Attachment 11

DNR received public comment from the following persons:

Jack Chenoweth
Legilative Affairs – Legal
Capitol Building
Juneau, Alaska
99801

Mr. D. W. Haugen
Vice President
Lynden
6441 South Airpark Place
Anchorage Alaska 99502-1809

Ms. Jeanine St. John
Vice President
Lynden
6441 South Airpark Place
Anchorage Alaska 99502-1809

Mr. Tadd Owens
Executive Director
Resource Development Council for
Alaska, Inc.
121 West Fireweed
Suite 250
Anchorage, Alaska
99503-2035

Mr. James Gilbert, President
The Alliance
360 West Benson Boulevard
Suite 200
Anchorage, Alaska
99503

Mr. Paul Laird, General Manager
The Alliance
360 West Benson Boulevard
Suite 200
Anchorage, Alaska
99503

Mr. D. L. Matthews
Vice President & Alaska General
Manager
H.C. Price Co.
301 W. Northern Lights Blvd.
Suite 300
Anchorage, Alaska
99503

Mr. R. E. Cox
Vice President, Supply and Distribution
Petro Marine Services
3111 C Street
Suite 500
Anchorage, Alaska
99503

Mr. Lynn C. Johnson
President
Dowland – Bach Corp.
P.O. Box 230126
Anchorage, Alaska
99523-0126

Eric J. Dompeling
520 Mary Circle

Anchorage, Alaska 99515

Mr. Keith Silver
Vice President, Finance
Colville Incorporated
Pouch 340012
Prudhoe Bay, Alaska
99734

Dowland – Bach Corp.
6130 Tuttle Place
Anchorage, Alaska
99507

Kip Knudsen
Government Affairs Manager
Tesoro Alaska Company
P.O. Box 196272
Anchorage, Alaska
99519-6272

Mr. Reed Christensen

Temple Davidson

From: Tim Ryherd [tim_ryherd@dnr.state.ak.us]

Sent: Tuesday, January 03, 2006 11:04 AM

To: Temple Davidson

Subject: FW: Question/suggestion re preliminary findings concerning Oooguruk oil royalty rates

---

From: Jack Chenoweth [mailto:Jack_Chenoweth@legis.state.ak.us]
Sent: Tuesday, December 27, 2005 2:32 PM
To: tim_ryherd@dnr.state.ak.us
Subject: Question/suggestion re preliminary findings concerning Oooguruk oil royalty rates

The December 17 press release announcing the preliminary findings for the Oooguruk development royalty modification application directs that public comments may be directed to you.

My question/suggestion goes to subparagraph 1b. of the preliminary finding's proposed terms (page 22 of the December 16 preliminary findings document). As to the leases identified as ADL 355036, 355037, 355038, and 355039, I understand the mathematics of the suggested royalty modification phase out: a 1.875 percent increase for each of four years (7.5 percent in total) will, when added to the proposed royalty modification rate, restore the 12.5 percent fixed royalty rate of the lease for the four leases as initially issued. However, as to the leases identified as ADL 389950, 389952, 389954, 389958, and 389959 -- the five leases initially issued with a 16.67 percent fixed rate -- that same royalty modification phase out rate of 1.875 percent for each of four years does not restore the rate to the full 16.67 percent. In other words, strict application of the royalty modification phase out rate of 1.875 percent for each of four years would not, at the end of the four years, yield "[a] fixed royalty rate for [these leases that] will be 16.6667 percent."

Now it is possible that language may simply be missing from the description set out in subparagraph 1b, or it may be that I am not understanding something within the material set out. But, on its face, application of the royalty modification rate to these five leases does not yield the expressed result. If the language describing the rate of royalty modification phase out takes precedence, then the holder(s) of the five leases may contend argue that the fixed royalty rate, by negotiated agreement, is not more than 12.5 percent, not the 16.67 percent as originally initiated. To that extent, the language presents some ambiguity and I'm sure that the department would not want to have that occur.

If there is merit to my question, then the department's final finding and determination may want to include a revision to subparagraph 1b. of the proposed terms to clarify or separately stating the application of the rate of royalty modification phase out as applied to the five 16.67 percent royalty rate leases identified above.

Thank you for your consideration.

