

STATE OF ALASKA

DEPARTMENT OF NATURAL RESOURCES

DIVISION OF OIL & GAS

SEAN PARNELL, GOVERNOR

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**CERTIFIED MAIL
RETURN RECEIPT REQUESTED**

December 23, 2011

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

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

Dear Mr. Whitworth:

On July 14, 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 Colville River Unit (CRU) Nanuq Nanuq Participating Area (NNPA) (Application). The revised NNPA excludes certain lands included in the current boundary of the NNPA, and includes certain lands not included in the current boundary of the NNPA, as described in Attachments A and B, (Attachment 1). This approval is for the Fifth Year Reserves Estimate Revision. The Application includes a revised division of interest as described in Exhibit C, (Attachment 2), Exhibit D, Map of the NNPA, (Attachment 3), Exhibit E, Revised

“Develop, Conserve, and Enhance Natural Resources for Present and Future Alaskans.”

Allocation of NNPA Expense, (Attachment 4), and Exhibit F, Revised Allocation of Unit Expense, (Attachment 5), as required under Subsection 10.1.3(a) of the CRUA. The 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 NNPA, Subsection 10.1.3(a)(i), January 1, 2012.

Sincerely,



 W.C. Barron
Director
Division of Oil and Gas

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

Attachments

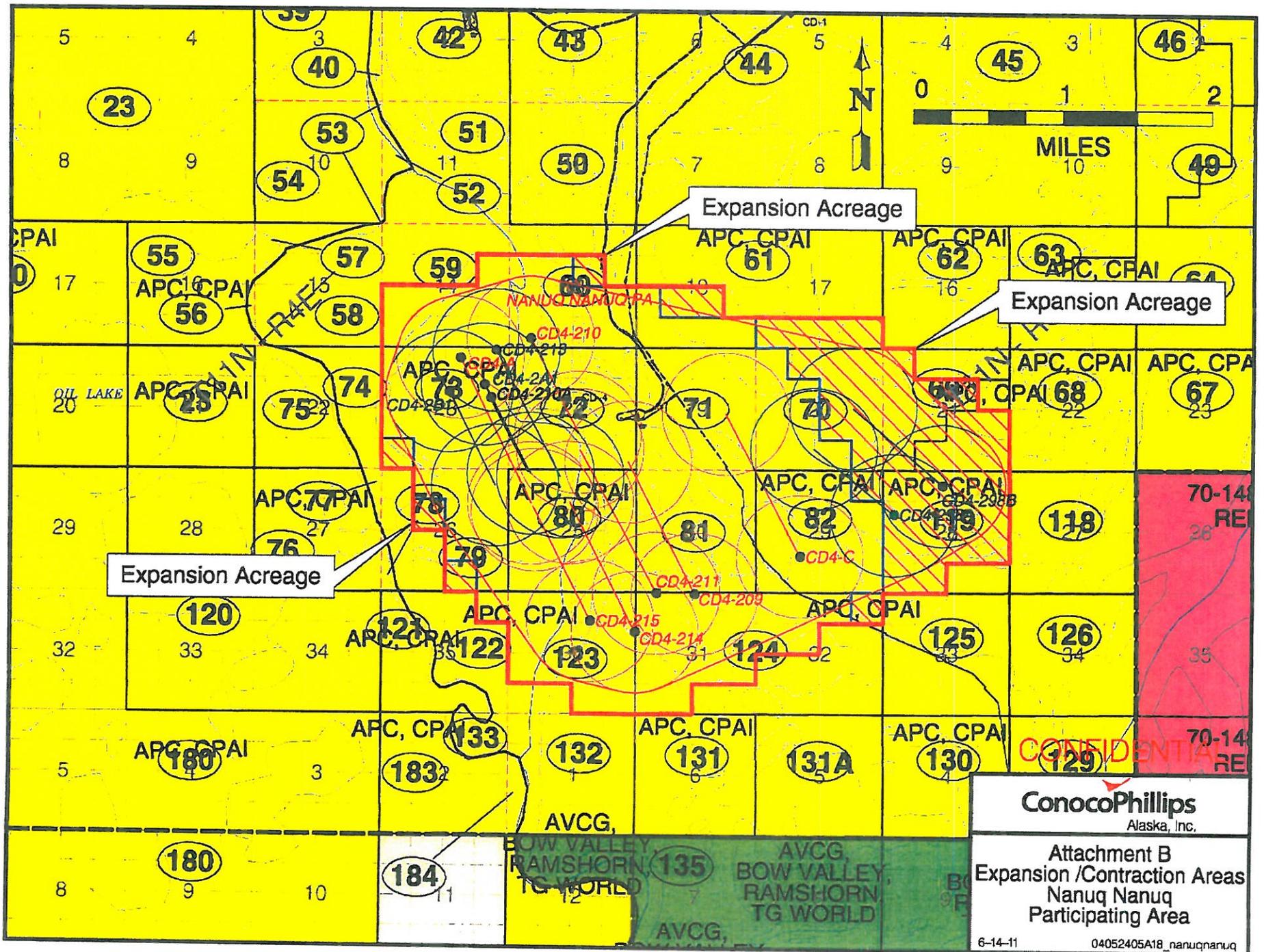
1. NNPA Fifth Reserves Estimate Revision Attachments A and B
2. NNPA Fifth Year Reserves Estimate Revision Exhibit C
3. NNPA Fifth Year Reserves Estimate Revision Exhibit D
4. NNPA Fifth Year Reserves Estimate Revision Exhibit E
5. NNPA Fifth Year Reserves Estimate Revision Exhibit F

