

STATE OF ALASKA

DEPARTMENT OF NATURAL RESOURCES

OFFICE OF THE COMMISSIONER

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June 11, 2010

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Giuseppe Valenti, Senior Vice President - Exploration
Eni US Operating Company, Inc.
1201 Louisiana, Suite 3500
Houston, Texas 77002

Re: Rock Flour Unit Voluntary Termination
Termination of Leases – ADL 389117 and ADL 389118

Dear Mr. Valenti:

Under the November 23, 2005, Initial Plan of Exploration (Initial POE) for the Rock Flour Unit (RFU), the working interest owners' (WIOs) were required to drill a third exploratory well by June 1, 2010, or pay a delayed lease penalty of \$12,171.00 and terminate the unit. In your letter dated May 24, 2010, Eni US Operating Company, Inc. (Eni), as operator of the RFU, notified the State of Alaska, Department of Natural Resources, Division of Oil and Gas (Division) of its decision not to drill the third unit well, its election to voluntarily terminate the RFU and to surrender any leases included beyond their primary term, and made the penalty payment.

I approve the voluntary termination of the RFU Agreement, effective June 1, 2010, in accordance with Article 14.5 and 11 AAC 83.336(c). Under the terms and conditions of the Initial POE, two leases – ADL 389117 and ADL 389118 are past their primary terms and terminated effective June 1, 2010. The RFU WIOs waived the lease extension provisions of 11 AAC 83.114 and the notice, cure and hearing provision of 11 AAC 83.374. The three remaining RFU leases, ADL 390688, ADL 390695, and ADL 390696, are within their primary terms, and continue under their individual lease terms. This unit termination approval does not relieve Eni from its obligation under Article 15.3 of the RFU Agreement and the individual leases to remove all machinery, equipment, tools and materials, and to restore the surface of the lease area.

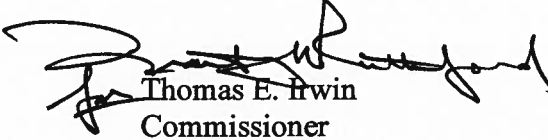
A person affected by this decision may request reconsideration, in accordance with 11 AAC 02. Any reconsideration request must be received within 20 calendar days after the date of "issuance" of this decision, as defined in 11 AAC 02.040(c) and (d), and may be mailed or delivered to Thomas E Irwin, Commissioner, Department of Natural Resources, 550 W. 7th Avenue, Suite 1400, Anchorage, Alaska 99501; faxed to 1-907-269-8918; or sent by electronic mail to dnr.appeals@alaska.gov. This decision takes effect immediately. If reconsideration is not requested by the deadline, this decision becomes a final administrative order and decision of the department on the 31st day after issuance. Failure of the commissioner to act on a request for reconsideration within 30 days after issuance of this decision is a denial of reconsideration and is a final administrative order and decision for purposes of an appeal to Superior Court. The decision

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may then be appealed to Superior Court within a further 30 days in accordance with the rules of the court, and to the extent permitted by applicable law. An eligible person must first request reconsideration of 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.

Questions may be directed to Wendy Woolf with the Division at (907) 269-8779.

Sincerely,



Thomas E. Irwin
Commissioner

cc: Kevin Banks, DO&G
Jeff Landry, DOL
Wendy Woolf, DO&G