Jack Chenoweth

RESOURCE DEVELOPMENT COUNCIL

Growing Alaska Through Responsible Resource Development

January 10, 2006

Mr. Tim Ryherd, Commercial Analyst
Alaska Department of Natural Resources
Division of Oil and Gas
550 W. 7th Avenue, Suite 800
Anchorage, Alaska 99501-3560

Re: Proposed Royalty Modification to Oooguruk Leases

Dear Mr. Ryherd:

On behalf of the Resource Development Council for Alaska, Inc. (RDC), I am writing in support of the Alaska Department of Natural Resource's (DNR) preliminary finding in favor of royalty relief for Pioneer Natural Resources Alaska, Inc.'s proposed Oooguruk development project.

RDC is a private, non-profit business association representing individuals and leading companies from each of Alaska's resource industries — oil and gas, mining, forest products, tourism and fisheries. RDC's membership also includes local governments, organized labor, Native corporations and a broad range of industry-support firms. Through RDC, these diverse interests work together to encourage economic growth and advocate responsible development of Alaska's natural resources.

Pioneer's Oooguruk project calls for installation of a 6-acre gravel drill site in State of Alaska waters in the Beaufort Sea near the mouth of the Colville River, and drilling of approximately 40 horizontal wells. Production from Oooguruk will be transported to shore in a buried sub-sea "pipe-in-pipe" flow-line. Processing of the Oooguruk production stream will take place at the Kuparuk River Unit facilities operated by ConocoPhillips — the first instance of facility sharing by an independent producer in the history of North Slope development.

Pioneer and DNR concur that Oooguruk development is not economically viable without royalty relief. The resource underlying the Oooguruk unit was identified two decades ago but has not been developed due to the project's marginal economics. Large capital investments will be required to bring production from Oooguruk on-line and even then the project remains vulnerable to fluctuating oil prices and the possibility of less than optimal reservoir performance.

DNR's economic modeling demonstrates the proposed royalty modification improves the project's economics, enabling Pioneer to develop the field and the state to receive revenues from severance, property and corporate income taxes, as well as royalty. With the modification, the state expects the project to generate approximately $160 million in local and state

121 West Fireweed, Suite 250, Anchorage, Alaska 99503-2035
Phone: 907/276-0700 Fax: 907/276-3887 Email: Resources@akrdc.org Website: www.akrdc.org

revenue. Without the modification, it is likely the project will remain dormant as it has for nearly twenty years.

The Department has structured the proposed royalty modification in such a way as to provide investment security for a marginal project while maintaining the state's original lease terms once the capital investment has been recovered. DNR has appropriately balanced the trade-off between providing incentives for economic development and maximizing revenue to the state from its oil and gas resources. RDC fully supports the preliminary findings and determination by DNR in favor of approving a royalty modification for the Oooguruk project.

Thank you for the opportunity to comment.

Sincerely,

RESOURCE DEVELOPMENT COUNCIL
for Alaska, Inc.

Tadd Owens

Tadd Owens
Executive Director

cc: Commissioner Mike Menge
Bill Van Dyke

RECEIVED
JAN 1 1 2006
DIVISION OF
OIL AND GAS

LYNDEN

6441 South Airpark Place
Anchorage, Alaska 99502-1809
(907) 245-1544
Fax: (907) 245-1744

January 9, 2006

Alaska Department of Natural Resources
Division of Oil & Gas
550 W. Seventh Avenue, Suite 800
Anchorage, AK 99501-3560

To Whom it May Concern,

Lynden strongly endorses the Alaska Department of Natural Resources' recommendation to grant temporary royalty reductions on nine leases in the Oooguruk Unit under Alaska Statute 38.05.180. Royalty terms proposed by the Division of Oil & Gas are pivotal not only to making this economically marginal project commercially viable, but also to sending a strong message to prospective independent oil and gas developers like Pioneer Natural Resources that Alaska is truly "open for business."

By the division's own calculations, a prevailing oil price of $40 per barrel is required in order to merely generate marginal returns on the project. Large capital investments will be required to understand reservoir performance, and if prices return to lower levels or reservoir performance fails to meet expectations, the project will be economically challenged. Even with royalty relief, Pioneer and its partner, ENI Petroleum Exploration Co. Inc. face formidable commercial and geologic risks in developing Oooguruk.

The division is recommending that royalties be reduced from 12.5% on four leases and 16.67% on five others to 5% for all nine until capital investments have been recovered. Lynden firmly believes that 5% of something is better than 12.5% -- or even 16.67% -- of nothing. And that's precisely what the state will reap from Oooguruk if it isn't developed … along with no jobs for Alaskans and no business opportunities for Alaskan companies. Indeed, according to DNR's projections, Oooguruk will generate $160 million in state revenues through royalties, property and income taxes and net profit share payments, even with the proposed temporary royalty revisions.

