

# STATE OF ALASKA

DEPARTMENT OF NATURAL RESOURCES

DIVISION OF OIL & GAS

SEAN PARNELL, GOVERNOR

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**CERTIFIED MAIL  
RETURN RECEIPT REQUESTED**

April 5, 2012

John L. Whitworth  
Supervisor, WNS Base  
ConocoPhillips Alaska Inc.  
700 G Street  
Anchorage, AK  
99501

Re: Colville River Unit, Fiord Kuparuk Participating Area  
Fifth Year Reserves Estimate Revision

Dear Mr. Whitworth:

On October 28, 2011, 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 (CRUA) 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 Fifth Year Reserves Estimate Revision of the CRU Fiord Kuparuk Participating Area (FKPA) (Application). The Application changes the lands within the FKPA boundary by including new lands not in the FKPA and excluding some lands that are currently within the FKPA, as described in Exhibit A, (Attachment 1). This approval is for the Second Revision of the FKPA. The Application also includes a revised division of interest as described in Exhibit C, (Attachment 2), Exhibit D, Map of the FKPA, (Attachment 3), Exhibit E, Revised Allocation of FKPA Expense, (Attachment 4),

*"To responsibly develop Alaska's resources by making them available for maximum use and benefit consistent with the public interest."*

and Exhibit F, Revised Allocation of Unit Expense, (Attachment 5), as required under Subsection 10.1.3(a) of the CRUA. The Fifth Year Reserves Estimate Revision and revised division of interest submitted under 10.1.3(a) is approved and is effective as of the first day of the first month following the expiration of five years after commencement of sustained unit production from the FKPA, Subsection 10.1.3(a)(i), being April 1, 2012.

Sincerely,

A handwritten signature in cursive script, appearing to read "W.C. Barron".

W.C. Barron  
Director  
Division of Oil and Gas

Cc: Jeff Landry, DOL  
Dora Soria, ConocoPhillips  
ASRC, Teresa Imm  
BLM, Wayne Svejnoha

Attachments

1. Attachment A, First Revision of the Fiord Kuparuk Participating Area
2. FKPA Fifth Year Reserves Estimate Revision Exhibit C
3. FKPA Fifth Year Reserves Estimate Revision Exhibit D
4. FKPA Fifth Year Reserves Estimate Revision Exhibit E
5. FKPA Fifth Year Reserves Estimate Revision Exhibit F

**Attachment 1:** Attachment A, First Revision of the Fiord Kupaŕuk Participating Area

## Attachment A

### First Revision of the Fiord Kuparuk Participating Area

Tract No.	Type Acreage	ADL No./ Tobin No.	Legal Description
3	Contraction	364471 931976	T13N,R5E-U.M. Sec. 31: SE $\frac{1}{4}$ SE $\frac{1}{4}$
11A	Contraction	391577 341402	T12N,R5E-U.M. Sec. 15: NW $\frac{1}{4}$ NE $\frac{1}{4}$ , SE $\frac{1}{4}$ NE $\frac{1}{4}$
12	Contraction	372106 932004	T12N,R5E-U.M. Sec. 13: SW $\frac{1}{4}$ SW $\frac{1}{4}$ Sec. 14: S $\frac{1}{2}$ SE $\frac{1}{4}$ , NW $\frac{1}{4}$ SE $\frac{1}{4}$ , N $\frac{1}{2}$ SW $\frac{1}{4}$ , SE $\frac{1}{4}$ SW $\frac{1}{4}$
2	Expansion	364470 931974	T13N,R5E-U.M. Sec. 30: SW $\frac{1}{4}$ NE $\frac{1}{4}$ , W $\frac{1}{2}$ SE $\frac{1}{4}$
4	Expansion	372105 932002	T12N,R5E-U.M. Sec. 5: SW $\frac{1}{4}$ NE $\frac{1}{4}$
12	Expansion	372106 932004	T12N,R5E-U.M. Sec. 13: SW $\frac{1}{4}$ NE $\frac{1}{4}$ , NW $\frac{1}{4}$ SE $\frac{1}{4}$ , NE $\frac{1}{4}$ SW $\frac{1}{4}$