Attachment 1: NNPA Fifth Reserves Estimate Revision Attachments A and B

Attachment A

Second Revision of the Nanuq Nanuq Participating Area

Tract No.	Type Acreage	ADL No./ Tobin No.	Legal Description
60	Expansion	380075 932034	T111N, R4E, U.M. Sec. 13, SW $\frac{1}{4}$ NE $\frac{1}{4}$
61	Expansion	372097 931996	T11N, R5E, U.M. Sec. 17, S $\frac{1}{2}$ S $\frac{1}{2}$ Sec. 18, NE $\frac{1}{4}$ SW $\frac{1}{4}$, NW $\frac{1}{4}$ SE $\frac{1}{4}$
69	Expansion	384211 932080	T11N, R5E, U.M. Sec. 21, S $\frac{1}{2}$, S $\frac{1}{2}$ NW $\frac{1}{4}$, NW $\frac{1}{4}$ NW $\frac{1}{4}$, SW $\frac{1}{4}$ NE $\frac{1}{4}$
70	Expansion	384211 932080	T11N, R5E, U.M. Sec. 20, NE $\frac{1}{4}$ NW $\frac{1}{4}$, NE $\frac{1}{4}$, N $\frac{1}{2}$ SE $\frac{1}{4}$, SE $\frac{1}{4}$ SE $\frac{1}{4}$
73	Expansion	380077 932036	T11N, R4E, U.M. Sec. 23, SW $\frac{1}{4}$ SW $\frac{1}{4}$
79	Expansion	380077 932036	T11N, R4E, U.M. Sec. 26, SE $\frac{1}{4}$ NW $\frac{1}{4}$, SW $\frac{1}{4}$ SE $\frac{1}{4}$
82	Expansion	380082 932046	T11N, R5E, U.M. Sec. 29, NE $\frac{1}{4}$ NE $\frac{1}{4}$
119	Expansion	380081 932044	T11N, R5E, U.M. Sec. 8, N $\frac{1}{2}$, N $\frac{1}{2}$ S $\frac{1}{2}$, S $\frac{1}{2}$ SW $\frac{1}{4}$
124	Expansion	388903 932353	T11N-R5E, U.M. Sec. 32, NE $\frac{1}{4}$ NE $\frac{1}{4}$



