

STATE OF ALASKA

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL AND GAS

SARAH PALIN, GOVERNOR

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December 16, 2008

Christopher J. Wilson
Alaska Alpine Engineering
ConocoPhillips Alaska, Inc.
PO Box 100360
Anchorage, Alaska 99510-0360

Re: Colville River Unit
First Revision of the Nanuq Nanuq Participating Area
and Second Year Reserves Estimate Revision

On November 17, 2008, ConocoPhillips Alaska, Inc. (ConocoPhillips), acting under 11 AAC 83.351 and Articles 9 and 10 of the Colville River Unit (CRU) Agreement, filed an application for the First Revision of the Nanuq Nanuq Participating Area (NNPA) within the CRU (Application). The revised NNPA includes certain lands not encompassed within the current NNPA boundaries and excludes certain lands currently within the NNPA. The Application also includes, among other things, a revised division of interest allocating NNPA Unit Tract Participations (See attached, revised Exhibit C to the CRU Agreement), a revised schedule allocating NNPA expense (revised Exhibit E to the CRU Agreement), and a revised schedule allocating unit expense to each NNPA Tract (revised Exhibit F to the CRU Agreement). Consistent with the provision of Subsections 9.7.2 and 10.1.3 of the CRU Agreement, the Division approves the revised NNPA and the revised unit expense schedule effective January 1, 2009.

ConocoPhillips also updated the CRU Plan of Development (Attachment C to the Application) as part of the revision. In reviewing this update, the Division considered the information provided at NNPA technical meetings held on June 10, July 9, October 21, and November 12, 2008, and the criteria set out in 11 AAC 83.303. Under that regulation and Section 8.1 of the CRU Agreement, the Division also approves the updated CRU Plan of Development effective January 1, 2009.

Under Subsection 10.1.4 of the CRU Agreement, the State's Royalty Interest will be adjusted for the imbalances that result from the revised NNPA Unit Tract Participations. As part of the revised Exhibit C and the excess/deficiency adjustment calculation resulting from that revised division of interest, two Nanuq Nanuq Tract Operation Accounting Unit Codes, CR02 and CRNN, will be terminated effective December 31, 2008. Effective January 1, 2009, the produced volumes associated with those Tract Operations will be added to NNPA production. The volumes previously

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allocated to those two Accounting Unit Codes will not be "zeroed-out," but should be included with NKPA production to determine the revised NKPA Tract-by-Tract excess/deficiency adjustments.

Sincerely,

A handwritten signature in blue ink, appearing to read "Kevin R. Banks".

Kevin R. Banks
Director

cc: AOGCC
Teresa Imm, ASRC

Attachments: Revised Exhibit C for the NNPA, dated November 14, 2008
Revised Exhibit D for the NNPA

Exhibit C
 Nanuq Nanuq Participating Area
 Attached to and made a part of
 the Colville River Unit Agreement

Tr. No.	ADL No./ Tobin No.	Legal Description	Acres	Depth Restrictions	Original Royalty (%)	NPSL (%)	Tract Owners	Working Interest	Liquid Tract Allocation	Gas Tract Allocation
59	380075	T11N-R4E, U.M.		None	16.667		CPAI	78.000000	0.00045647	0.00072702
	932034	Sec. 14: S1/2, SE1/4NE1/4	<u>360.00</u>				APC	<u>22.000000</u>		
		TOTAL	360.00					100.000000		
60	380075	T11N-R4E, U.M.		None	16.667		CPAI	78.000000	0.00000000	0.05966470
	932034	Sec. 13: S1/2, S1/2NW1/4	<u>400.00</u>				APC	<u>22.000000</u>		
		TOTAL	400.00					100.000000		
61	372097	T11N-R5E, U.M.		Above	12.5		CPAI	78.000000	0.00022870	0.05488744
	931996	Sec. 18: S1/2S1/2, NW1/4SW1/4	<u>179.50</u>				APC	<u>22.000000</u>		
		TOTAL	179.50					100.000000		
70	384211	T11N-R5E, U.M.		Above 7,631'	16.667		CPAI	78.000000	0.02161426	0.04473787
	932080	Sec. 20: SW1/4, S1/2NW1/4, NW1/4NW1/4, SW1/4SE1/4	<u>320.00</u>				APC	<u>22.000000</u>		
		TOTAL	320.00					100.000000		
71	384211	T11N-R5E, U.M.		Above 7,631'	16.667		CPAI	78.000000	0.06641755	0.17758050
	932080	Sec. 19: All	<u>601.00</u>				APC	<u>22.000000</u>		
		TOTAL	601.00					100.000000		
72	380077	T11N-R4E, U.M.		None	16.667		CPAI	78.000000	0.24224302	0.17036139
	932036	Sec. 24: All	<u>640.00</u>				APC	<u>22.000000</u>		
		TOTAL	640.00					100.000000		