**Attachment 2:** FKPA Fifth Year Reserves Estimate Revision Exhibit C

**Exhibit C**

**Fiord Kuparuk Participating Area Tract Participations**

Tr. No.	ADL No./ Tobin No.	Legal Description	Acres	Depth Restrictions	Original Royalty (%)	NPSL (%)	Tract Owners	Working Interest (%)	Tract Allocation
1	364472 931986	T13N,R5E-U.M. S1/2SW1/4, NW1/4SW1/4 of Sec. 28 TOTAL	120.00 120.00	Above 6,980'	12.5	30	CPAI APC	78.000000 22.000000 100.000000	0.00802431
2	364470 931974	T13N,R5E-U.M. SE1/4SE1/4 of Sec. 19 SW1/4SE1/4, S1/2SW1/4 of Sec. 20 E1/2E1/2, W1/2SE1/4, SW1/4NE1/4 of Sec. 30 TOTAL	40.00 120.00 280.00 440.00	None	12.5	30	CPAI APC	78.000000 22.000000 100.000000	0.00000000
3	364471 931976	T13N,R5E-U.M. S1/2, NW1/4, S1/2NE1/4, NW1/4NE1/4 of Sec. 29 E1/2NE1/4, NE1/4SE1/4 OF Sec. 31 All of Sec. 32 S1/2, NW1/4, S1/2NE1/4 of Sec. 33 SW1/4SW1/4 of Sec. 34 TOTAL	600.00 120.00 640.00 560.00 40.00 1960.00	None	12.5	30	CPAI APC	78.000000 22.000000 100.000000	0.30945442
4	372105 932002	T12N,R5E-U.M. NE1/4 of Sec. 5 TOTAL	160.00 160.00	Above 10,350'	12.5		CPAI APC	78.000000 22.000000 100.000000	0.00108401
5	372104 932000	T12N,R5E-U.M. All of Sec. 3 N1/2, N1/2S1/2, S1/2SE1/4, SE1/4SW1/4 of Sec. 4 TOTAL	640.00 600.00 1240.00	Above 10,350'	12.5		CPAI APC	78.000000 22.000000 100.000000	0.21201070
6	372103 931998	T12N,R5E-U.M. SW1/4, SW1/4NW1/4, SW1/4SE1/4 of Sec. 2 TOTAL	240.00 240.00	Above 10,350'	12.5		CPAI APC	78.000000 22.000000 100.000000	0.05924013