Attachment 2: NNPA Fifth Year Reserves Estimate Revision Exhibit C

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

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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
59	380075	T11N,R4E, U.M.		None	16.667		CPAI	78.000000	0.00005660	0.00089100
	932034	Sec. 14, S1/2, SE1/4NE1/4	<u>360.00</u>				APC	22.000000		
		TOTAL	360.00					<u>100.000000</u>		
60	380075	T11N,R4E, U.M.		None	16.667		CPAI	78.000000	0.00000000	0.03319729
	932034	Sec. 13, S1/2, S1/2NW1/4, SW1/4NE1/4	<u>440.00</u>				APC	22.000000		
		TOTAL	440.00					<u>100.000000</u>		
61	372097	T11N,R5E, U.M.		Above	12.5		CPAI	78.000000	0.00000000	0.04731378
	931996	Sec. 17, S1/2S1/2, Sec. 18, S1/2S1/2, N1/2SW1/4, NW1/4SE1/4	160.00				APC	22.000000		
		TOTAL	160.00					<u>100.000000</u>		
69	384211	T11N,R5E, U.M.		None	16.667		CPAI	78.000000	0.00825229	0.02234369
	932080	Sec. 21, S1/2, S1/2NW1/4, NW1/4NW1/4, SW1/4NE1/4	<u>480.00</u>				APC	22.000000		
		TOTAL	480.00					<u>100.000000</u>		
70	384211	T11N,R5E, U.M.		Above 7,631'	16.667		CPAI	78.000000	0.00000000	0.10064875
	932080	Sec. 20, All	<u>640.00</u>				APC	22.000000		
		TOTAL	<u>640.00</u>					<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	DIVISION OF Gas Tract	
									Liquid Allocation	Oil and Gas Allocation
71	384211	T11N,R5E, U.M.		Above 7,631'	16.667		CPAI	78.000000	0.00000000	0.14588144
	932080	Sec. 19, All	<u>601.00</u>				APC	22.000000		
		TOTAL	601.00					<u>100.000000</u>		
72	380077	T11N,R4E, U.M.		None	16.667		CPAI	78.000000	0.05281858	0.14160004
	932036	Sec. 24, All	<u>640.00</u>				APC	22.000000		
		TOTAL	640.00					<u>100.000000</u>		
73	380077	T11N,R4E, U.M.		None	16.667		CPAI	78.000000	0.00156107	0.04844915
	932036	Sec. 23, All	<u>640.00</u>				APC	22.000000		
		TOTAL	640.00					<u>100.000000</u>		
79	380077	T11N,R4E, U.M.		None	16.667		CPAI	78.000000	0.00000000	0.01800680
	932036	Sec. 26, E1/2, E/124NW1/4 excl. NPRA	<u>400.00</u>				APC	22.000000		
		TOTAL	400.00					<u>100.000000</u>		
80	384209	T11N,R4E, U.M.		None	16.667		CPAI	78.000000	0.44870302	0.07990006
	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	0.32037829	0.11165918
	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	0.00100981	0.07481196
	932046	Sec. 29, All	<u>640.00</u>				APC	22.000000		
		TOTAL	640.00					<u>100.000000</u>		

