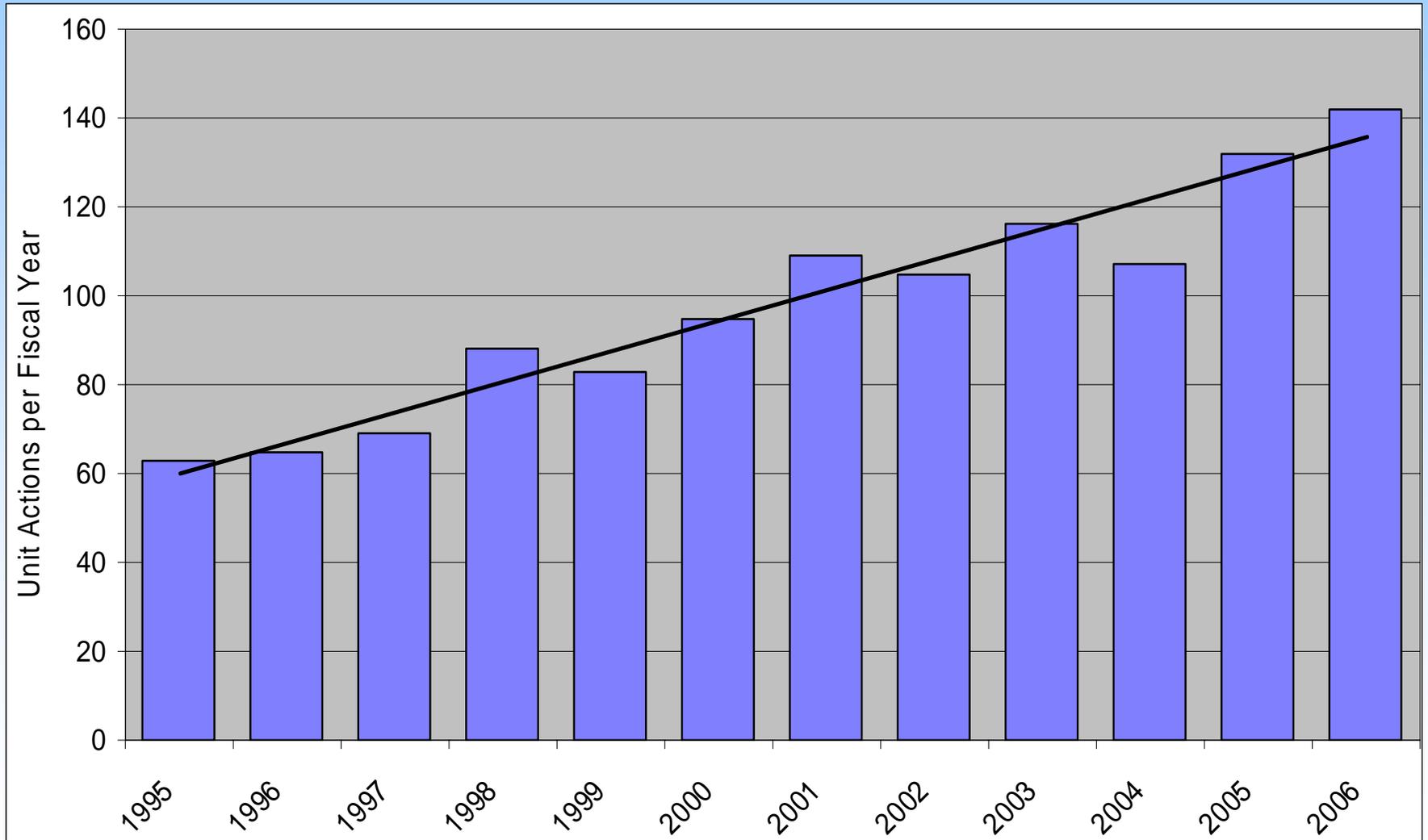
Kuparuk

**Total = 13**

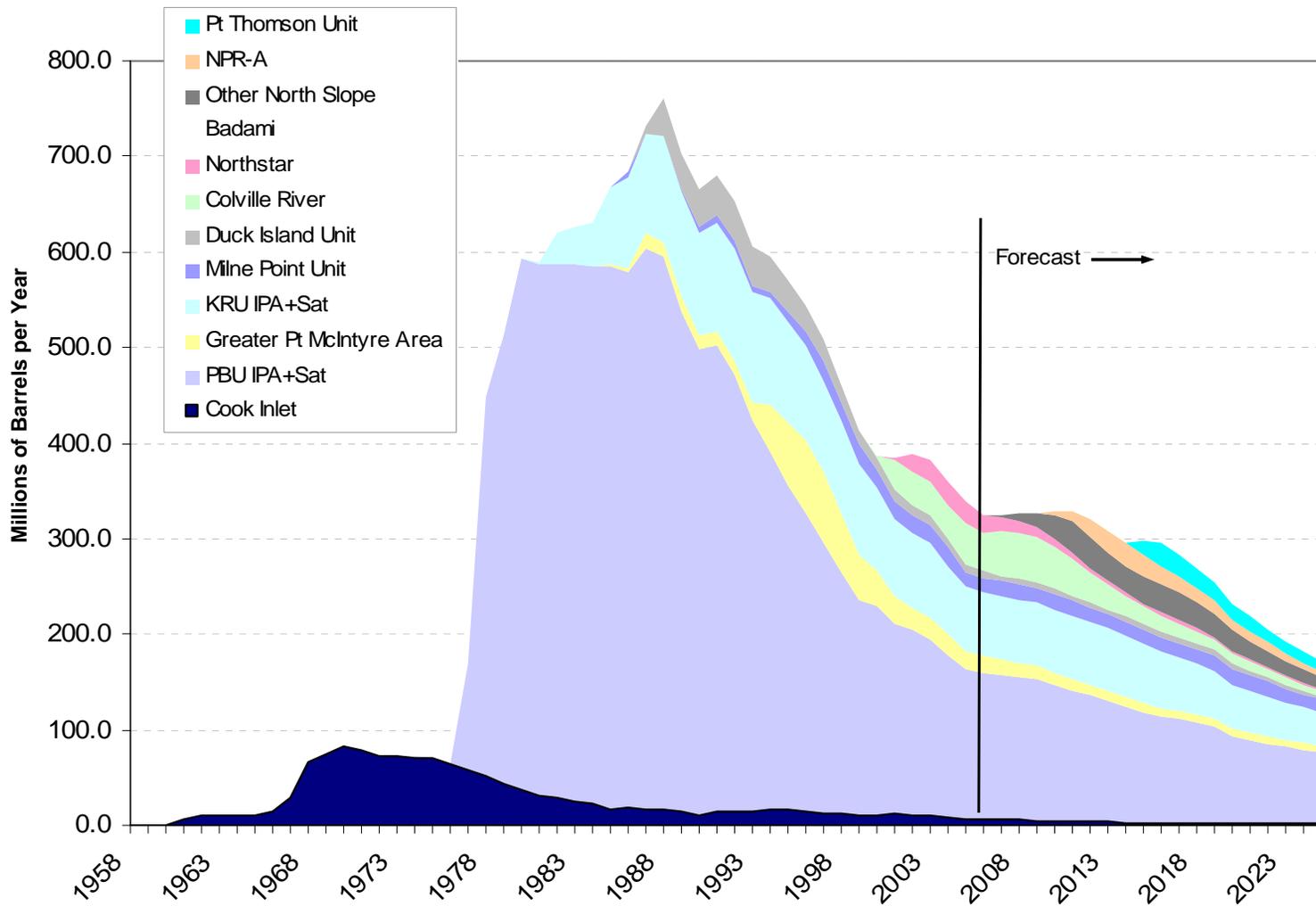
**Total = 36**

# Oil and Gas Unit Activity

## 1995 - 2006



## Alaska Historic and Projected Oil Production 1958 - 2025



# Incentives



# Oil and Gas Incentives\*

## ■ Royalty Reduction (DNR)

- AS 38.05.180(j) allows reduction to as low as 5 percent royalty for new production or as low as 3 percent for producing or shut-in fields.
- Reduction in royalties to as low as 5 percent for oil produced from certain Cook Inlet platforms should production fall below specified levels (AS 38.05.180(f)(6)).

## ■ Exploration Incentive Credits (DNR)

- AS 38.05.180(i) allows up to 50 percent of drilling costs on conventional leases; up to 50 percent of seismic costs on unleased state land.
- AS 41.09.010 allows up to 50 percent of drilling and seismic costs on unleased and licensed lands; up to 25 percent on federal and private lands.

