

*Unit
file*

June 2, 1983

Mr. Alan Justice
Exxon Company, U.S.A.
1800 Avenue of the Stars
Los Angeles, AK 90067

Subject: Amendments to the Duck Island Unit Agreement

Dear Mr. Justice:

The Division of Minerals and Energy Management has reviewed your proposed amendments to Articles 11 and 14 of the Duck Island Unit Agreement as proposed in your letter of May 17, 1983, and identified as Amendment No. 2 to the Duck Island Unit Agreement, and has found acceptance of these amendments to be in the best interests of the State of Alaska. I hereby accept and approve Amendment No. 2, and have executed the enclosed determination to so ratify. This acceptance constitutes fulfillment of all conditions required as part of the conditional acceptance of the Duck Island Unit Agreement Amendment No. 1, dated December 15, 1982.

Sincerely,

Key Brown

Key Brown, Director
Division of Minerals and Energy Management

Also attached: Certification (p. 12 of 12)

1256A/KF

Blind Attachment: May 20, 1982 Delegation of Authority

AGO 1363304

AMENDMENT NO. 2

AGREEMENT TO AMEND THE
DUCK ISLAND UNIT AGREEMENT

The Duck Island Unit Working Interest Owners and the Department of Natural Resources, State of Alaska, hereby agree to amend the Duck Island Unit Agreement as follows, with underlines indicating additions and slashes indicating deletions:

(1) Revise Article 11 as follows:

11. PARTICIPATION AFTER DISCOVERY. At least ninety (90) days prior to commencement of production of unitized substances into a pipeline or other means of transportation to market, the Unit Operator shall submit for approval by the Director a schedule based on subdivisions of the public land survey or aliquot parts thereof of all unitized land then regarded as reasonably proved to be productive of unitized substances in paying quantities; all lands in said schedule on approval of the Director are to constitute a participating area, effective as of the date such production commences or the effective date of the unit agreement, whichever is later. The acreages of both state and non-state lands shall be based upon approved protraction diagrams or appropriate computations from the courses and distances shown on the last approved protraction diagram or public land survey as of the effective date of the initial participating area or computed with reference to the last approved protraction survey or grids. Said schedule, which will be attached as Exhibit C to this agreement, also shall:

(a) set forth the percentage of unitized substances to be allocated as provided in this agreement to each unitized tract with a royalty of other than one-eighth or net profit share lease tract in the participating area so established and shall govern the allocation of production for the sole purpose of calculating royalty and net profit payments for said tracts,

(b) set forth the percentage of costs to be allocated to each net profit share lease tract in the participating area so established and shall govern the allocation of costs for the sole purpose of calculating net profit payments for said tracts, and

(c) set forth the percentage of unitized substances and costs to be allocated to all other tracts.

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The allocation of unitized substances referenced in this Article and set forth in Exhibit C shall be based upon relevant geological, geophysical and engineering data. The percentage of costs to be allocated to each net profit share lease tract must be approved by the Director before taking effect.

Notwithstanding the foregoing, as provided in the Unit Operating Agreement, the allocations of unitized substances and costs to each lease tract shall be appropriately modified from those shown on Exhibit C during: makeup periods following equity redeterminations; limited underlift and recoupment periods caused by emergency conditions, caused by conditions beyond the control of the affected party, or caused by gas balancing procedures; and any adjustment periods caused by expansions or contractions of participating areas. The Unit Operator shall notify the Director under Article 23 of the times and circumstances under which modifications of the allocations of unitized substances and costs are to be effective.

In the event the State of Alaska is the sole royalty owner of all tracts in the participating area, the portion of said schedule referenced in (a) and (b) above or any revision of said portion must be approved by the Director in writing before the allocation takes effect. In the event the State of Alaska is not the sole royalty owner of all tracts in the participating area, the allocation of unitized substances and/or costs or any revision thereto for all tracts in which the State of Alaska owns a royalty interest must be approved by the Director in writing before the allocation takes effect. The affected lessees shall submit to the Director relevant production, cost, geologic and engineering data for all tracts in the participating area to enable the Director to evaluate said schedule.

A separate participating area shall be established in like manner for each separate pool or deposit of unitized substances or for any group thereof produced as a single pool or zone, and any two or more participating areas so established may be combined into one with the consent of the owners of all working interests in the lands within the participating areas so to be combined, on approval of the Director. The participating area or areas so established shall be revised from time to time, subject to like approval, whenever such action appears proper as a result of further drilling operations or otherwise, to include additional land then regarded as reasonably proved to be productive in paying quantities, or to exclude land then regarded as reasonably proved not to be productive in paying quantities and the percentage of allocation shall also be revised accordingly. The effective date of any revision shall be the first of the month in which is obtained the knowledge or information on which such revision is predicated, provided, however, that a more appropriate effective date may be used if justified by the Unit Operator and approved by the Director. No land shall be excluded from a participating area on account of depletion of the unitized substances.