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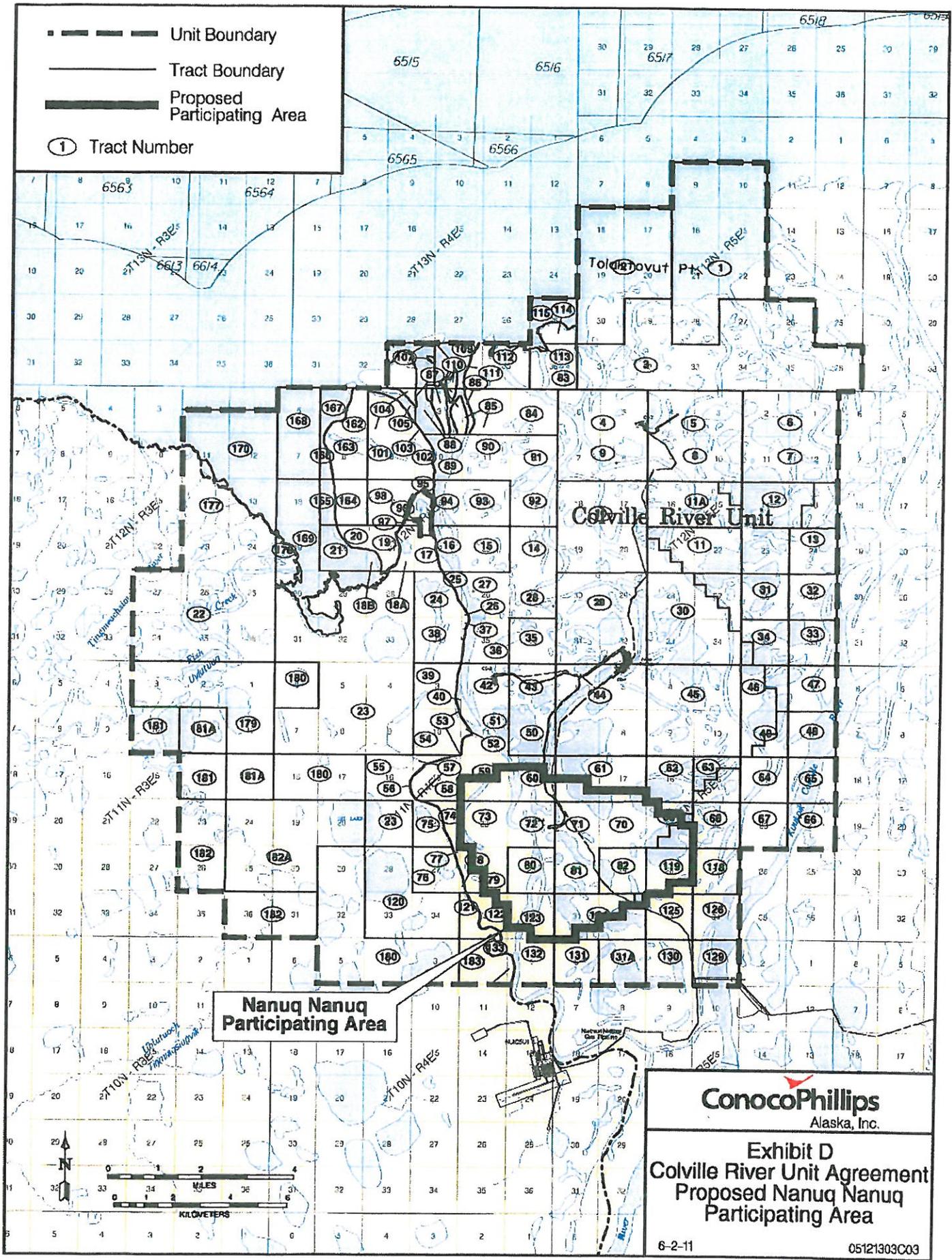
Tr. No.	ADL No./ Tobin No.	Legal Description	Acres	Depth Restrictions	Original Royalty (%)	NPSL (%)	Tract Owners	Working Interest	Liquid Tract Allocation	Gas Tract Allocation
119	380081	T11N,R5E, U.M.		None	16.667		CPAI	78.000000	0.00000000	0.04796220
	932044	Sec. 28, N1/2, N1/2S1/2,	<u>560.00</u>				APC	22.000000		
		TOTAL	560.00					<u>100.000000</u>		
122	388902	T11N,R4E, U.M.		None	16.667		CPAI	78.000000	0.00000000	0.00207748
	932351	Sec. 35, NE1/4NE1/4, excluding the NPRA	<u>40.00</u>				APC	22.000000		
		TOTAL	40.00					<u>100.000000</u>		
123	388902	T11N,R4E, U.M.		None	16.667		CPAI	78.000000	0.12118915	0.04670586
	932351	Sec. 36, Unsurveyed, N1/2, N1/2S1/2, S1/2SE1/4	<u>560.00</u>				APC	22.000000		
		TOTAL	560.00					<u>100.000000</u>		
124	388903	T11N,R5E, U.M.		None	16.667		CPAI	78.000000	0.04603119	0.07855132
	932353	Sec. 31, Unsurveyed, N1/2, N1/2S1/2, S1/2SW1/4,	527.00				APC	22.000000		
		Sec. 32, Unsurveyed, N1/2, NW1/4NE1/4	<u>240.00</u>					<u>100.000000</u>		
		TOTAL	767.00							
TOTAL PA ACREAGE			8,172.00							

KEY:

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

Attachment 3: NNPA Fifth Year Reserves Estimate Revision Exhibit D

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



**Nanuq Nanuq
Participating Area**

ConocoPhillips
Alaska, Inc.

