

STATE OF ALASKA

SARAH PALIN, GOVERNOR

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL AND GAS

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CERTIFIED MAIL
RETURN RECEIPT REQUESTED

December 19, 2006

Marlene Staley
Senior Staff Landman
Anadarko Petroleum Corporation
P. O. Box 1330
Houston, Texas 77251-1330

Subject: Whiskey Gulch Unit
Default on Initial Plan of Exploration and Termination of Unit

Dear Ms. Staley:

As you know, under the Initial Plan of Exploration (Initial POE) for the Whiskey Gulch Unit (WGU), dated October 5, 2005, the WGU working interest owners (currently just Anadarko Petroleum Corporation) were required to commit, by November 1, 2006, to drill a unit well by June 1, 2007. The WIOs failure to timely commit to drill the well would result in the automatic termination of the WGU, and the WGU leases would expire according to their terms. By letter dated November 1, 2006, Anadarko, the WGU Operator and sole WIO, notified the Division of Oil and Gas of its decision not to commit to drill the initial WGU well.

Therefore, under the terms and conditions of the Initial POE, the WGU terminated on November 1, 2006, and seven leases -- ADLs 389089, 389090, 389091, 389092, 389093, 389094, and 389095 -- that are past their primary term, also expired on that date. With respect to those leases, the WGU working interest owners waived the extension provisions of 11 AAC 83.140 and the notice, cure and hearing provisions of 11 AAC 83.374.

Finally, the remaining five WGU leases--ADLs 389687, 389692, 389693, 389694, and 389695--are within their primary terms, and continue on their own lease terms.

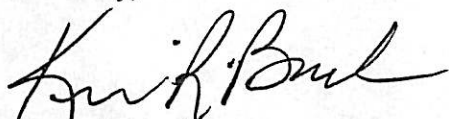
A person affected by this decision may appeal it, in accordance with 11 AAC 02. Any appeal must be received within 20 calendar days after the date of "issuance" of this decision, as defined in 11 AAC 02.040(c) and (d) and may be mailed or delivered to Marty K. Rutherford, Acting Commissioner, Department of Natural Resources, 550 W. 7th Avenue, Suite 1400, Anchorage, Alaska 99501; faxed

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to 1-907-269-8918, or sent by electronic mail to dnr_appeals@dnr.state.ak.us. This decision takes effect immediately. 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,



Kevin R. Banks
Acting Director

cc: AOGCC

WGU-Termination.doc