## ■ Discovery Royalty (DNR)

- AS 38.05.180(f)(4) Cook Inlet Sedimentary Basin. Five percent royalty for 10 years.
- AS 38.05.180(f)(5) applies to the following Cook Inlet fields: Falls Creek, Nicolai Creek, Starichkof, North Fork, Redoubt Shoals, and West Forelands. Five percent royalty on first 25 MM bbls for 10 years or 5 percent royalty on first 35 BCF for 10 years.

## ■ Exploration Incentive Credits; AS 43.55.025 (DOR)

- Tax credit on wells drilled >25 miles from existing unit boundary (N. Slope\*); up to 20%
- Tax credit on wells drilled >3 miles from any existing oil or gas well (N. Slope\*); up to 20%
- Tax credit on wells drilled >3 miles from any existing oil or gas well *and* >25 miles from an existing unit boundary (N. Slope\*); up to 40%
- Tax credit on seismic exploration activity; up to 40%

## ■ PPT (DOR)

- AS 43.55.023(a) provides for tax credit for Alaska capex (reinvestment) at 20% rate (may be transferred or carried-forward)
- AS 43.55.023(b) provides for tax credit for 20% of net losses (may be transferred or carried-forward)
- AS 43.55.024 provides a tax credit up to \$12 million for small volume producers, phases out on a sliding scale for large volume producers (not transferable)

\*Cook Inlet requirements vary

# North Slope Development Activities (1)

## 2005 - 2006

Project Name	Status	Expected Start-UpDate	Estimated Reserves or Expected Production
BP Gas Hydrate well – Mount Elbert	One exploration well permitted	2007	Not disclosed
CRU Satellite Development: CD3 - Fiord & CD4 - Nanuq. Add 2 Satellite Drill sites for Fiord pool and Nanuq pool	Gravel pads in-place; development drilling started 4th Qtr 2005 and expected to continue through Spring 2008	CD3 - Fiord: August 2006 CD4 - Nanuq: November 2006	CD3 - Fiord: 20,000 - 24,000 BOPD at peak production CD4 - Nanuq: 10,000 - 13,000 BOPD at peak production
CRU ACX-III: Add equipment to optimize Alpine and Alpine Satellites enhanced oil recovery projects and add reserves by recovering and selling heavier condensate components from produced gas stream	Project Completed	December 2006	3,000 - 4,000 BOPD incremental
CRU Satellite Development: CD2 – Qannik	<ul style="list-style-type: none"> <li>• New CD2 gravel in 2006 and facilities installed in 2008</li> <li>• One well completed and tested</li> </ul>	Mid-2008	Peak annual rate of 4,000 BOPD
Cronus Unit	One exploration well drilled	Evaluating	Not disclosed
Jacob's Ladder	One exploration well permitted	2007	Not disclosed
KRU West Sak	<ul style="list-style-type: none"> <li>• Three multiple tract delineation wells drilled in NE West Sak</li> <li>• Anticipated PA expansion in 2007</li> </ul>	Producing	11,437 BOPD
Kupcake	One exploration well planned	2007 (delayed)	Not disclosed
Liberty Development (OCS)	EIS for onshore extended reach drilling under way	??	120MMBO recoverable (est)
Maggiore #1	One exploration well planned	2007	Not disclosed