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Tr. No.	ADL No./ Tobin No.	Legal Description	Acres	Depth Restrictions	Original Royalty (%)	NPSL (%)	Tract Owners	Working Interest	Liquid Tract Allocation	Gas Tract Allocation
73	380077	T11N-R4E, U.M.		None	16.667		CPAI	78.000000	0.03516714	0.08483261
	932036	Sec. 23: N1/2, N1/2S1/2, S1/2SE1/4, SE1/4SW1/4	<u>600.00</u>				APC	22.000000		
		TOTAL	600.00					<u>100.000000</u>		
79	380077	T11N-R4E, U.M.		None	16.667		CPAI	78.000000	0.00504518	0.03389004
	932036	Sec. 26: NE1/4NW1/4, NE1/4, N1/2SE1/4, SE1/4SE1/4, excl. NPRA	<u>320.00</u>				APC	22.000000		
		TOTAL	320.00					<u>100.000000</u>		
80	384209	T11N-R4E, U.M.		None	16.667		CPAI	78.000000	0.36368582	0.10435681
	932195	Sec. 25: All	<u>640.00</u>				APC	22.000000		
		TOTAL	640.00					<u>100.000000</u>		
81	384211	T11N-5E, U.M.		None	16.667		CPAI	78.000000	0.17055159	0.11526851
	932080	Sec. 30: All	<u>604.00</u>				APC	22.000000		
		TOTAL	604.00					<u>100.000000</u>		
82	380082	T11N-R5E, U.M.		None	16.667		CPAI	78.000000	0.01461062	0.05585822
	932046	Sec. 29: W1/2, W1/2E1/2, E1/2SE1/4, SE1/4NE1/4	<u>600.00</u>				APC	22.000000		
		TOTAL	600.00					<u>100.000000</u>		
122	388902	T11N-R4E, U.M.		None	16.667		CPAI	78.000000	0.00109829	0.00599286
	932351	Sec. 35: NE1/4NE1/4, excluding the NPRA	<u>40.00</u>				APC	22.000000		
		TOTAL	40.00					<u>100.000000</u>		

