STATE OF ALASKA
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL & GAS

SEAN PARNELL, GOVERNOR

550 WEST 7TH AVENUE, SUITE 800
ANCHORAGE, ALASKA 99501-3560
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CERTIFIED MAIL
RETURN RECEIPT REQUESTED

July 8, 2010

Gaute Naadland
Supervisor, WNS Base
ConocoPhillips Alaska, Inc.
700 G Street
P.O. Box 100360
Anchorage, AK 99510-0360

Re: Colville River Unit, First Revision of the Qannik Participating Area
Second Year Reserves Estimate Revision

Dear Mr. Naadland:

On May 27, 2010, ConocoPhillips Alaska, Inc. (ConocoPhillips), as Unit Operator on behalf of the Colville River Unit (CRU) Working Interest Owners, submitted an application under Articles 9 and 10 of the Colville River Unit Agreement and 11 AAC 83.351 to the Commissioner of the State of Alaska, Department of Natural Resources, Division of Oil and Gas, (Division) and the President of the Arctic Slope Regional Corporation (ASRC) for the First Revision of the Colville River Unit (CRU) Qannik Participating Area (QPA) (Application). The revised QPA excludes certain lands included in the current boundary of the QPA, as described in Exhibit B, (Attachment 1). The Application includes a revised division of interest as described in Exhibit C, (Attachment 2), and Revised Exhibit D, Map of the QPA, Exhibit E, Revised Allocation of QPA Expense, and Exhibit F, Revised Allocation of Unit Expense as required under Subsection 10.1.3(a) of the CRUA. The revised division of interest submitted under 10.1.3(a) is not subject to approval and is effective as of the first day of the first month following the expiration of two years after commencement of sustained unit production from the QPA, Subsection 10.1.3(a)(i), July 1, 2010.

Sincerely,

Kevin R. Banks
Director

Cc: Jeff Landry, DOL
Dora Soria, ConocoPhillips
ASRC, Teresa Imm
BLM, Greg Noble

Attachments

1. Attachment A First Revision of the QPA
2. Exhibit C to the CRU Agreement QPA Tract Participations
3. Exhibit D to the CRU Agreement Revised Map of QPA

Attachment 1: Attachment A First Revision of the QPA

Attachment A

First Revision of the Qannik Participating Area

Tract No.	Type Acreage	ADL No./ Tobin No.	Legal Description
10	Contraction	25538 932100	T12N-R5E, U.M. Sec. 19: W½SW¼, SW¼NW¼
14	Contraction	25530 932098	T12N-R4E, U.M. Sec. 24: E½, E½NW¼
16	Contraction	25529 932096	T12N-R4E, U.M. Sec. 22: NW¼NE¼, SE¼NW¼, NE¼SW¼
17	Contraction	387211 932197	T12N-R4E, U.M. Sec. 22: SE¼NW¼, NE¼SW¼
28	Contraction	25530 932098	T12N-R4E, U.M. Sec. 25: N½NE¼, SE¼NE¼, NE¼SE¼
29	Contraction	25558 932102	T12N-R5E, U.M. Sec. 30: W½ Sec. 31: W½, SW¼SE¼
44	Contraction	25559 932104	T11N-R5E, U.M. Sec. 6: W½, W½E½ Sec. 7: W½, W½NE¼, SE¼
60	Contraction	380075 932034	T11N-R4E, U.M. Sec. 13: SE¼SE¼
61	Contraction	372097 931996	T11N-R5E, U.M. Sec. 18: All
70	Contraction	384211 932080	T11N-R5E, U.M. Sec. 20: W½W½
71	Contraction	384211 932080	T11N-R5E, U.M. Sec. 19: All
72	Contraction	380077 932036	T11N-R4E, U.M. Sec. 24: E½E½, SW¼SE¼
74	Contraction	380077 932036	T11N-R4E, U.M. Sec. 22: NW¼NE¼, NE¼SE¼
75	Contraction	387208 932193	T11N-R4E, U.M. Sec. 22: NW¼NE¼, NE¼SE¼, within NPRA