Lynden also commends DNR for measures protecting the state's best interests in its findings regarding royalty revisions for Oooguruk, including a deadline for project sanction, minimum facility cost provisions and a state share of net profits from all nine leases once capital costs are recovered.

LYNDEN

Lynden has the potential to begin generating benefits to Alaskans almost immediately and to continue to yield Alaskan jobs, business opportunities and state revenues for many years to come. With necessary permits, Pioneer hopes to build the 6-acre gravel island this winter and will begin procuring materials and equipment and fabricating facilities in order to install Oooguruk's subsea flowline in early 2007. The field is estimated to contain some 70 million barrels of recoverable oil, and production is expected to peak at between 15,000 and 20.000 barrels per day. Field life is projected at 25-30 years. Pioneer and ENI plan to spend $470 million, including drilling, to develop the project.

Projects like Oooguruk are critical to the long-term health of Alaska's oil and gas industry and our entire economy. Lynden commends and endorses the royalty revisions recommended by DNR as a positive step promoting responsible development of our oil and gas resources.

Sincerely,

David W. Haugen
Vice President
Lynden

LYNDEN

6441 South Airpark Place
Anchorage, Alaska 99502-1809
(907) 245-1544
Fax: (907) 245-1744

RECEIVED
JAN 1 1 2006
DIVISION OF
OIL AND GAS

January10, 2006

Alaska Department of Natural Resources
Division of Oil & Gas
550 W. Seventh Avenue, Suite 800
Anchorage, AK 99501-3560

To Whom it May Concern,

Lynden strongly endorses the Alaska Department of Natural Resources' recommendation to grant temporary royalty reductions on nine leases in the Oooguruk Unit under Alaska Statute 38.05.180. Royalty terms proposed by the Division of Oil & Gas are pivotal not only to making this economically marginal project commercially viable, but also to sending a strong message to prospective independent oil and gas developers like Pioneer Natural Resources that Alaska is truly "open for business."

By the division's own calculations, a prevailing oil price of $40 per barrel is required in order to merely generate marginal returns on the project. Large capital investments will be required to understand reservoir performance, and if prices return to lower levels or reservoir performance fails to meet expectations, the project will be economically challenged. Even with royalty relief, Pioneer and its partner, ENI Petroleum Exploration Co. Inc. face formidable commercial and geologic risks in developing Oooguruk.

The division is recommending that royalties be reduced from 12.5% on four leases and 16.67% on five others to 5% for all nine until capital investments have been recovered. Lynden firmly believes that 5% of something is better than 12.5% -- or even 16.67% -- of nothing. And that's precisely what the state will reap from Oooguruk if it isn't developed … along with no jobs for Alaskans and no business opportunities for Alaskan companies. Indeed, according to DNR's projections, Oooguruk will generate $160 million in state revenues through royalties, property and income taxes and net profit share payments, even with the proposed temporary royalty revisions.

Lynden also commends DNR for measures protecting the state's best interests in its findings regarding royalty revisions for Oooguruk, including a deadline for project sanction, minimum facility cost provisions and a state share of net profits from all nine leases once capital costs are recovered.

Lynden has the potential to begin generating benefits to Alaskans almost immediately and to continue to yield Alaskan jobs, business opportunities and state revenues for many years to come. With necessary permits, Pioneer hopes to build the 6-acre gravel island this winter and will begin procuring materials and equipment and fabricating facilities in order to install Oooguruk's subsea flowline in early 2007. The field is estimated to contain some 70 million barrels of recoverable oil, and production is expected to peak at between 15,000 and 20,000 barrels per day. Field life is projected at 25-30 years. Pioneer and ENI plan to spend $470 million, including drilling, to develop the project.

Projects like Oooguruk are critical to the long-term health of Alaska's oil and gas industry and our entire economy. Lynden commends and endorses the royalty revisions recommended by DNR as a positive step promoting responsible development of our oil and gas resources.