**Exhibit D
Colville River Unit Agreement
Proposed Nanuq Nanuq
Participating Area**

Attachment 4: NNPA Fifth Year Reserves Estimate Revision Exhibit E

Exhibit E

Allocation of Nanuq Nanuq Participating Area Expense

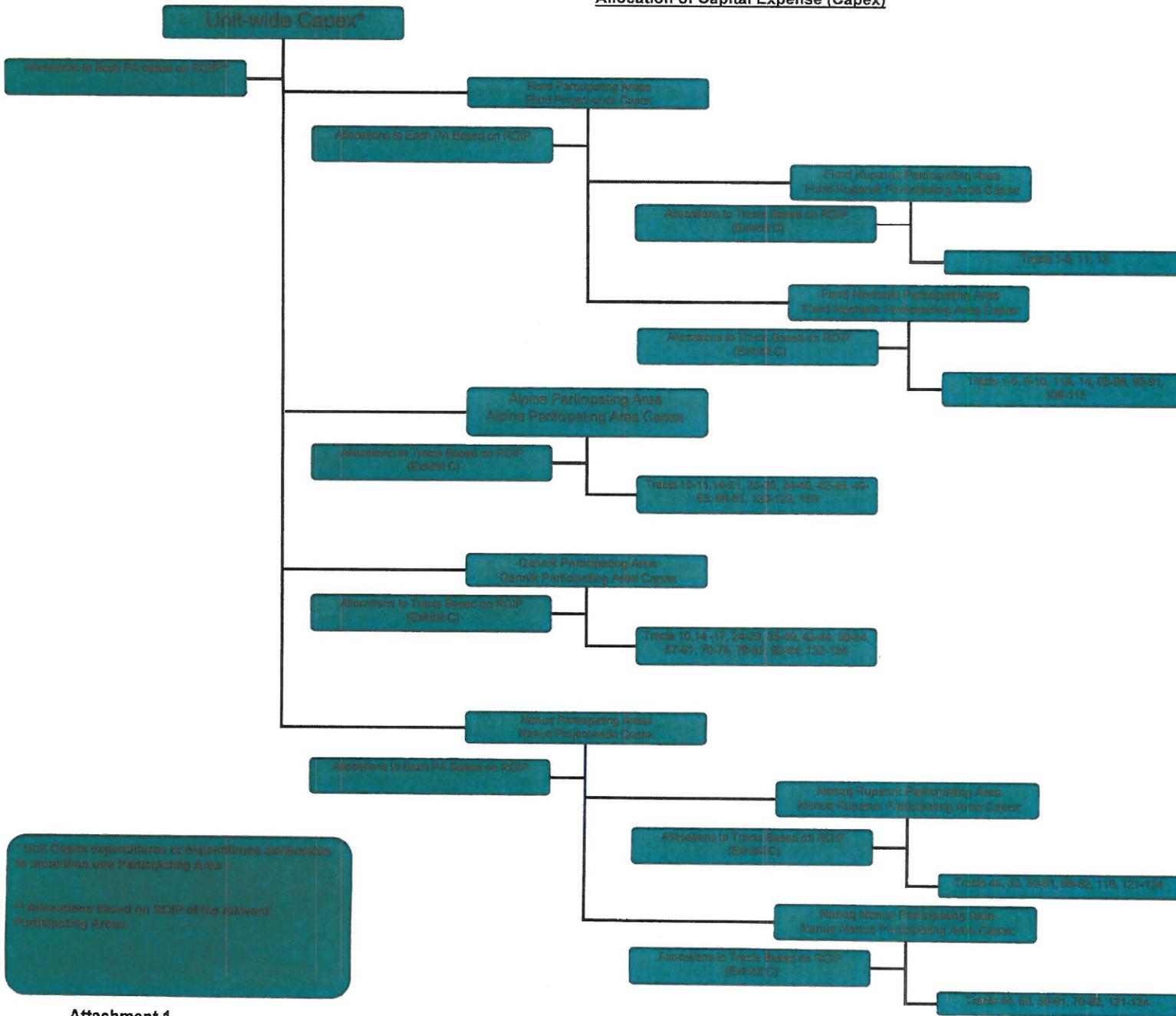
Participating Area Expense for Capital Expenditures