Attachment A

First Revision of the Qannik Participating Area

Tract No.	Type Acreage	ADL No./ Tobin No.	Legal Description
79	Contraction	380077 932036	T11N-R4E, U.M. Sec. 26: E½, E½NW¼, excl. NPRA
80	Contraction	384209 932076	T11N-R4E, U.M. Sec. 25: All
81	Contraction	384211 932080	T11N-R5E, U.M. Sec. 30: All
82	Contraction	380082 932046	T11N-R5E, U.M. Sec. 29: W½W½
92	Contraction	25526 932094	T12N-R4E, U.M. Sec. 13: Unsurveyed, S½SW¼, SW¼SE¼
94	Contraction	388901 932349	T12N-R4E, U.M. Sec. 15: Unsurveyed, SE¼SE¼, east of the highest water mark on the left bank of the Nechelik Channel of the Colville River
122	Contraction	388902 932351	T11N-R4E, U.M. Sec. 35: Unsurveyed, NE¼NE¼, excl. the NPRA
123	Contraction	388902 9323561	T11N-R4E, U.M. Sec. 36: Unsurveyed, N½N½, SE¼NE¼
124	Contraction	388903 932353	T11N-R5E, U.M. Sec. 31: Unsurveyed, N½ Sec. 32: Unsurveyed, NW¼NW¼

Attachment 2: Exhibit C to the CRU Agreement QPA Tract Participations

Exhibit C

Qannik Participating Area
Tract Participations

Tr. No.	ADL No./ AK No. Tobin No.	Legal Description	Acres	Depth Restrictions	Original Royalty (%)	Tract Owners	Working Interest (%)	Liquid Tract Allocation**	Gas Tract Allocation**
14	25530	T12N,R4E-U.M.		None	12.5	CPAI	78.00	0.00000000	0.05630827
	4714	Sec. 24, SW1/4, W1/2NW1/4	240.00			APC	22.00		
	932098	TOTAL	240.00				100.00		
15	25529	T12N,R4E-U.M.		None	12.5	CPAI	78.00	0.01889365	0.07403461
	4713	Sec. 23, All	640.00			APC	22.00		
	932096	TOTAL	640.00				100.00		
16	25529	T12N,R4E-U.M.		None	12.5	CPAI	78.00	0.00053369	0.00719687
	4713	Sec. 22, E1/2NW1/4, SW1/4NW1/4,				APC	22.00		
	932096	SE1/4, SE1/4SW1/4, excl. NPRA	273.79				100.00		
		TOTAL	273.79						
17	387211	T12N,R4E-U.M.		None	16.66667	CPAI	78.00	0.00047609	0.00135733
	4833	Sec. 22, SW1/4SE1/4,				APC	22.00		
	932197	SE1/4SW1/4 within NPRA,					100.00		
		excl. USS 9502 Lot 2	46.13						
		TOTAL	46.13						
24	387212	T12N,R4E-U.M.		None	Sliding	CPAI	78.00	0.01668400	0.01788133
	4834	Sec. 27, S1/2, NE1/4,			Scale	APC	22.00		
	932199	E1/2NW1/4, within NPRA	470.29		*16.66667		100.00		
		TOTAL	470.29						

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Tr. No.	ADL No./ AK No. Tobin No.	Legal Description	Acres	Depth Restrictions	Original Royalty (%)	Tract Owners	Working Interest (%)	Liquid Tract Allocation**	Gas Tract Allocation**
25	25530	T12N,R4E-U.M.		None	12.5	CPAI	78.00	0.00429442	0.00312197
	4714	Sec. 27, All, excl. NPRA	89.71			APC	22.00		
	932098	TOTAL	89.71				100.00		
26	387212	T12N,R4E-U.M.		None	Sliding	CPAI	78.00	0.00463200	0.00122742
	4834	Sec. 26, All, within NPRA	17.36		Scale	APC	22.00		
	932199	TOTAL	17.36		*16.66667		100.00		
27	25530	T12N,R4E-U.M.		None	12.5	CPAI	78.00	0.09752991	0.04553160
	4714	Sec. 26, All, excl. NPRA	622.64			APC	22.00		
	932098	TOTAL	622.64				100.00		
28	25530	T12N,R4E-U.M.		None	12.5	CPAI	78.00	0.01171053	0.05760274
	4714	Sec. 25, W1/2, SW1/4NE1/4,				APC	22.00		
	932098	W1/2SE1/4, SE1/4SE1/4	480.00				100.00		
		TOTAL	480.00						
35	380096	T12N,R4E-U.M.		None	16.667	CPAI	78.00	0.16899222	0.08054585
	4622	Sec. 36, All	640.00			APC	22.00		
	932058	TOTAL	640.00				100.00		
36	25530	T12N,R4E-U.M.		None	12.5	CPAI	78.00	0.14138733	0.04775839
	4714	Sec. 35, All, excl. NPRA	596.62			APC	22.00		
	932098	TOTAL	596.62				100.00		