**Exhibit C**

**Fiord Kuparuk Participating Area Tract Participations**

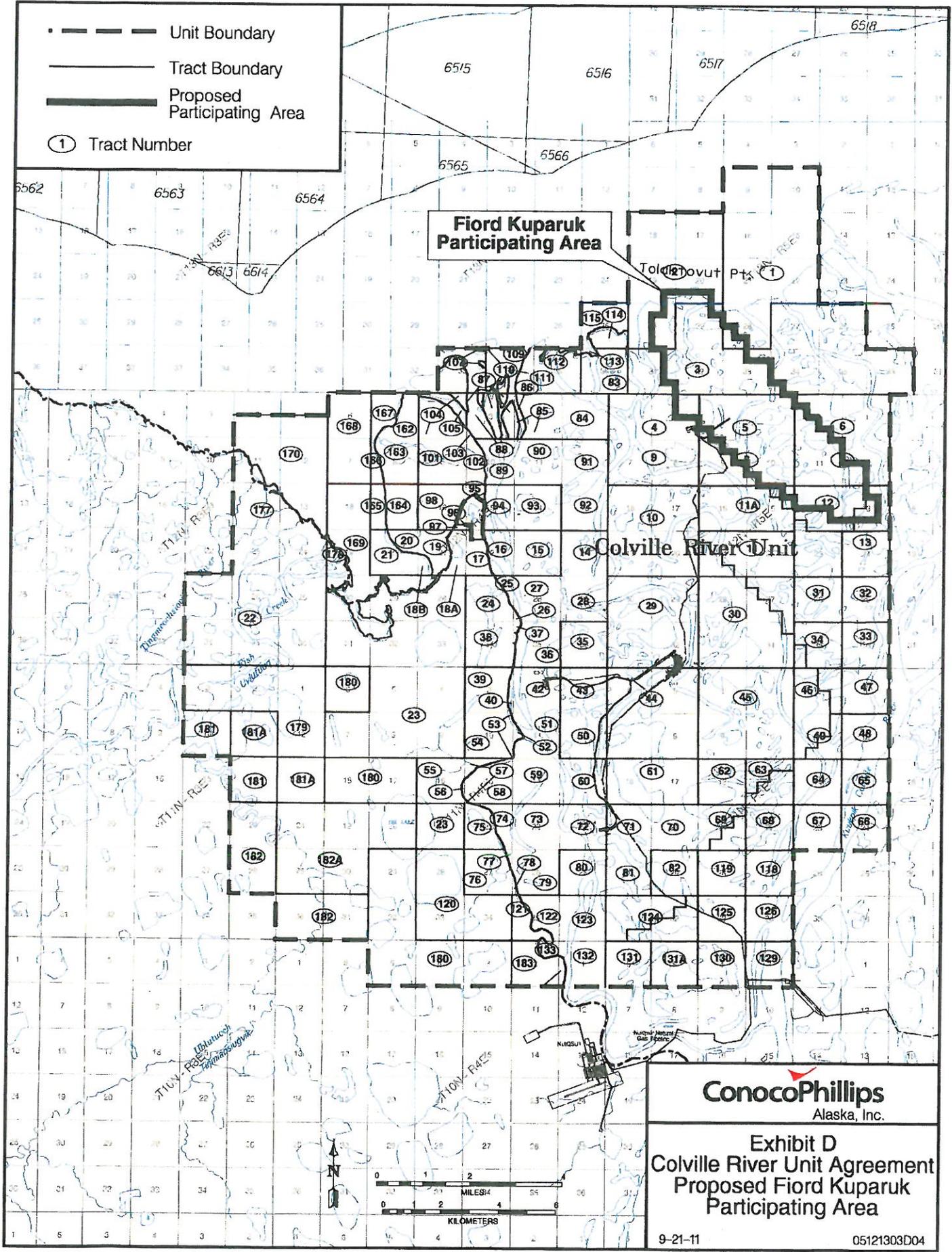
Tr. No.	ADL No./ Tobin No.	Legal Description	Acres	Depth Restrictions	Original Royalty (%)	NPSL (%)	Tract Owners	Working Interest (%)	Tract Allocation
7	372103	T12N,R5E-U.M.		Above 10,350'	12.5		CPAI	78.000000	0.20525569
	931998	All of Sec. 11 SW1/4 of Sec. 12	640.00 160.00				APC	22.000000	
		TOTAL	800.00					100.000000	
8	372104	T12N,R5E-U.M.		Above 10,350'	12.5		CPAI	78.000000	0.04306862
	932000	N1/2NE1/4, SE1/4NE1/4 of Sec. 9 N1/2, N1/2S1/2, SE1/4SW1/4, S1/2SE1/4 of Sec. 10	120.00 600.00				APC	22.000000	
		TOTAL	720.00					100.000000	
11A	372107	T12N,R5E-U.M.		Above 8,500'	12.5		CPAI	78.000000	0.00000000
	932006	NE1/4NE1/4 of Sec. 15	40.00				APC	22.000000	
		TOTAL	40.00					100.000000	
12	372106	T12N,R5E-U.M.		Above 8,500'	12.5		CPAI	78.000000	0.16186212
	932004	NW1/4, N1/2SW1/4, SW1/4NE1/4, NW1/4SE1/4 of Sec. 13 N1/2, NE1/4SE1/4 of Sec. 14	320.00 360.00				APC	22.000000	
		TOTAL	680.00					100.000000	
<b>TOTAL PA. ACRES</b>			<b>6400.00</b>						