# North Slope Development Activities (2)

## 2005 - 2006

Project Name	Status	Expected Start-Up Date	Estimated Reserves or Expected Production
Milne Point Unit - Kuparuk PA	One delineation well planned in 2007	Producing	Not disclosed
Milne Point Unit - Sag River PA	<ul style="list-style-type: none"> <li>• Reprocessing seismic and completing modeling to advance understanding of effective water-flood techniques</li> <li>• C Pad facility upgrade planned</li> <li>• Sag River development wells planned for 2008</li> </ul>	Producing	Not disclosed
Milne Point Unit – Schrader Bluff PA	Two delineation wells planned in 2007	Producing	Not disclosed
Nikaitchuq Development	<ul style="list-style-type: none"> <li>• Nikaitchuq Unit expansion application to be submitted in 2007</li> <li>• Two wells drilled in the 2006-2007 season</li> <li>• Currently delineation drilling and constructing facilities</li> </ul>	2008	Not disclosed
Ooguruk Development	<ul style="list-style-type: none"> <li>• Unit expansion application submitted</li> <li>• Island construction complete</li> <li>• Sub-sea pipeline construction under way</li> </ul>	2007	15,000 - 20,000 BOPD
Rock Flour Unit	Two exploration wells planned in 2007	??	Not disclosed
Point Thomson	No development activity - Unit terminated	??	75,000 bbls. condensate/day
Prudhoe Bay Oil and Gas Rim	In 2006 completed facility upgrades and approximately 29-39 rotary drilling penetrations and 16-22 coiled tubing penetrations	Producing	Forecast for initial participating area in 2007 is approx. 350,000 BOPD with downtime and NGLs
PBU Orion and Borealis	Facility expansions and drilling planned over five years as part of WRD expansion	Producing	Forecast approximately incremental 50,000 bopd by 2011 in WRD expansion
(West Sak/Schrader Bluff) Shallow Sands/ Heavy Oil	Continuing drilling and development at PBU/MPU/KRU	Producing	1.0 - 1.5BBO recoverable, 43,000 BOPD current rate 140 MBOPD by 2010 (est)

# Cook Inlet Activity Summary - 2006 (1)

- **Beluga River Unit – ConocoPhillips**
  - 3D seismic survey planned for 2006-2007 winter season.
- **Cosmopolitan Unit – Pioneer (Oil discovered in 1967 by Penzoil)**
  - Hansen #1 well P&Aed, successful results.
  - Hansen #1A well completed as oil producer, test production was trucked to Nikisiki refinery.
  - Pioneer intends to drill sidetrack exploration well Hansen #1B to further develop and evaluate unit in 2007.
- **Deep Creek Unit – Chevron**
  - Happy Valley wells drilled in 2004. Some of these wells have been successful, some not.
  - Unocal built gas pipeline connecting Happy Valley pad to Kenai - Kachemak Pipeline (KKPL) . Start-up Nov. 1, 2004.
  - Ongoing gas production from Tyonek and Beluga in the Happy Valley wells.
- **Granite Point – Chevron**
  - Redevelopment of field under way.
- **Kasilof Unit – Marathon**
  - Kasilof South #1 and #1L drilled 2003-2004.
  - Production facilities installed and construction of a 6 inch lateral pipeline from Kasilof South Pad to the KKPL started February 2006. Production started November 2006.
  - A 3D seismic survey over the unit area expected to commence 2006 - 2007 time period.

# Cook Inlet Activity Summary - 2006 (2)

- **Middle Ground Shoals Field – Chevron & XTO**

- While XTO continues operations at two platforms, Chevron has ceased operations at this field and placed its two platforms (Baker and Dillon) in lighthouse mode.
- Decision on “decommissioning (**REMOVING**)” Baker and Dillon platforms still to come.
- (**PER BRIAN – Chevron re-evaluating all Cook Inlet development projects**)

- **Nicolai Creek Unit – Aurora**

- Field development continues.

- **Nikolaevsk Unit – Chevron**

- Continued evaluation for delineation and development.
- Final year of a three-year plan of exploration.
- No development to date.
- Negotiations under way with Enstar to build pipeline.
- Red #3 planned

- **Ninilchik Unit – Marathon**

- 3 approved Participating Areas within unit area: Falls Creek (FC), Grassim Oskolkoff (GO), and Susan Dionne (SD); 1 new proposed Participating Area: Paxton PA.
  - SD #5 and Ninilchik State #2 wells drilled in 2006.
  - Three new wells planned for 2007.
- Installation of production facilities at the Ninilchik state pad, and construction of a lateral pipeline from Ninilchik pad to KKPL are in progress. These facilities are expected to be operational in early 2007.
- Pad - based compression planned for the G.O. pad in 2007.
- G.O. #4 well completed in 2006.

- **North Cook Inlet Unit – ConocoPhillips**

- Infill drilling and bypassed gas study under way.

# Cook Inlet Activity Summary - 2006 (3)

- **North Fork Unit – Gas Pro Alliance**

- Operator considering development.
- Negotiations are underway with Enstar to build a pipeline extension to Homer.
- Two federal leases were recently transferred from BLM to DNR. The unit is now a totally state-managed unit.