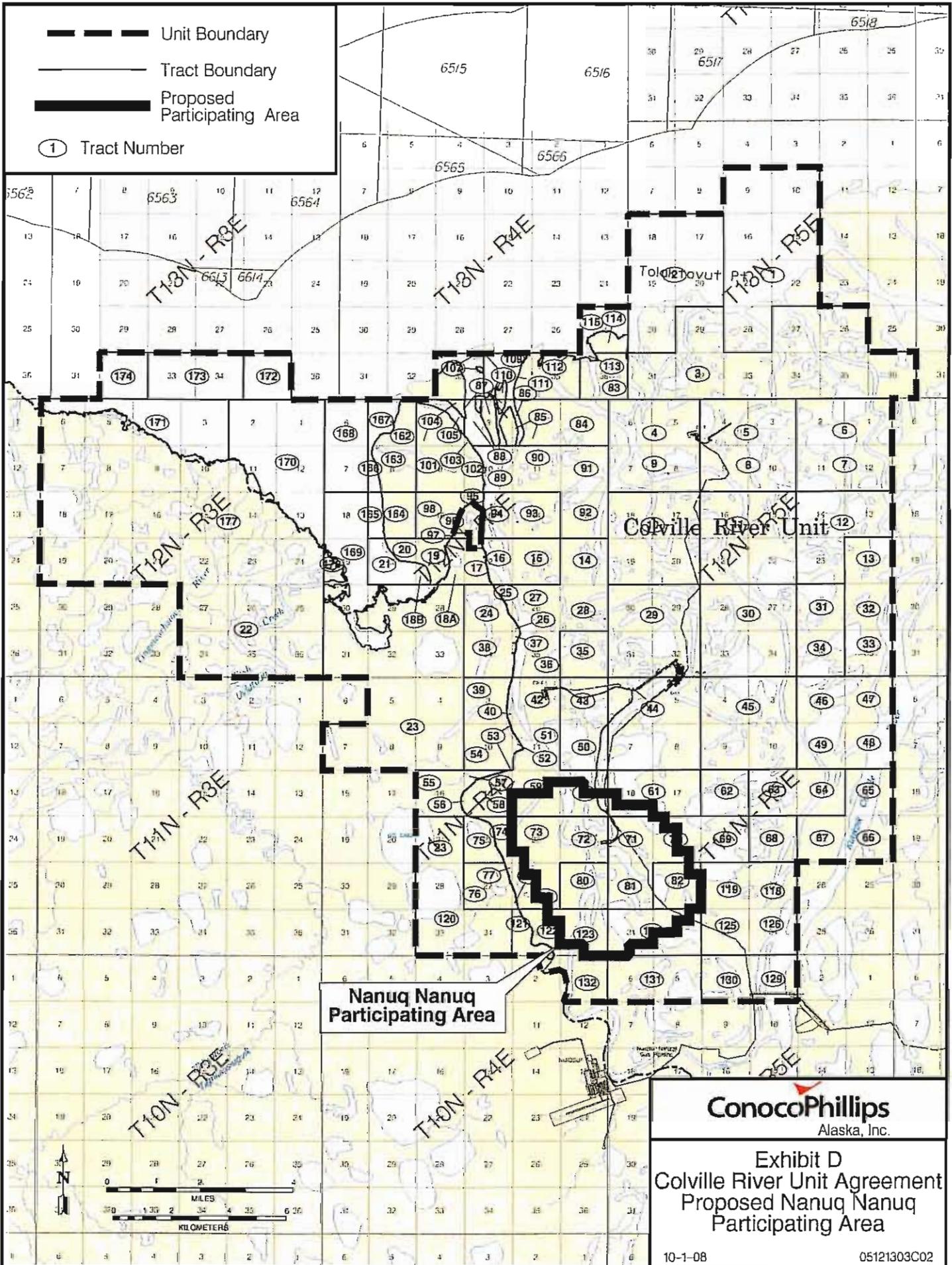
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Tr. No.	ADL No./ Tobin No.	Legal Description	Acres	Depth Restrictions	Original Royalty (%)	NPSL (%)	Tract Owners	Working Interest	Liquid Tract Allocation	Gas Tract Allocation
123	388902	T11N-R4E, U.M.		None	16.667		CPAI	78.000000	0.07752834	0.04217787
	932351	Sec. 36: Unsurveyed, N1/2, N1/2S1/2, S1/2SE1/4	<u>560.00</u>				APC	<u>22.000000</u>		
		TOTAL	560.00					100.000000		
124	388903	T11N-R5E, U.M.		None	16.667		CPAI	78.000000	0.00135302	0.04966416
	932353	Sec. 31: Unsurveyed, N1/2, N1/2S1/2, S1/2SW1/4,	527.00				APC	<u>22.000000</u>		
		Sec. 32: Unsurveyed, NW1/4, NW1/4NE1/4	<u>200.00</u>							
		TOTAL	727.00					100.000000		
TOTAL PA ACREAGE			<u>6,591.50</u>							

KEY:

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



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

Nanuq Nanuq Participating Area

ConocoPhillips
Alaska, Inc.

Exhibit D
Colville River Unit Agreement
Proposed Nanuq Nanuq
Participating Area

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