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

Participating Area Expense for Operating Expenditures

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

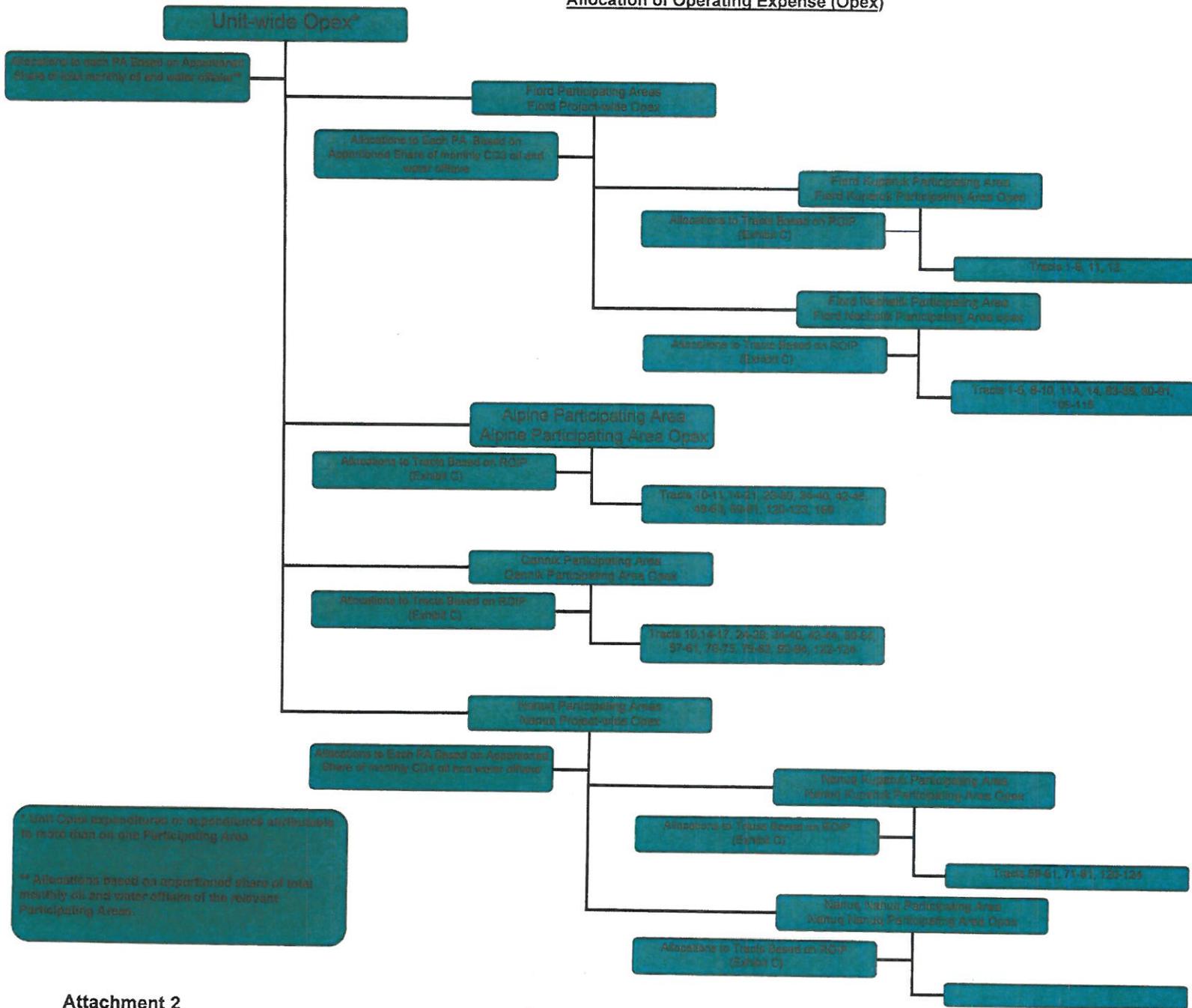
Allocation of Capital Expense (Capex)



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

** Allocations based on ROP of the relevant Participating Area.

Allocation of Operating Expense (Opex)



* Unit Opex expenditures or expenditures attributable to more than one Participating Area

** Allocations based on apportioned share of total monthly oil and water offsets of the relevant Participating Areas.

Attachment 5: NNPA Fifth Year Reserves Estimate Revision Exhibit F

Exhibit F

Allocation of Unit Expense for the Nanuq Nanuq 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 Nanuq Nanuq Participating Area will then be allocated to specific Colville River Unit Tracts in accordance with Exhibit C for the Nanuq Nanuq 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 Nanuq Nanuq Participating Area will then be allocated to specific Colville River Unit Tracts in accordance with Exhibit C for the Nanuq Nanuq Participating Area.