Sincerely,

Jeanine St. John

Jeanine St. John
Vice President
Lynden

THE ALLIANCE

... for responsible development of Alaska's Oil, Gas & Mineral Resources

- FAXED 1/11/06 -

January 11, 2006

Alaska Department of Natural Resources
Division of Oil & Gas
550 W. Seventh Ave., Suite 800
Anchorage, Alaska 99501-3560
ATTN: Tim Ryherd, Commercial Analyst

Dear Mr. Ryherd:

The Alaska Support Industry Alliance, with 400 member organizations providing more than 30,000 jobs for Alaskan workers, strongly endorses the Alaska Department of Natural Resources' recommendation to grant temporary royalty reductions on nine leases in the Oooguruk Unit under Alaska Statute 38.05.180. Royalty terms proposed by the Division of Oil & Gas are pivotal not only to making this economically marginal project commercially viable, but also to sending a strong message to prospective independent oil and gas developers like Pioneer Natural Resources that Alaska is truly "open for business."

By the division's own calculations, a prevailing oil price of $40 per barrel is required in order to merely generate marginal returns on the project. Large capital investments will be required to understand reservoir performance, and if prices return to lower levels or reservoir performance fails to meet expectations, the project will be economically challenged. Even with royalty relief, Pioneer and its partner, ENI Petroleum Exploration Co. Inc. face formidable commercial and geologic risks in developing Oooguruk.

The division is recommending that royalties be reduced from 12.5% on four leases and 16.67% on five others to 5% for all nine until capital investments have been recovered. The Alliance firmly believes that 5% of something is better than 12.5% -- or even 16.67% -- of nothing. And that's precisely what the state will reap from Oooguruk if it isn't developed ... along with no jobs for Alaskans and no business opportunities for Alaskan companies. Indeed, according to DNR's projections, Oooguruk will generate $160 million in state revenues through royalties, property and income taxes and net profit share payments, even with the proposed temporary royalty revisions.

ALASKA SUPPORT INDUSTRY ALLIANCE
360 W. Benson Blvd., Suite 200 • Anchorage, Alaska 99503 • Phone: (907) 563-2226 • Fax: (907) 561-8870 • www.alaskaalliance.com

The Alliance also commends DNR for measures protecting the state's best interests in its findings regarding royalty revisions for Oooguruk, including a deadline for project sanction, minimum facility cost provisions and a state share of net profits from all nine leases once capital costs are recovered.

Oooguruk has the potential to begin generating benefits to Alaskans almost immediately and to continue to yield Alaskan jobs, business opportunities and state revenues for many years to come. With necessary permits, Pioneer hopes to build the 6-acre gravel island this winter and will begin procuring materials and equipment and fabricating facilities in order to install Oooguruk's subsea flowline in early 2007. The field is estimated to contain some 70 million barrels of recoverable oil, and production is expected to peak at between 15,000 and 20,000 barrels per day. Field life is projected at 25-30 years. Pioneer and ENI plan to spend $470 million, including drilling, to develop the project.

Projects like Oooguruk are critical to the long-term health of Alaska's oil and gas industry and our entire economy. The Alliance commends and endorses the royalty revisions recommended by DNR as a positive step promoting responsible development of our oil and gas resources.

Sincerely,

James Gilbert
President

Paul Laird
General Manager

PRICE H.C. PRICE CO.

301 W. Northern Lights Blvd., Suite 300
Anchorage, Alaska 99503
(907) 278-4400 • Fax (907) 278-3255

January 11, 2006

RECEIVED
JAN 11 2006
DIVISION OF
OIL AND GAS

Alaska Department of Natural Resources
Division of Oil and Gas
550 W. 7th Avenue, Suite 800
Anchorage, AK 99501-3560

Attn: Tim Ryherd
Commercial Analyst

Subject: Proposed Royalty Modification
To Oooguruk Leases

Gentlemen:

I represent H. C. Price Co.'s Alaska Division. H. C. Price is a general contractor who supports the Oil & Gas industry, private sector, and State/Federal government on development, revamp, and maintenance projects. H. C. Price and its employees are deeply rooted in Alaska and all wish its development, access, and opportunities to be available to responsible corporate citizens. Most of our employees derive their livelihood in the Resource Development Industry.