Exhibit C

Qannik Participating Area
Tract Participations

Tr. No.	ADL No./ AK No. Tobin No.	Legal Description	Acres	Depth Restrictions	Original Royalty (%)	Tract Owners	Working Interest (%)	Liquid Tract Allocation**	Gas Tract Allocation**
37	387212	T12N,R4E-U.M.		None	Sliding	CPAI	78.00	0.01031936	0.00287772
	4834	Sec. 35, All, within NPRA	43.38		Scale	APC	22.00		
	932199	TOTAL	43.38		*16.66667		100.00		
38	387212	T12N,R4E-U.M.		None	Sliding	CPAI	78.00	0.04390696	0.02637306
	4834	Sec. 34, All, within NPRA	640.00		Scale	APC	22.00		
	932199	TOTAL	640.00		*16.66667		100.00		
39	387207	T11N,R4E-U.M.		None	Sliding	CPAI	78.00	0.03069864	0.02968227
	4830	Sec. 3, All, within NPRA	588.85		Scale	APC	22.00		
	932191	TOTAL	588.85		*16.66667		100.00		
40	380075	T11N-R4E- U.M.		None	16.667	CPAI	78.00	0.00863020	0.00299643
	4608	Sec. 3, All, excl. NPRA	51.15			APC	22.00		
	932034	TOTAL	51.15				100.00		
42	380075	T11N-R4E, U.M.		None	16.667	CPAI	78.00	0.12141562	0.05233827
	4608	Sec. 2, All	640.00			APC	22.00		
	932034	TOTAL	640.00				100.00		
43	380075	T11N-R4E,U.M.		None	16.667	CPAI	78.00	0.00433117	0.08640629
	4608	Sec. 1, All	640.00			APC	22.00		
	932034	TOTAL	640.00				100.00		
50	380075	T11N-R4E, U.M.		None	16.667	CPAI	78.00	0.04216278	0.08165710
	4608	Sec. 12, All	640.00			APC	22.00		
	932034	TOTAL	640.00				100.00		

Exhibit C

Qannik Participating Area
Tract Participations

Tr. No.	ADL No./ AK No. Tobin No.	Legal Description	Acres	Depth Restrictions	Original Royalty (%)	Tract Owners	Working Interest (%)	Liquid Tract Allocation**	Gas Tract Allocation**
51	380075	T11N-R4E, U.M.		None	16.667	CPAI	78.00	0.12135684	0.04775800
	4608	Sec. 11, All, excl. NPRA	594.02			APC	22.00		
	932034	TOTAL	594.02				100.00		
52	387207	T11N,R4E-U.M.		None	Sliding	CPAI	78.00	0.00993338	0.00338256
	4830	Sec. 11, All, within NPRA	45.98		Scale	APC	22.00		
	932191	TOTAL	45.98		*16.667		100.00		
53	380075	T11N-R4E, U.M.		None	16.667	CPAI	78.00	0.00000000	0.00000000
	4608	Sec. 10, All, excl. NPRA	5.83			APC	22.00		
	932034	TOTAL	5.83				100.00		
54	387207	T11N-R4E-U.M.		None	Sliding	CPAI	78.00	0.03133816	0.03900181
	4830	Sec. 10, N1/2, SE1/4, N1/2SW1/4,			Scale	APC	22.00		
	932191	SE1/4SW1/4 within NPRA	594.17		*16.667		100.00		
		TOTAL	594.17						
57	387208	T11N-R4E-U.M.		None	Sliding	CPAI	78.00	0.00074122	0.00294400
	4831	Sec. 15, N1/2NE1/4,			Scale	APC	22.00		
	932193	NE1/4NW1/4, within NPRA	44.40		*16.667		100.00		
		TOTAL	44.40						
58	380075	T11N-R4E, U.M.		None	16.667	CPAI	78.00	0.00595065	0.02594291
	4608	Sec. 15, E1/2, E1/2NW1/4,				APC	22.00		
	932034	NE1/4SW1/4, excl. NPRA	395.60				100.00		
		TOTAL	395.60						

