

January 21, 1985

Conoco Inc.
2525 C Street
Suite 100
Anchorage, AK 99503

Attn: John R. Kemp
Manager of Alaskan Operations

Re: Milne Point Unit Agreement Amendment

Dear Mr. Kemp:

As provided in Article 11 of the Milne Point Unit Agreement and in 11 AAC 83.385, the Milne Point Unit Agreement may be amended with the State's approval. Your Amendment to the Milne Point Unit is hereby approved as submitted by Conoco and ratified by the Working Interest Owners. The amendment will be effective as of 12:01 a.m. January 22, 1985. The Decision and Approval binding the State to the amended Unit Agreement is attached.

Sincerely,

James E. Brown, Deputy Director
Kay Brown
Director

Attachment: Decision and Approval, Amendment to the Milne Point Unit Agreement, January 21, 1985

KB/KF/rh/02141

AGO 1313891

DETERMINATION AND APPROVAL

Under the authority vested in the Commissioner of the Department of Natural Resources of the State of Alaska in Title 38 of the Alaska Statutes, as amended, and the Alaska Administrative Code, I do hereby approve an amendment to Article 2(e) of the Milne Point Unit Agreement, which amends the first paragraph of that Article to read as follows:

All legal subdivisions of unitized lands (i.e., 40 acres by Government survey or its nearest lot or tract equivalent in instances of irregular surveys, however, unusually large lots or tracts shall be considered in multiples of 40 acres, or the nearest aliquot equivalent thereof, for the purpose of elimination under this subsection), no parts of which are entitled to be in a participating area within ten years after sustained unit production begins except lands that facilitate production including the immediately adjacent lands necessary for secondary or tertiary recovery, pressure maintenance, reinjection or cycling operations, shall be eliminated automatically from this agreement, effective as of the first day of the month following expiration of said 10 year period, and such lands shall no longer be a part of the unit area and shall no longer be subject to this agreement except as provided in Paragraph 18(f), unless at the expiration of said ten-year period diligent drilling operations are in progress on unitized lands not entitled to participation, in which event all such lands shall remain subject hereto for so long as such drilling operations are continued diligently, with not more than one (1) year time elapsing between the completion of one such well and the commencement of the next such well, except that the time allowed between such wells shall not expire earlier than 30 days after the expiration of any period of time during which drilling operations are prevented by a matter beyond the reasonable control of Unit Operator, as set forth in the section hereof entitled "Unavoidable Delay;" [PROVIDED THAT ALL LEGAL SUBDIVISIONS OF LANDS NOT IN A PARTICIPATING AREA AND NOT ENTITLED TO BECOME PARTICIPATING UNDER THE APPLICABLE PROVISIONS OF THIS AGREEMENT WITHIN 10 YEARS AFTER THE FIRST DAY OF THE MONTH FOLLOWING THE EFFECTIVE DATE OF SAID FIRST INITIAL PARTICIPATING AREA SHALL BE ELIMINATED AS ABOVE SPECIFIED.] Determination of creditable "unavoidable delay" time shall be made by Unit Operator and subject to approval of the Director. The Unit Operator shall, within 90 days after the effective date of any elimination hereunder, describe the area so eliminated to the satisfaction of the Director and promptly notify all parties in interest.

Language to be added to the existing Unit Agreement is underlined; language to be deleted from the existing Unit Agreement is capitalized and enclosed in brackets.

Other than the above amendment, the Milne Point Unit Agreement shall remain as written.

James E. Fane, Deputy Director
Kay Brown, Director
Division of Oil and Gas

January 21, 1985
Date

For: Esther C. Wunnicke, Commissioner
Alaska Department of Natural Resources

Attachment: Delegation of Authority from Commissioner, Department of Natural Resources to Director, Division of Minerals and Energy Management