On behalf of our company, the purpose of this letter is to voice our full support for the following issues regarding Pioneer's Oooguruk project :

- Pioneer's request meets the requirements established in state law for a royalty modification – the leases are subject to a drilling agreement; the field has been sufficiently delineated; the field has not previously produced oil or gas for sale; production from the field would not otherwise be economically feasible; and development of the field is in the state's best interest.
- The resource underlying the Oooguruk unit was identified two decades ago, but not developed because it is a marginal project at $30 per barrel of oil.
- Pioneer and DNR concur that Oooguruk development is not economically viable without royalty relief.
- The proposed royalty relief is structured in such a way as to provide investment security for a marginal project while maintaining the state's original lease terms once the capital investment has been recovered.
- DNR's economic modeling demonstrates that with royalty modification, project economics improve, enabling Pioneer to develop the field and the state to receive revenues from severance, property and corporate income taxes, as well as royalty.

Thank you for your assistance in this issue.

H. C. PRICE CO.

David L. Matthews
Vice President & Alaska General Manager

DLM/rf/521

PETRO MARINE SERVICES

Petroleum Marketing to the Marine Industry

January 16, 2006

Alaska Department of Natural Resources
Division of Oil and Gas
Attn: Tim Ryherd, Commercial Analyst
550 W. 7th Avenue, Suite 800
Anchorage, Alaska 99501-3560
VIA FACSIMILE: 269-8938

Subject: Ooogurulk Development

Dear Mr. Ryherd:

I am writing today in support of the Ooogurulk Development Royalty Modification Application submitted by Pioneer Natural Resources ("Pioneer").

Pioneer has requested that the royalty rate for four of its leases be modified from a fixed royalty rate of 12.5% to a 5% royalty rate and that the royalty rate for the other five leases in this development be modified from 16.667% to 5%.

Pioneer and DNR concur that Ooogurulk Development is not economically viable without royalty relief. In fact, the resource underlying the Ooogurulk unit was identified two decades ago, but has not been developed because it is a marginal project at well head oil prices below $30 per barrel. I note the Alaska Department of Revenue, Tax Division, forecasts oil prices below this level starting in FY 2007. Thus, in order to facilitate movement of this project to development, royalty modification is required.

It is my belief that Pioneer's request meets the requirements of state law. The field has been well delineated, but production has not occurred because it is not economically feasible. As throughput in the TAPS line continues to decline, state revenues decline commensurately. With additional oil field production, the State will receive revenues from severance, property and corporate income taxes, as well as royalty. Thus, it is clearly in the state's best interest that Pioneer's royalty modification application be approved.

Sincerely,

Robert E. Cox

Robert E. Cox
Vice President, Supply & Distribution

cc: Resource Development Council for Alaska

3111 "C" Street, Suite 500 • Anchorage, Alaska 99503 Phone (907) 562-5000 • Fax (907) 561-6500

A HARBOR ENTERPRISES COMPANY

DOWLAND-BACH

P.O. Box 230126
Anchorage, Alaska 99523-0126
phone (907) 562-5818
fax (907) 562-5816

FAX TRANSMISSION IS 2 (TWO) PAGES TOTAL. **January 16, 2006**

TO: Mr. Tim Ryherd. State Of Alaska Division of Oil & Gas Fax: (907) 269-8938
FROM: Lynn C. Johnson, Dowland-Bach Corporation, Anchorage, Alaska

RE: Faxed copy of DNR comments on Ooogurук royalty revisions.

Dear Mr. Ryherd:

Please accept the following for addition to the public comments on the royalty reduction testimony. I will also be sending a copy of this letter to you via US Mail.

Thank You,

Lynn C. Johnson, President
Dowland-Bach Corp.

Jan-16-06 02:18pm From-DOWLAND BACH 9075625816 T-786 P.01/02 F-668

DOWLAND — BACH

WWW.DOWLANDBACH.COM

P.O. BOX 230126
ANCHORAGE, ALASKA 99523-0126
(907) 562-5818

January 16, 2006

State of Alaska
Division of Oil & Gas
550 West Seventh Avenue Suite 800
Anchorage, Alaska 99501-3560
Attn: Tim Ryherd, Commercial Analyst, DNR, Oil & Gas Divison

Dear Mr. Ryherd:

I am writing to you today to express my complete and total support for the Alaska Department of Natural Resources' recommendations to grant temporary royalty reductions on nine leases in the Oogunık Unit under Alaska Statue 38.05.180. The royalty terms proposed by the Division of Oil and Gas are needed to encourage the development of this economically marginal project. An incentive of this type in the form of royalty reduction will also send a clear message to other so called "independents" and smaller oil production companies that the State of Alaska is indeed a good place to invest their exploration and capital investment dollars.