It is the intent of this section that a participating area shall represent the area known or reasonably estimated to be productive in paying quantities: but, regardless of any revision of the participating area,

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Amendment No. 2

nothing herein contained shall be construed as requiring any retroactive adjustment for production obtained prior to the effective date of the revision of the participating area.

In the absence of agreement at any time between the Unit Operator and the Director as to the proper definition or redefinition of a participating area, or until a participating area has, or areas have, been established as provided herein, the portion of all payments affected thereby may be impounded in a manner mutually acceptable to the owners of working interests, except royalties due the State of Alaska, which shall be determined by the Director for state lands and the amount thereof deposited, as directed by the Director, to be held as unearned money until a participating area is finally approved and then applied as earned or returned in accordance with a determination of the sum due as state royalty on the basis of such approved participating area.

Upon the request of the Unit Operator or working interest owners, the Director shall hold confidential as provided by law any engineering, geophysical, geological data including but not limited to drilling logs, daily drilling reports or any other data of like or similar nature which may be requested or required by or provided to the Director for any purpose of this agreement.

Whenever it is determined, subject to the approval of the Director, that a well drilled under this agreement is not capable of production in paying quantities and inclusion of the land on which it is situated in a participating area is unwarranted, production from such well shall, for the purposes of settlement among all parties other than working interest owners, be allocated to the land on which the well is located so long as such land is not within a participating area established for the pool or deposit from which such production is obtained. Settlement for working interest benefits from such a well shall be made as provided in the unit operating agreement.

(2) Revise Article 14 as follows:

14. ROYALTY SETTLEMENT. The State of Alaska and all royalty owners who, under existing contract, are entitled to take in kind a share of the substances now unitized hereunder produced from any tract, shall hereafter be entitled to the right to take in kind their share of the unitized substances allocated to such tract, and Unit Operator, or in case of the operation of a well by a working interest owner as herein in special cases provided for, such working interest owner, shall make deliveries of such royalty share taken in kind in conformity with the applicable contracts, laws and regulations. Settlement for royalty interest not taken in kind shall be made by working interest owners responsible therefor under existing contracts, laws and regulations on or before the last day of each month for unitized substances produced during the preceding calendar month; provided, however, that nothing herein contained shall operate to relieve the lessees of any land from their respective lease obligations for the payment of any royalties due under their leases.

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If gas obtained from lands not subject to this agreement is introduced into any participating area hereunder, for use in repressuring, stimulation of production, or increasing ultimate recovery, which shall be in conformity with a plan first approved by the Director, a like amount of gas, after settlement as herein provided for any gas transferred from any other participating area and with due allowance for loss or depletion from any cause, may be withdrawn from the formation into which the gas was introduced, royalty free as to dry gas, but not as to the products extracted therefrom; provided that such withdrawal shall be at such time as may be provided in the plan of operations or as may otherwise be consented to by Director as conforming to good petroleum engineering practice; and provided further that such right of withdrawal shall terminate on the termination of this unit agreement.

Royalty due ~~on account of~~ the State of Alaska on production of unitized substances shall be computed and paid as to all unitized substances on the basis of the ~~amounts allocated to such lands~~ allocations or modified allocations, as appropriate, of unitized substances to each lease tract in accordance with Article 11, and in accordance with appropriate statutes and regulations.

This Agreement may be executed in any number of counterparts each of which shall be deemed to be an original, but all of which shall constitute one and the same instrument.

*Notified
to be in
Participation File
P*

Duck Island Unit
Amendment No. 2

WORKING INTEREST OWNER
AMOCO PRODUCTION COMPANY

Date: May 9, 1983

AMOCO PRODUCTION COMPANY

By: John C. Buenside
(signature)

(Pdq)

John C. Buenside
(name)

State of Colorado)

Address: Amoco
(company)

) ss.

1670 Broadway
(street)

County of Denver)

DENVER CO 80202
(city, state, zip code)

This is to certify that on this 9th day of May, 1983, before me, the undersigned, a Notary Public in and for the State of Colorado, personally appeared John C. Buenside, to me known and known to be the person whose name is subscribed to the within instrument as Attorney in Fact of AMOCO PRODUCTION COMPANY, and acknowledged before me that he subscribed the name of AMOCO PRODUCTION COMPANY thereto as principal and his own name as Attorney in Fact.

IN WITNESS WHEREOF, I have hereto set my hand and affixed my official seal the day and year in this certificate first above written.