**KEY:**

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

**Attachment 2: NKPA Fifth Year Reserves Estimate Revision Exhibit D**

-  Unit Boundary
-  Tract Boundary
-  Proposed Participating Area
-  Tract Number



**Fiord Kuparuk Participating Area**

**Colville River Unit**

**ConocoPhillips**  
Alaska, Inc.

**Exhibit D**  
**Colville River Unit Agreement**  
**Proposed Fiord Kuparuk**  
**Participating Area**

**Attachment 3: NKPA Fifth Year Reserves Estimate Revision Exhibit E**

## **Exhibit E**

### **Allocation of Fiord Kuparuk Participating Area Expense**

#### Participating Area Expense for Capital Expenditures

Fiord Kuparuk Participating Area Expense for capital expenditures that benefit both the Fiord Nechelik Participating Area and the Fiord Kuparuk Participating Area (collectively "Fiord Participating Area") will be allocated between the Participating Areas based on their relative percentages of total Fiord Participating Area recoverable oil-in-place ("ROIP"), as illustrated in Attachment 1 to this Exhibit E. Those Fiord Kuparuk Participating Area Expenses will then be allocated to specific Colville River Unit Tracts in accordance with Exhibit C for the Fiord Kuparuk Participating Area.

#### Participating Area Expense for Operating Expenditures

Fiord Kuparuk Participating Expense for operating expenditures that benefit both the Fiord Nechelik Participating Area and the Fiord Kuparuk Participating Area will be allocated between the Participating Areas based on their apportioned shares of total monthly Fiord Participating Area oil and water off take, as illustrated in Attachment 2 to this Exhibit F.