An incentive such as the proposed royalty reduction is needed to spur additional interest and investment in fields such as Oooguuk. This formation was discovered nearly twenty years ago, and was deemed not economically viable because of oil prices less than $40.00 per barrel and high development costs to even begin initial production. The temporary reduction as proposed should be exactly what is needed to create incentives for Pioneer and ENI to spend nearly $500 million in our Great State of Alaska.

In summary, the DNR is to be commended for this proposal and ideas to encourage this additional development on the North Slope. The best interests of the State are being protected. including a deadline for project sanctions, minimum facility cost provisions and a state share of net profits from all nine leases once capital costs are recovered. This is just what the doctor ordered.

Sincerely,

Lynn C. Johnson, President
Dowland-Bach Corporation

Jan-16-06 02:18pm From-DOWLAND BACH 9075625818 T-786 P.02/02 F-668

Eric J. Dompeling
520 Mary Circle
Anchorage, AK. 99515
e.dompeling@att.net

January 17, 2006

Alaska Department of Natural Resources
Division of Oil & Gas
550 W. Seventh Ave., Suite 800
Anchorage, Alaska 99501-3560

To whom it may concern:

As a resident of the State of Alaska, I strongly encourage the Alaska Department of Natural Resources' recommendation to grant temporary royalty reductions on nine leases in the Oooguruk Unit under Alaska Statute 38.05.180. Royalty terms proposed by the Division of Oil & Gas are pivotal not only to making this economically marginal project commercially viable, but also in sending a strong message to prospective independent oil and gas developers like Pioneer Natural Resources that Alaska is truly "open for business."

By the division's own calculations, a prevailing oil price of $40 per barrel is required in order to generate marginal returns on the project. Large capital investments will be required to develop this marginal offshore project, and if prices return to lower levels or reservoir performance fails to meet expectations, the project will be economically challenged. Even with royalty relief, Pioneer and its partner, ENI Petroleum Exploration Co. Inc. face formidable commercial and geologic risks in developing Oooguruk. The division is recommending that royalties be reduced from 12.5% on four (4), leases and 16.67% on five (5) others to 5% for all nine until capital investments have been recovered.

According to DNR's projections, Oooguruk will generate $160 million in state revenues through royalties, property and income taxes and net profit share payments, even with the proposed temporary royalty revisions. I also commend DNR for measures taken to protect the state's best interests in its findings regarding royalty revisions for Oooguruk, including a deadline for project sanction, minimum facility cost provisions and a state share of net profits from all nine leases once capital costs are recovered.

Oooguruk has the potential to begin generating benefits to Alaskans almost immediately and to continue to yield business opportunities, state revenues and Jobs for Alaskan's for many years to come. With the necessary permits, Pioneer hopes to build the 6-acre gravel island this winter and will begin procuring materials and equipment and fabricating facilities in order to install Oooguruk's sub sea flowline in early 2007. The field is estimated to contain some 70 million barrels of recoverable oil, and production is expected to peak at between 15,000 and 20,000 barrels per day. Field life is projected at 25-30 years. Pioneer and ENI plan to spend $470 million, including drilling, to develop the project.

Eric J. Dompeling
520 Mary Circle
Anchorage, AK. 99515
e.dompeling@att.net

Projects like Ooguruk are critical to the long-term health of Alaska's oil and gas industry and our entire economy. I would like to commend and endorse the royalty revisions recommended by DNR as a positive step in promoting responsible development of our oil and gas resources.

Sincerely,

Eric Dompeling

January 17, 2006

Alaska Department of Natural Resources, Division of Oil and Gas
Attn: Tim Ryherd, Commercial Analyst
550 W. 7th Ave, Suite 800
Anchorage, Alaska 99501-3560

Re: Oooguruk development leases

Via E-mail tjr@dnr.state.ak.us

Dear Sir,

I am writing to support the decision by ADNR to provide royalty relief to Pioneer Natural Resources Alaska Inc.'s Oooguruk development leases. It is extremely important that the independent oil development companies receive the utmost in consideration from the Alaska state royalty and permitting process. The major oil companies have done the initial development and now the independents are stepping in to do the balance of the exploration and development. Their smaller size makes them more flexible and able to work the marginal fields that are rejected by the major oil companies.

Another reason to adjust the royalty rate is that this field requires the construction of an island to do the development. Extra consideration should be given to companies that are willing to go to extraordinary measures to develop the oil fields.

