

STATE OF ALASKA

TONY KNOWLES, GOVERNOR

DEPARTMENT OF NATURAL RESOURCES

DIVISION OF OIL AND GAS

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December 5, 2001

Mr. Daryl Kleppin
ACT! Commercial Manager
BP Exploration (Alaska) Inc.
P. O. Box 196612
Anchorage, Alaska 99519-6612

Subject: Milne Point Unit
Contraction of the Unit Area

Dear Mr. Kleppin:

BP applied to expand the Milne Point Unit (MPU) and the MPU Kuparuk Participating Area on August 8, 1997. The application proposed to add five state oil and gas leases, ADL 380109 (Tract 23), ADL 380110 (Tract 24), ADL 375133 (Tract 25), ADL 375132 (Tract 26), and ADL 28232 (Tract 27), totaling approximately 12,677 acres, to the MPU.

Under the Decision and Findings of the Commissioner, Alaska Department of Natural Resources, regarding the Application for the Expansion of the Unit Area and Ninth Revision of the Kuparuk Participating Area, dated February 5, 1998, the expansion of the MPU to include the five leases was approved subject to the leases being included in a participating area within five years of the effective date of the unit expansion. If the leases or portions of the leases were not included in a participating area within five years of the effective date, those leases or portions of the leases would be automatically eliminated from the MPU. By agreement, the effective date of the unit expansion and participating area revision was November 1, 1996.

As of November 1, 2001, the following lands were not in a participating area and automatically contracted from the MPU.

T12N, R11E, U.M., Secs. 5 and 8
(ADL 380110 (Tract 24))

T12N, R11E, U.M., Sec.4: W/2; Sec. 9: all; and Sec. 10: S/2NW/4,S/2NE/4, and S/2
(ADL 375133 (Tract 25))

T12N, R11E, U.M., Sec. 1: E/2, E/2W/2; Sec.11: S/2, S/2N/2; and Sec. 12: E/2, SW/4,
S/2NW/4, and NE/4NW/4
(ADL 375132 (Tract 26))

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T13N, R11E, U.M., Sec. 27: all; Sec. 28: N/2SW/4, NW/4, E/2; Sec. 33: NW/4NE/4;
and Sec.34: E/2NW/4, NE/4SW/4, S/2SW/4, and E/2
(ADL 28232 (Tract 27))

Finally, the current MPU Agreement Exhibits "A" and "B" on record with the division are dated January 1, 2000. These exhibits list BPXA and Occidental Petroleum Company as the working interest owners in the MPU. The division requests revised MPU Exhibits "A" and "B" to reflect BPXA's acquisition of Occidental's interest in the MPU and the elimination of the above-mentioned lands from the unit area.

If you have any questions regarding this contraction, please contact Mike Kotowski at 269-8812.

Sincerely,



FOR
Mark D. Myers
Director

MPU_CascadeArea_Contraction_2001.