- **Redoubt Unit – Forest Oil**

- RU #1, #5a and #7 are currently producing.
- 2004 drilling results indicate the field is more complicated than previously thought.

- **Three Mile Creek Unit - Aurora**

- Unit approved March 26, 2004.
- Unit terminated November 2006 to focus on single lease production.
- Objective is Beluga Formation gas zones bypassed by earlier operator.
- Additional 2-D seismic acquired.
- Three Mile Creek #3 well permitted for 2007.

- **Trading Bay Unit/McArthur River Field – Chevron**

- Chevron refocusing efforts on development in this field.

- **West McArthur River Unit – Forest**

- Continued evaluation of reprocessed 3D seismic data to support additional gas wells.
- New 3D seismic survey acquired – also under evaluation.
- West Foreland #1 and #2 are producing gas on adjacent federal lease, gas allocated to unit.
- Pilot water-flood project to determine potential for additional recovery from the Hemlock reservoir (oil) under consideration.

# Cook Inlet Activity Summary - 2006 (4)

- **Aurora**
  - Endeavor #1 drilled at Anchor Point, announced as a dry hole.
  - Long Lake #2 drilled north of Nicolai Creek Unit, plugged and abandoned.
  - Tyonek Reserve #1 and Nicolai Creek #10 permitted.
- **Escopeta**
  - Escopeta (and Forest Oil) considering bringing a jack-up rig into the Cook Inlet.
  - North Alexander well planned.
  - North Alexander Unit proposed.
  - Kitchen and East Kitchen Units proposed.
- **Forest**
  - Announced intent to sell Cook Inlet producing properties.
  - Drilled Middle Lake unit #1A.
  - Corsair Unit proposed.
- **Storm Cat Energy**
  - Exploration well Northern Dancer #1 drilled in Mat-Su region.
- **Gas Storage**
  - Gas storage leases approved at Kenai gas field in 2006 and Pretty Creek in 2005.
- **Recent New Players**
  - Storm Cat Energy
  - Benchmark Oil and Gas
  - Pioneer Natural Resources
  - Geo Petro Alliance
  - Rutter and Wilbanks

**North Slope Reserves & Resources 1/1/2006**

<i>Field</i>	<i>Discovery</i>	<i>Produced</i>	<i>Developed In-Place Resource Million Bbls</i>	<i>High In-Place Resource OOIP Million Bbls</i>	<i>Estimated Ultimate Recovery Million Bbls</i>	<i>Cumulative Liquids Million Bbls</i>	<i>Remaining Oil Reserves Million Bbls</i>	<i>Gas Reserves Bcf</i>
<b>Badami</b> <i>BP Exploration</i>	1990	1998	300	500	6	4	2	-
<b>Barrow</b> <i>North Slope Borough</i>	1949	1958						34
<b>Colville River</b> <i>ConocoPhillips</i>	1994	2000	1,264	1,460	647	185	462	400
<b>Endicott</b> <i>BP Exploration</i>	1978	1986	1,157	1,157	585	466	119	843
<b>Kuparuk River</b> <i>ConocoPhillips</i>	1969	1981	7,409	8,492	3,538	2,138	1,400	1,150
<b>Milne Point</b> <i>BP Exploration</i>	1969	1985	2,312	3,062	633	236	397	14
<b>Northstar</b> <i>BP Exploration</i>	1984	2001	250	250	205	90	115	450
<b>Prudhoe Bay</b> <i>BP Exploration</i>			28,807	32,120	15,201	12,203	2,999	24,526
<b>Undeveloped Ugnu &amp; Schrader</b>	1969		-	>10,000				
<b>Pt. Thomson</b> <i>Exxon</i>	1975			400	250		250	8,000
<b>Walakpa</b> <i>North Slope Borough</i>	1988	1992						25
<b>Totals</b>			41,499	57,441	21,059			35,442