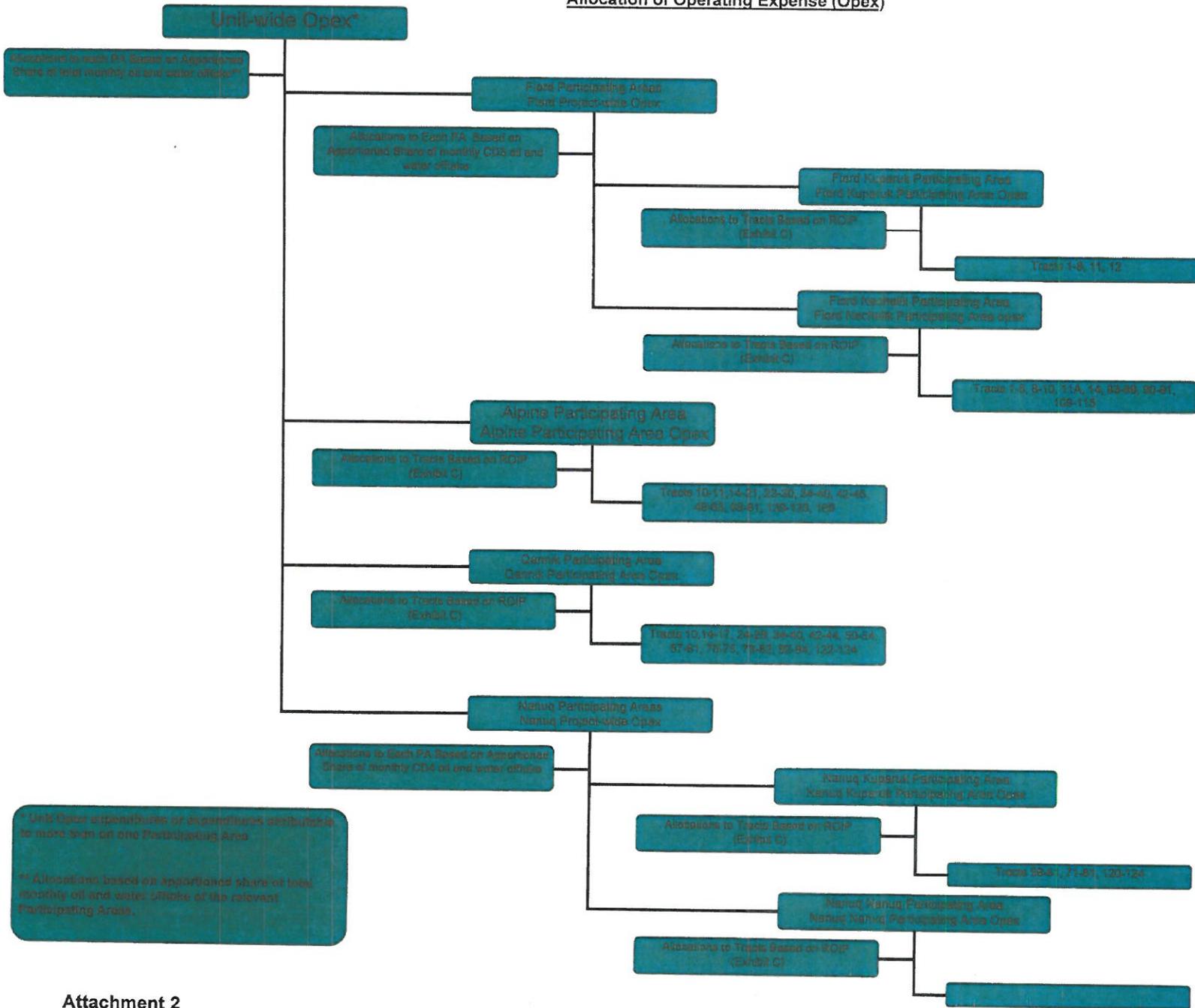
Allocation of Capital Expense (Capex)



* Unit Capex expenditure or expenditures attributable to more than one Participating Area.

** Allocations based on ROIP of the relevant Participating Area.

Allocation of Operating Expense (Opex)



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