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Tr. No.	ADL No./ AK No. Tobin No.	Legal Description	Acres	Depth Restrictions	Original Royalty (%)	Tract Owners	Working Interest (%)	Liquid Tract Allocation**	Gas Tract Allocation**
59	380075	T11N-R4E, U.M.		None	16.667	CPAI	78.00	0.05436322	0.04648297
	4608	Sec. 14, All	640.00			APC	22.00		
	932034	TOTAL	640.00				100.00		
60	380075	T11N-R4E, U.M.		None	16.667	CPAI	78.00	0.01753981	0.06965956
	4608	Sec. 13, N1/2, N1/2S1/2,				APC	22.00		
	932034	S1/2SW1/4, SW1/4SE1/4	600.00						
		TOTAL	600.00				100.00		
72	380077	T11N,R4E-U.M.		None	16.667	CPAI	78.00	0.01409879	0.03073733
	4609	Sec. 24, W1/2, W1/2NE1/4,				APC	22.00		
	932036	NW1/4SE1/4	640.00						
		TOTAL	640.00				100.00		
73	380077	T11N,R4E-U.M.		None	16.667	CPAI	78.00	0.01511798	0.04226134
	4609	Sec. 23, All	440.00			APC	22.00		
	932036	TOTAL	440.00				100.00		
74	380077	T11N,R4E-U.M.		None	16.667	CPAI	78.00	0.00121610	0.00523665
	4609	Sec. 22, E1/2NE1/4,				APC	22.00		
	932036	excl. NPRA	80.00				100.00		
		TOTAL	80.00						

Exhibit C

Qannik Participating Area
Tract Participations

Tr. No.	ADL No./ AK No. Tobin No.	Legal Description	Acres	Depth Restrictions	Original Royalty (%)	Tract Owners	Working Interest (%)	Liquid Tract Allocation**	Gas Tract Allocation**
93	388901	T12N,R4E-U.M.		None	12.5	CPAI	78.00	0.00174528	0.01169535
	4943	Sec. 14, Unsurveyed, S1/2S1/2	160.00			APC	22.00		
	932349	TOTAL	160.00				100.00		