**Cook Inlet Oil Reserves & Resources**

1/1/2006

<b>Field Operator</b>	<b>Reservoir</b>	<b>Discovery Year</b>	<b>Production Year</b>	<b>Remaining Reserves million bbls</b>	<b>Produced (Oil &amp; NGL) million bbls</b>	<b>Estimated Ultimate Recovery million bbls</b>	<b>In-Place Resources million bbls</b>
<b>BEAVER CREEK</b> <i>Marathon Oil Co.</i>	<b>BEAVER CREEK</b>	<b>1972</b>	<b>1973</b>	<b>1</b>	<b>4</b>	<b>6</b>	<b>20</b>
<b>GRANITE PT</b>	<i>total</i>			<b>26</b>	<b>143</b>	<b>169</b>	<b>600</b>
<i>*Union Oil Co of Calif</i>	<b>HEMLOCK UNDEFINED</b>	<b>1965</b>	<b>1992</b>		<b>2</b>		
	<b>MIDDLE KENAI</b>	<b>1965</b>	<b>1967</b>		<b>141</b>		
<b>MCARTHUR RIVER</b> <i>*Union Oil Co of Calif</i>	<i>total</i>			<b>16</b>	<b>631</b>	<b>647</b>	<b>1,530</b>
	<b>HEMLOCK</b>	<b>1965</b>	<b>1967</b>		<b>543</b>		
	<b>MIDDLE KENAI G</b>	<b>1965</b>	<b>1967</b>		<b>63</b>		
	<b>UNDEFINED</b>	<b>1965</b>	<b>1990</b>		<b>0</b>		
	<b>W FORELAND</b>	<b>1965</b>	<b>1969</b>		<b>25</b>		
<b>MIDDLE GROUND SHOAL</b> <i>*Union Oil Co of Calif</i> & <i>XTO Energy</i>	<i>total</i>			<b>18</b>	<b>193</b>	<b>211</b>	<b>615</b>
	<b>A</b>	<b>1962</b>	<b>1967</b>		<b>3</b>		
	<b>BCD</b>	<b>1962</b>	<b>1965</b>		<b>12</b>		
	<b>EFG</b>	<b>1962</b>	<b>1965</b>		<b>178</b>		
<b>REDOUBT SHOAL</b> <i>Forest Oil</i>	<b>UNDEFINED</b>	<b>1968</b>	<b>2002</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>25</b>
<b>SWANSON RIVER</b> <i>*Union Oil Co of Calif</i>	<i>total</i>						<b>435</b>
	<b>HEMLOCK</b>	<b>1957</b>	<b>1958</b>	<b>1</b>	<b>230</b>	<b>231</b>	
	<b>UNDEFINED</b>						
<b>TRADING BAY</b> <i>*Union Oil Co of Calif</i>	<i>total</i>			<b>3</b>	<b>102</b>	<b>105</b>	<b>385</b>
	<b>G-NE/HEMLOCK-NE</b>	<b>1965</b>	<b>1968</b>		<b>24</b>		
	<b>HEMLOCK</b>	<b>1965</b>	<b>1967</b>		<b>14</b>		
	<b>MID KENAI B</b>	<b>1965</b>	<b>1968</b>		<b>4</b>		
	<b>MID KENAI C</b>	<b>1965</b>	<b>1967</b>		<b>21</b>		
	<b>MID KENAI D</b>	<b>1965</b>	<b>1967</b>		<b>29</b>		
	<b>MID KENAI E</b>	<b>1965</b>	<b>1967</b>		<b>8</b>		
	<b>UNDEFINED</b>	<b>1965</b>	<b>1973</b>		<b>1</b>		
	<b>W FORELAND</b>	<b>1965</b>	<b>1985</b>		<b>0</b>		
<b>W MCARTHUR RIVER</b> <i>Forest Oil</i>	<b>W MCARTHUR RIVER</b>	<b>1991</b>	<b>1993</b>	<b>3</b>	<b>11</b>	<b>14</b>	<b>40</b>
<b>Total</b>				<b>69</b>	<b>2,386</b>	<b>1,386</b>	<b>3,650</b>

