

STATE OF ALASKA

DEPARTMENT OF NATURAL RESOURCES

DIVISION OF OIL AND GAS

SARAH PALIN, GOVERNOR

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October 31, 2008

ConocoPhillips Alaska, Inc.
PO Box 100360
Anchorage, Alaska 99510-0360

Via Fax (265-1515) and Mail

Attn: Christopher J. Wilson
Alaska Alpine Engineering
Supervisor, WNS Base

Re: Colville River Unit
First Revision of the Fiord Nechelik Participating Area
And Second Year Reserves Estimate Revision

On September 8, 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 Fiord Nechelik Participating Area (FNPA) within the CRU (Application). The revised FNPA includes certain lands not encompassed within the current FNPA boundaries and excludes certain lands currently within the FNPA. The Application also includes, among other things, a revised division of interest allocating FNPA Unit Tract Participations (See attached, revised Exhibit C to the CRU Agreement), a revised schedule allocating FNPA expense (revised Exhibit E to the CRU Agreement), and a revised schedule allocating unit expense to each FNPA 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 FNPA and the revised unit expense schedule effective November 1, 2008.

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 FNPA technical meetings held on May 20, June 10, August 12, and September 4, 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 November 1, 2008.

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

Mr. Christopher J. Wilson
Revised FNPA
October 31, 2008
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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 FNPA Unit Tract Participations. As part of the revised Exhibit C and the excess/deficiency adjustment calculation resulting from that revised division of interest, four Fiord Nechelik Tract Operation Accounting Unit Codes, CR08, CR10, CR11 and CR12, will be terminated effective October 31, 2008. Effective November 1, 2008, the produced volumes associated with those Tract Operations will be added to FNPA production. The volumes previously allocated to those four Accounting Unit Codes will not be "zeroed-out," but should be included with FNPA production to determine the revised FNPA Tract-by-Tract excess/deficiency adjustments.

Sincerely,

A handwritten signature in black ink, appearing to read "Kevin R. Banks". The signature is written in a cursive style with a large initial "K".

Kevin R. Banks
Director

cc: AOGCC
Teresa Imm, ASRC

Attachments: Revised Exhibit C for the FNPA, dated September 8, 2008
Revised Exhibit D for the FNPA

Exhibit C

Fiord Nechelik Participating Area Tract Participations

Tr. No.	ADL No./ Tobin No.	Legal Description	Acres	Depth Restrictions	Original Royalty (%)	NPSL (%)	Tract Owners	Working Interest (%)	Tract Allocation
1	364472 931986	T13N,R5E-U.M.		Above 6,980'	12.5	30	CPAI	78.000000	0.07224517
		S1/2, S1/2N1/2 of Sec. 21	480.00				APC	22.000000	
	W1/2SW1/4 of Sec. 22	80.00				100.000000			
	All of Sec. 28	<u>640.00</u>							
	TOTAL	1200.00	Below 6,980'	12.5	30	CPAI	78.000000		
						APC	22.000000		
							100.000000		
2	364470 931974	T13N,R5E-U.M.		None	12.5	30	CPAI	78.000000	0.03149862
		SE1/4, S1/2SW1/4,					APC	22.000000	
		NE1/4SW1/4 of Sec. 19	278.54					100.000000	
		S1/2, S1/2NE1/4 of Sec. 20	400.00						
		All of Sec. 30	<u>636.00</u>						
TOTAL	1314.54								
3	364471 931976	T13N,R5E-U.M.		None	12.5	30	CPAI	78.000000	0.38936103
		W1/2, W1/2SE1/4,					APC	22.000000	
		SW1/4NE1/4 of Sec. 27	440.00					100.000000	
		All of Sec. 29	640.00						
		All of Sec. 31	639.00						
		All of Sec. 32	640.00						
		All of Sec. 33	640.00						
		W1/2, W1/2E1/2 of Sec. 34	<u>480.00</u>						
TOTAL	3479.00								
4	372105 932002	T12N,R5E-U.M.		Above 10,350'	12.5		CPAI	78.000000	0.13441856
		All of Sec. 5	640.00				APC	22.000000	
		All of Sec. 6	<u>577.00</u>					100.000000	
		TOTAL	1217.00						
5	372104 932000	T12N,R5E-U.M.		Above 10,350'	12.5		CPAI	78.000000	0.09698304
		All of Sec. 3	640.00				APC	22.000000	
		All of Sec. 4	<u>640.00</u>					100.000000	
		TOTAL	1280.00						