**Attachment 4: NKPA Fifth Year Reserves Estimate Revision Exhibit F**

## **Exhibit F**

### **Allocation of Unit Expense for the Fiord Kuparuk Participating Area**

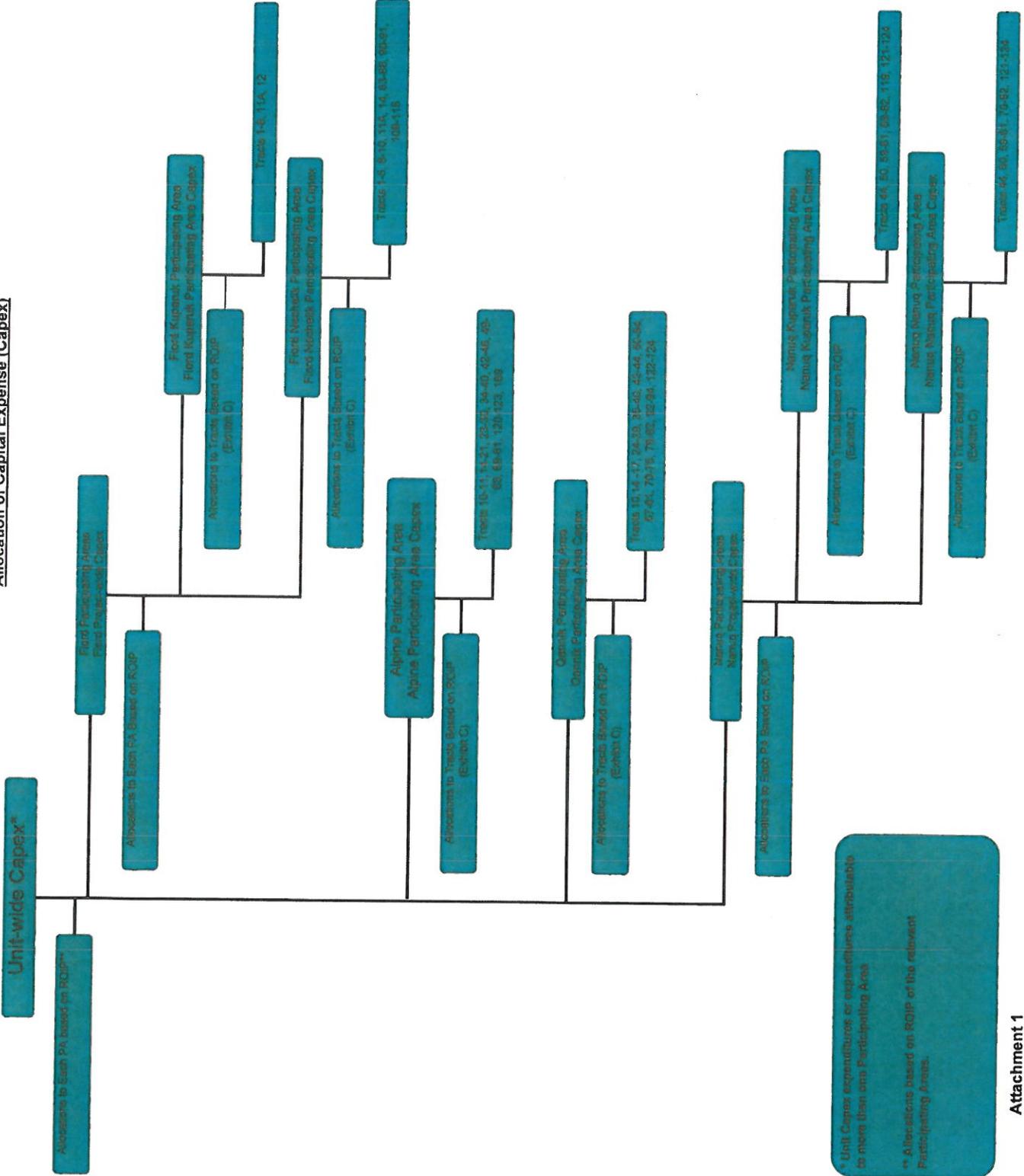
#### Unit Expense for Capital Expenditures

Unit Expense for capital expenditures that benefit more than one Participating Area shall first be allocated among those Participating Areas based on their percentages of recoverable oil-in-place ("ROIP") compared to the total ROIP of the Participating Areas benefiting from the capital expenditures, as illustrated in Attachment 1 to this Exhibit F. Those Unit Expenses allocated to the Fiord Kuparuk Participating Area will then be allocated to specific Colville River Unit Tracts in accordance with Exhibit C for the Fiord Kuparuk Participating Area.

#### Unit Expense for Operating Expenditures

Unit Expense for operating expenditures that benefit more than one Participating Area shall first be allocated among those Participating Areas based on their percentage share of monthly oil and water offtake compared to the total monthly oil and water offtakes of the Participating Areas benefiting from the operating expenditures, as illustrated in Attachment 2 to this Exhibit F. Those Unit Expenses allocated to the Fiord Kuparuk Participating Area will then be allocated to specific Colville River Unit Tracts in accordance with Exhibit C for the Fiord Kuparuk Participating Area.

