

**FRANK H. MURKOWSKI**  
**GOVERNOR**

**DEPARTMENT OF NATURAL RESOURCES**  
**DIVISION OF OIL AND GAS**

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CERTIFIED MAIL  
RETURN RECEIPT REQUESTED

January 29, 2003

R. F. Buckley, Chairman PTU Owners Committee  
ExxonMobil Development Company  
P.O. Box 4867  
Houston, TX 77210-4876

RE: Point Thomson Unit  
Proposed Changes to Expansion/Contraction Approved

Dear Mr. Buckley:

On January 21, 2003, ExxonMobil Corporation, the Point Thomson Unit (PTU) Operator, submitted a proposal to the Alaska Department of Natural Resources on behalf of ExxonMobil, BP Exploration (Alaska), Inc., Chevron USA Inc., and Phillips Alaska Inc. (the Applicants). ExxonMobil proposed an amendment to the Findings and Decision of the Director, Division of Oil and Gas (the Division) dated May 24, 2002, which approved the *Application for the Second Expansion and Third Contraction of the Unit Area* (the Decision).

The Applicants decided, contrary to the terms of the Decision, not to drill an exploratory well in the PTU Work Commitment Area (WCA). The Applicants agree that as a result of their decision not to drill, oil and gas leases ADL 377012 and ADL 377013 contracted out of the PTU effective January 21, 2003, and that the Applicants will submit the \$940,000 drilling extension charge to the State on or before July 1, 2003. The Applicants also agree that since these leases are no longer within the unit, they will expire because they are beyond their primary term. In addition, The Applicants agree not to appeal contraction of the leases or payment of the drilling extension charge.

The Applicants also requested that ADL 389728 be transferred into Expansion Area 1. DNR finds that the Applicants have provided sufficient geological and geophysical data to support transferring lease ADL 389728 out of the WCA and into Expansion Area 1. ADL 389728 will remain committed to the PTU under the following terms required by DNR and agreed to by the Applicants:

1. The applicable royalty rate for the ADL 389728 increases from 16.66667% to 20%.

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

2. The PA Extension Charge set out in the Decision for Expansion Area 1 increases from \$17,031,000 to \$21,289,000.

In addition, the Applicants remain bound by all other expansion conditions set out in the Decision with the sole exception that Applicants are no longer subject to the \$4,495,000 PA Extension Charge originally due if the WCA were not included in a participating area by June 15, 2008.

Although the Applicants waived their right to appeal this decision, any other person affected by this decision may appeal it, in accordance with 11 AAC 02. Any appeal must be received within 20 calendar days after the date of "issuance" of this decision, as defined in 11 AAC 02.040 (c) and (d), and may be mailed or delivered to Tom Irwin, Commissioner, Department of Natural Resources, 550 W. 7th Avenue, Suite 1400, Anchorage, Alaska 99501; faxed to 1-907-269-8918; or sent by electronic mail to [dnr\\_appeals@dnr.state.ak.us](mailto:dnr_appeals@dnr.state.ak.us). This decision takes effect immediately. If no appeal is filed by the appeal deadline, this decision becomes a final administrative order and decision of the department on the 31<sup>st</sup> day after issuance. An eligible person must first appeal this decision in accordance with 11 AAC 02 before appealing this decision to Superior Court. A copy of 11 AAC 02 may be obtained from any regional information office of the Department of Natural Resources.

Sincerely,

*Signed*

Mark D. Myers  
Director

cc: Tom Irwin, DNR Commissioner  
Richard Todd, Department of Law  
John L. Davis, TotalFinaElf E&P USA, Inc.  
Bob Gage, Murphy Exploration & Production Company

MM:cdl