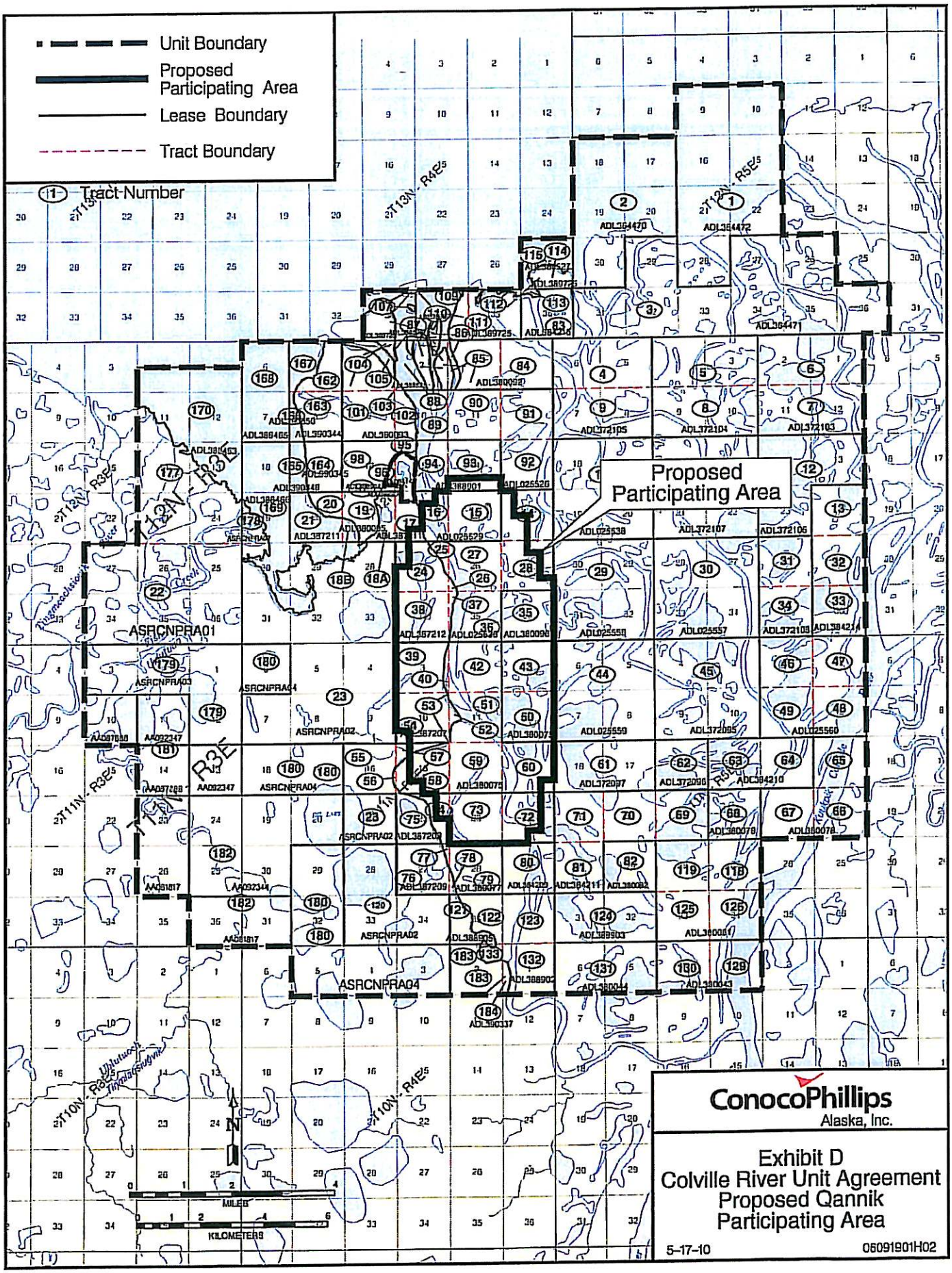
TOTAL PARTICIPATING AREA ACREAGE	11,599.92

* Kuukpik shall receive an overriding royalty equal to 10% of the Original Royalty Percentage, payable out of ASRC Original Royalty Percentage share of production. For example, using a fictitious tract with equal ownership of mineral interest between the State and ASRC, if the royalty rate escalates to 20%, then Kuukpik shall be entitled to receive 2% overriding royalty (0.10 x 0.20 = 0.02) on 8/8ths of production, the State would receive 10% royalty on 8/8ths of production (0.50 x 0.20 = 0.10), and ASRC would receive 8% royalty on 8/8ths of production [(0.50 x 0.20) – (0.10 x 0.20) = 0.08].

** Tract allocations are rounded to 8 decimals places such that the total sums to 1.00000000.

KEY: APC: Anadarko Petroleum Corporation
CPAI: ConocoPhillips Alaska, Inc.

Attachment 3: Exhibit D to the CRU Agreement Revised Map of QPA


Unit Boundary
Proposed Participating Area
Lease Boundary
Tract Boundary
Tract Number
Proposed Participating Area
ASRCNPRA01
ASRCNPRA02
ASRCNPRA03
ASRCNPRA04
T13N - R4E
T12N - R5E
T12N - R3E
T11N - R3E
T10N - R4E
T10N - R3E
MILES
KILOMETERS
ConocoPhillips
Alaska, Inc.
Exhibit D
Colville River Unit Agreement
Proposed Qannik
Participating Area
5-17-10
06091901H02