**Allocation of Capital Expenditure (Capex)**

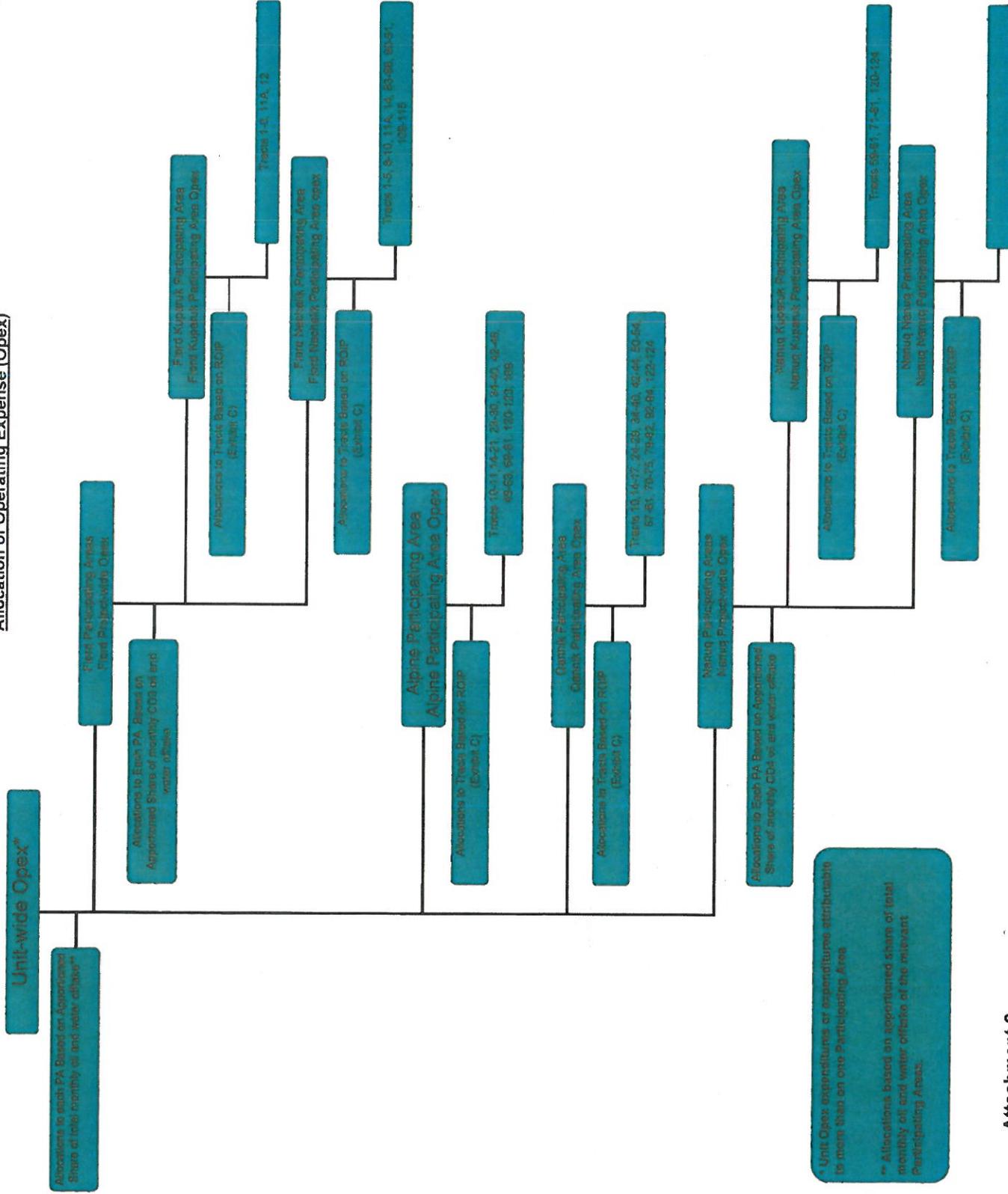


Unit Capex expenditures or expenditures attributable to more than one Participating Area

\*\* Allocations based on RQIP of the relevant Participating Areas.



Allocation of Operating Expense (Opex)



\*\* Unit Opex expenditures or expenditures attributable to more than one participating area  
 \*\* Allocations based on appointed share of total monthly oil and water effluents of the relevant Participating Areas.