(SEAL)

Mary Ann Rau My Commission Expires Sept. 12, 1988
(signature)
Notary Public in and for said County
and State

Mary Ann Rau
(name)

AMOCO BUILDING
1670 BROADWAY
DENVER, CO 80202

Approved and Accepted by the State of Alaska

Taylor Brown
Commissioner
Department of Natural Resources

6-2-83
Date

Duck Island Unit
Amendment No. 2

WORKING INTEREST OWNER
ARCO ALASKA, INC.

Date: May 13, 1983

ARCO ALASKA, INC.

By: Leland E. Tate
(signature)

Leland E. Tate
(name)

State of ALASKA)

Address: _____
(company)

)ss.

P. O. Box 100360
(street)

THIRD JUDICIAL DISTRICT
County of)

Anchorage, Alaska 99510
(city, state, zip code)

This is to certify that on this 13th day of May, 1983, before me, the undersigned, a Notary Public in and for the State of Alaska, personally appeared Leland E. Tate, to me known and known to be the person whose name is subscribed to the within instrument as Attorney in Fact of ARCO ALASKA, INC., and acknowledged before me that he subscribed the name of ARCO ALASKA, INC. thereto as principal and his own name as Attorney in Fact.

IN WITNESS WHEREOF, I have hereto set my hand and affixed my official seal the day and year in this certificate first above written.

(SEAL)

Valerie J. Evans
(signature)

Notary Public in and for said County
and State

My Commission Expires: 10-4-84

(name)

Approved and Accepted by the State of Alaska

Jay Brown
Commissioner
Department of Natural Resources

6-2-83
Date

Duck Island Unit
Amendment No. 2

WORKING INTEREST OWNER
CHEVRON U.S.A. INC.

Date: 5/12/83

CHEVRON U.S.A. INC.

By: J.J. Anders
(signature) J. J. ANDERS
ASSISTANT SECRETARY
(name)

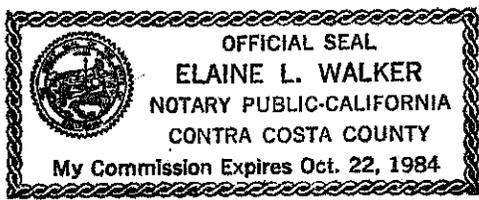
State of California)
) ss.
County of Contra Costa)

Address: CHEVRON U.S.A. INC.
(company) LAND DEPARTMENT
WESTERN REGION
(street) P.O. BOX 8000
CONCORD, CALIF. 94524
(city, state, zip code)

This is to certify that on this 16th day of MAY, 1983, before me, the undersigned, a Notary Public in and for the State of CALIFORNIA, personally appeared J. J. ANDERS, to me known and known to be the person whose name is subscribed to the within instrument as ~~Attorney in~~ ASSISTANT SECRETARY ~~Fact~~ of CHEVRON U.S.A. INC., and acknowledged before me that he subscribed the name of CHEVRON U.S.A. INC. thereto as principal and his own name as ~~Attorney in Fact~~ ASSISTANT SECRETARY.

IN WITNESS WHEREOF, I have hereto set my hand and affixed my official seal the day and year in this certificate first above written.

(SEAL)



Elaine L. Walker
(signature)
Notary Public in and for said County
and State
ELAINE L. WALKER
(name)

Approved and Accepted by the State of Alaska

for Jay Brown
Commissioner
Department of Natural Resources

6-2-83
Date

Duck Island Unit
Amendment No. 2

WORKING INTEREST OWNER
EXXON CORPORATION

Date: May 8, 1983

EXXON CORPORATION

By: *W. H. Pistole*
(signature)

*JAJ
PAB*

W. H. Pistole
(name)

State of California)

Address: Exxon Company, U.S.A.
(company)

)ss.

1800 Avenue of the Stars
(street)

County of Los Angeles)

Los Angeles, CA 90067
(city, state, zip code)

This is to certify that on this 8th day of May, 1983, before me, the undersigned, a Notary Public in and for the State of California, personally appeared W. H. Pistole, to me known and known to be the person whose name is subscribed to the within instrument as Attorney in Fact of EXXON CORPORATION, and acknowledged before me that he subscribed the name of EXXON CORPORATION thereto as principal and his own name as Attorney in Fact.

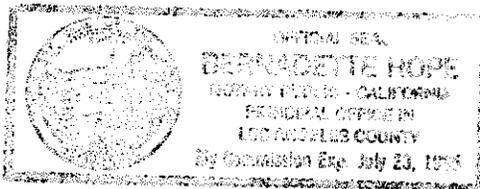
IN WITNESS WHEREOF, I have hereto set my hand and affixed my official seal the day and year in this certificate first above written.