*\*Chevron - dba Union Oil of Calif*

**Cook Inlet Gas**  
1/1/2006

<b>Field Operator</b>	<b>Discovery Year</b>	<b>Production Year</b>	<b>Remaining Reserves Bcf</b>	<b>Cumulative Production Bcf</b>	<b>Estimated Ultimate Recovery Bcf</b>
MCARTHUR RIVER <i>*Union Oil Co of Calif.</i>	1965	1967	161	2,314	2,475
KENAI <i>Marathon</i>	1959	1961	140	2,290	2,431
NORTH COOK INLET <i>Marathon</i>	1962	1969	321	1,678	1,999
BELUGA RIVER <i>ConocoPhillips</i>	1962	1963	539	961	1,500
BEAVER CREEK <i>Marathon</i>	1967	1972	36	185	222
KENAI C.L.U. <i>Marathon</i>	1959	1988	69	139	208
IVAN RIVER <i>*Union Oil Co of Calif.</i>	1966	1990	77	77	154
GRANITE PT <i>*Union Oil Co of Calif.</i>	1965, 1993	1967, 1995	13	129	143
MIDDLE GROUND SHOAL <i>*Union Oil Co of Calif.</i>	1962, 1982	1965, 1982	3	125	128
UNDER DEVELOPMENT			266	-	266
Others			121	239	360
<b>Total</b>			<b>1,747</b>	<b>8,139</b>	<b>9,886</b>

*\*Chevron - dba Union Oil of Calif*

**Cook Inlet Gas**

1/1/2006

<b>Field Operator</b>	<b>Discovery Year</b>	<b>Production Year</b>	<b>Remaining Reserves Bcf</b>	<b>Cumulative Gas Bcf</b>	<b>Estimated Ultimate Recovery Bcf</b>
ALBERT KALOA <i>Aurora Gas</i>	1968	2004	2	2	4
BEAVER CREEK <i>Marathon</i>	1967	1972	36	185	222
BELUGA RIVER <i>ConocoPhillips</i>	1962	1963	539	961	1,500
BIRCH HILL	1965			0	0
DEEP CREEK <i>Marathon</i>	2003	2004	23	4	27
GRANITE PT <i>*Union Oil Co of Calif</i>	1965, 1993	1967, 1995	13	129	143
IVAN RIVER <i>*Union Oil Co of Calif</i>	1966	1990	77	77	154
KENAI <i>Marathon</i>	1959	1961	140	2,290	2,431
KENAI C.L.U. <i>Marathon</i>	1959	1988	69	139	208
KUSTATAN <i>Forest Oil</i>		2005	0	0	0
LEWIS RIVER <i>*Union Oil Co of Calif</i>	1975	1984	0	12	12
LONE CREEK <i>Aurora Gas</i>	1998	2003	2	4	5
MCARTHUR RIVER <i>*Union Oil Co of Calif</i>	1965	1967	161	2,314	2,475
MIDDLE GROUND SHOAL <i>*Union Oil Co of Calif</i>	1962, 1982	1965, 1982	3	125	128
MOQUAWKIE <i>Aurora Gas</i>	1965	1967	2	3	4
NICOLAI CREEK <i>*Union Oil Co of Calif</i>	1966	1968	2	3	6

**Cook Inlet Gas**

1/1/2006

<b>Field Operator</b>	<b>Discovery Year</b>	<b>Production Year</b>	<b>Remaining Reserves Bcf</b>	<b>Cumulative Gas Bcf</b>	<b>Estimated Ultimate Recovery Bcf</b>
NINILCHIK <i>Marathon</i>	1961	2003	51	30	80
NORTH COOK INLET <i>ConocoPhillips</i>	1962	1969	321	1,678	1,999
NORTH FORK	1965			0	0
PRETTY CREEK <i>*Union Oil Co of Calif</i>	1979	1986	0	9	9
PIONEER <i>Evergreen</i>	1999		0	0	0
REDOUBT SHOAL <i>Forest Oil</i>	1968	2003	1	1	2
STERLING <i>Marathon</i>	1961	1962	6	6	13
STUMP LAKE <i>*Union Oil Co of Calif</i>	1978	1990	-	6	6
SWANSON RIVER <i>*Union Oil Co of Calif</i>	1957, 1960	1958	9	63	72
THREE MILE CREEK <i>Aurora Gas</i>		2005	4	0	5
TRADING BAY <i>Marathon</i>	1965, 1979	1967, 1980	9	83	92
WEST FORELAND <i>Forest Oil</i>	1962	2001	8	5	13
WEST FORK <i>Marathon</i>	1960	1962	1	4	5
W MCARTHUR RIVER <i>Forest Oil</i>	1991	1993	1	3	4
WOLF LAKE <i>Aurora Gas</i>	1998	2001	0	1	1
UNDER DEVELOPMENT			266	-	266
<i>Chevron - dba Union Oil of Calif</i>			1,747	8,139	9,886