Colville's shareholders have a homestead just 6.2 miles south of the proposed Oooguruk development. They will be able to see the development out their living room windows. They have lived in the area longer (since 1948) than any other local residents and support this development. By way of disclosure, Colville, Inc. does currently do business with Pioneer and find them an excellent company to work for.

Please continue this level of support for the companies such as Pioneer that risk their capital to develop Alaska's resources.

Sincerely,
Keith Silver,
V.P. Finance, Colville, Inc.

Pouch 340012, Prudhoe Bay, Alaska 99734 907-659-3198 Fax 907-659-3190

Temple Davidson

From: Tim Ryherd [tim_ryherd@dnr.state.ak.us]
Sent: Wednesday, January 18, 2006 4:29 PM
To: 'Temple Davidson'
Subject: FW: Oooguruk Royalty Reduction

From: Reed Christensen [mailto:Reed@dowlandbach.com]
Sent: Monday, January 16, 2006 3:13 PM
To: tim_ryherd@dnr.state.ak.us
Cc: palmergroup@gci.net
Subject: Oooguruk Royalty Reduction

I am sending this message in support of reducing the royalties on all nine of the leases in the Oooguruk Unit under Alaska Statute 38.05.180; leases currently held by Pioneer Natural Resources and its partner ENI Petroleum Exploration Co. to 5% until capital investments have been recovered. In fact I think we need to do more creative thinking like this to encourage "Independents" to explore and produce oil to flow into TAPS and money to flow into the local economy.

To date there has been a lot of talk about "Independents" and about developing "marginal" fields, but little action. Pioneer seems committed on this project and we should not let the opportunity go by because someone may say would could have gotten more money. I already have too many friends that abound with advice on what stocks I should have bought 5 years ago. These same "friends" are not exactly resting on the laurels of their own investment portfolios.

Oooguruk looks like a project worth moving forward on. We will never know how this new style of development on the North Slope will work if we never attempt to do it.

Sincerely,

Reed Christensen

Dowland Bach Corp

6130 Tuttle Place

Anchorage, AK 99507

phone (907) 562-5818

fax (907) 562-5816

Temple Davidson

From: Tim Ryherd [tim_ryherd@dnr.state.ak.us]
Sent: Wednesday, January 18, 2006 4:37 PM
To: 'Temple Davidson'
Subject: FW: Proposed Royalty Modification to Oooguruk Lease
Attachments: DNR Letter - Kip Knudson.bmp

From: Pennington, Merri F. [mailto:MPennington@tsocorp.com]
Sent: Wednesday, January 18, 2006 4:24 PM
To: tim_ryherd@dnr.state.ak.us
Cc: Knudson, Kip C.
Subject: Proposed Royalty Modification to Oooguruk Lease

Comments from Kip Knudson with Tesoro.

Thank you.

Tim Ryherd, Commercial Analyst
Division of Oil and Gas
Alaska Department of Natural Resources
550 W. 7th Avenue, Suite 800
Anchorage, Alaska 99501-3560
Fax: 907-269-8938
Email: tjr@dnr.state.ak.us

TESORO
Tesoro Alaska Company
P.O. Box 196272
Anchorage, AK 99519-6272
907 561 5521
907 561 5047 Fax

RE: **Proposed Royalty Modification to Ooguruk Leases**

Dear Mr. Ryherd:

Tesoro Alaska supports the Department's analysis and your proposed royalty modifications to the Ooguruk leases held by Pioneer Natural Resources. We expect the outcome of the modifications will be increased Alaska crude production.

Tesoro Alaska operates a rated 72,000 barrel per day, medium complexity refinery on the Kenai Peninsula, adjacent to the Cook Inlet. We also operate 29 gas stations, a branded dealer program, and a large wholesale program to sell gasoline, diesel, jet fuel, propane and home heating oil, primarily to satisfy Alaska demand. We employ over 600 Alaskans throughout the state.

When refinery production began in 1969, 100% of our throughput was Cook Inlet crude. Today we refine every drop of Cook Inlet crude, yet that constitutes only, on average, one-third of our throughput. An additional third of our crude slate originates from the North Slope, with the remainder originating from foreign sources.

Tesoro supports responsible exploration and production from marginal leases in Alaska that could increase crude supply and provide alternatives to purchasing from foreign producers, while providing an important benefit to the Alaska economy.

If you have any questions about our industry, please do not hesitate to call me at 261-7221.

Sincerely,

Kip Knudson MP.

Kip Knudson
Government Affairs Manager