

# STATE OF ALASKA

## DEPARTMENT OF NATURAL RESOURCES

### DIVISION OF OIL & GAS

SEAN PARNELL, GOVERNOR

550 WEST 7<sup>TH</sup> AVENUE, SUITE 1100  
ANCHORAGE, ALASKA 99501-3560  
PHONE: (907) 269-8800  
FAX: (907) 269-8938

Certified Mail  
Return Receipt Requested

November 23, 2011

Kevin Tabler  
Manager, Land and Government Affairs  
Union Oil Company of California  
3800 Centerpoint Drive, Suite 100  
Anchorage, AK 99503

Re: Deep Creek Unit-- Deferral of Discretionary Contraction and Extension of 8th Plan of Development

Dear Mr. Tabler:

The Department of Natural Resources, Division of Oil and Gas (Division), and Cook Inlet Region, Inc. (CIRI) jointly manage the Deep Creek Unit (DCU). On September 29, 2011, Union Oil Company of California (Union) requested that the Division delay any discretionary contraction of the DCU for a reasonable period of time after close of the pending asset sale between Union and Hilcorp Energy Alaska, LLC (Hilcorp). Union believes that a delay would allow Hilcorp the opportunity to fully evaluate the DCU for exploration and redevelopment potential.

Because of the pending sale, I agree to delay any discretionary contraction of the DCU until six months after closing of Union's sale of its assets to Hilcorp or September 1, 2012, whichever occurs earlier, subject to CIRI's concurrence. Furthermore, the 9<sup>th</sup> Plan of Development (POD) for the DCU is due to this office and to the CIRI's President on or before December 31, 2011. Therefore, with CIRI's concurrence, I am extending the expiration date of the DCU 8<sup>th</sup> POD to coincide with the discretionary contraction delay, i.e., the 9<sup>th</sup> POD is due to this office and to the President six months after closing of Union's sale of its assets to Hilcorp or September 1, 2012, whichever occurs earlier. Any submitted POD must provide for the exploration of the unitized area and for the diligent and expeditious drilling necessary for determination of the unit area or areas capable of producing unitized substances in paying quantities in each and every productive formation. The plan must be as complete and adequate as necessary for timely exploration and development of the remaining unit area outside the Happy Valley Participating Area, and must specify the number and locations of any wells to be drilled and the proposed order and time for such drilling.

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 Daniel S. Sullivan, Commissioner, DNR, 550 W. 7<sup>th</sup> Avenue, Suite 1400, Anchorage, Alaska 99501; faxed to (907) 269-8918, or sent by electronic mail to [dnr.appeals@alaska.gov](mailto:dnr.appeals@alaska.gov). 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.

*"Develop, Conserve, and Enhance Natural Resources for Present and Future Alaskans."*

If you have questions regarding this decision, please do not hesitate to contact Ms. Patricia Bettis at (907) 269-8451.

Sincerely,

A handwritten signature in black ink, appearing to be 'W.C. Barron', written over a horizontal line.

W.C. Barron  
Director

Cc: Chris Gay, CIRI  
Jeff Landry, DOL  
Cammy Taylor, DNR  
Patricia Bettis, DNR