(SEAL)

Bernadette Hope
(signature)

Notary Public in and for said County
and State

Bernadette Hope
(name)



Approved and Accepted by the State of Alaska

Tay Brown
Commissioner
Department of Natural Resources

6-2-83
Date

Duck Island Unit
Amendment No. 2

WORKING INTEREST OWNER
GEOPOL, INC.

Date: May 12, 1983

GEOPOL, INC.
By: [Signature]
(signature)
BRIAN J. BRUNDIN
(name)

State of ALASKA)

Address: GEOPOL, INC.
(company)

)ss.

610 C STREET ROOM 210
(street)

THIRD JUDICIAL DISTRICT
County of _____)

ANCHORAGE ALASKA 99501
(city, state, zip code)

This is to certify that on this 12 day of MAY, 1983, before me, the undersigned, a Notary Public in and for the State of ALASKA, personally appeared BRIAN J. BRUNDIN, to me known and known to be the person whose name is subscribed to the within instrument as Attorney in Fact of GEOPOL, INC., and acknowledged before me that he subscribed the name of GEOPOL, INC. thereto as principal and his own name as Attorney in Fact.

IN WITNESS WHEREOF, I have hereto set my hand and affixed my official seal the day and year in this certificate first above written.



Jean A. Beck
(signature)
Notary Public in and for said County
and State
JEAN A. BECK
(name)

Approved and Accepted by the State of Alaska.

Taylor Brown
Commissioner
Department of Natural Resources

6-2-83
Date

Duck Island Unit
Amendment No. 2

WORKING INTEREST OWNER
MOBIL OIL CORPORATION

Date: May 12, 1983

MOBIL OIL CORPORATION

By: *Basil N. Petrou*
(signature)

Basil N. Petrou
(name)

State of New York)

Address: Mobil Oil Corporation
(company)

)ss. 150 East 42nd Street
(street)

County of New York)

New York, N.Y. 10017
(city, state, zip code)

This is to certify that on this 12th day of May, 1983, before me, the undersigned, a Notary Public in and for the State of New York, personally appeared Basil N. Petrou, to me known and known to be the person whose name is subscribed to the within instrument as Attorney in Fact of MOBIL OIL CORPORATION, and acknowledged before me that he subscribed the name of MOBIL OIL CORPORATION thereto as principal and his own name as Attorney in Fact.

IN WITNESS WHEREOF, I have hereto set my hand and affixed my official seal the day and year in this certificate first above written.

(SEAL)

William J. Bogaty
(signature)

Notary Public in and for said County
and State

William J. Bogaty
(name)

WILLIAM J. BOGATY
Notary Public, State of New York
No. 02BO-4715707
Qualified in Westchester County
Commission Expires March 30, 1984

Approved and Accepted by the State of Alaska

Jay Brown
for Commissioner
Department of Natural Resources

6-2-83
Date

Duck Island Unit
Amendment No. 2

WORKING INTEREST OWNER
UNION OIL COMPANY OF CALIFORNIA

Date: May 12, 1983

UNION OIL COMPANY OF CALIFORNIA

By: *Robert T. Anderson*
(signature)

Robert T. Anderson, Attorney-in-Fact
(name)

State of Alaska)

Address: P. O. Box 6247
(company)

) ss.

909 W. 9th Avenue
(street)

County of)

Anchorage, Alaska 99502
(city, state, zip code)

This is to certify that on this 12th day of May, 1983, before me, the undersigned, a Notary Public in and for the State of Alaska, personally appeared Robert T. Anderson, to me known and known to be the person whose name is subscribed to the within instrument as Attorney in Fact of UNION OIL COMPANY OF CALIFORNIA, and acknowledged before me that he subscribed the name of UNION OIL COMPANY OF CALIFORNIA thereto as principal and his own name as Attorney in Fact.

IN WITNESS WHEREOF, I have hereto set my hand and affixed my official seal the day and year in this certificate first above written.

(SEAL)

J. L. Bailey
(signature)

Notary Public in and for said County
and State of Alaska

J. L. Bailey
(name)

Approved and Accepted by the State of Alaska

for *Jay Brown*
Commissioner
Department of Natural Resources

6-2-83
Date

Duck Island Unit
Amendment No. 2

Approval - Certification - Determination

Under the authority vested in the Commissioner of the Department of Natural Resources of the State of Alaska in Title 38 of the Alaska Statutes, as amended, and the Alaska Administrative Code, I do hereby approve revisions to Articles 11 and 14 of the Duck Island Unit Agreement as attached hereto and identified as Amendment No. 2, effective as of June 1, 1983.

Commissioner
Department of Natural Resources
State of Alaska

by: Tay Brown

date: 6-2-83