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Tr. No.	ADL No./ Tobin No.	Legal Description	Acres	Depth Restrictions	Original Royalty (%)	NPSL (%)	Tract Owners	Working Interest (%)	Tract Allocation
8	372104	T12N,R5E-U.M.		Above 10,350'	12.5		CPAI	78.000000	0.01148258
	932000	N1/2, N1/2S1/2 of Sec. 9	480.00				APC	22.000000	
		NW1/4, N1/2NE1/4 of Sec. 10	<u>240.00</u>					100.000000	
		TOTAL	720.00						
9	372105	T12N, R5E-U.M.		Above 10,350'	12.5		CPAI	78.000000	0.00501695
	932002	N1/2, N1/2S1/2 of Sec. 7	435.00				APC	22.000000	
		N1/2, N1/2S1/2 of Sec. 8	<u>480.00</u>					100.000000	
		TOTAL	915.00						
83	384215	T13N,R4E-U.M.		None	16.667		CPAI	77.620000	0.06862281
	932084	All of Sec. 36	<u>597.00</u>				APC	22.000000	
		TOTAL	597.00				Petro-Hunt	<u>0.380000</u>	
								100.000000	
84	380092	T12N-R4E, U.M.		None	16.667		CPAI	78.000000	0.11426408
	932052	All of Sec. 1	<u>640.00</u>				APC	22.000000	
		TOTAL	640.00					100.000000	
85	380092	T12N-R4E, U.M.		None	16.667		CPAI	78.000000	0.03037437
	932052	E1/2, E1/2W1/2, W1/2NW1/4, NW1/4SW1/4 of Sec. 2, All excluding tide and submerged lands seaward of the line of mean high water as shown on the official tract map for Oil and Gas Lease Sale 43	<u>556.00</u>				APC	22.000000	
								100.000000	
		TOTAL	556.00						
86	388525	T12N-R4E, U.M.		None	16.66667		CPAI	78.000000	0.00097332
	932306	W1/2NW1/4, NW1/4SW1/4 of Sec. 2, Unsurveyed, All within the bed of the unnamed channel for the Colville River as shown on the official tract map for state Oil and Gas Sale 75 dated August 26, 1992	<u>44.00</u>				APC	22.000000	
								100.000000	
		TOTAL	44.00						

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Fiord Nechelik Participating Area Tract Participations

Tr. No.	ADL No/ Tobin No.	Legal Description	Acres	Depth Restrictions	Original Royalty (%)	NPSL (%)	Tract Owners	Working Interest (%)	Tract Allocation
87	380092 932052	T12N-R4E, U.M. NE1/4NE1/4 of Sec. 3, Unsurveyed, excluding tide and submerged lands seaward of the line of mean high water as shown on the official tract map for Oil and Gas Lease Sale 43	16.15	None	16.667		CPAI APC	78.000000 22.000000 <u>100.000000</u>	0.00016999
		TOTAL	16.15						
88	388525 932306	T12N-R4E, U.M. NE1/4NE1/4 of Sec. 3, Unsurveyed, All within the beds of the Nechelik Channel and the bed of the unnamed channel of the Colville River as shown on the official tract map for state Oil and Gas Lease Sale 75 dated August 26, 1992	23.85	None	16.66667		CPAI APC	78.000000 22.000000 <u>100.000000</u>	0.00036529
		TOTAL	23.85						
90	25526 932094	T12N-R4E,U.M. NE1/4, NE1/4SE1/4 of Sec. 11	200.00	None	12.5		CPAI APC	78.000000 22.000000 <u>100.000000</u>	0.00386398
		TOTAL	200.00						
91	25526 932094	T12N-R4E,U.M. N1/2, N1/2S1/2 of Sec. 12	480.00	None	12.5		CPAI APC	78.000000 22.000000 <u>100.000000</u>	0.02945214
		TOTAL	480.00						
109	388528 932308	T13N-R4E, U.M. SE1/4NE1/4, W1/2SE1/4 of Sec. 34, Unsurveyed, All tide and submerged lands seaward of the line of mean high water and the channel closing line, and all uplands within the bed of the unnamed channel of the Colville River, both as shown on the official tract map for Oil and Gas Lease Sale 75A dated June'17, 1993	46.90	None	16.66667		CPAI APC	78.000000 22.000000 <u>100.000000</u>	0.00002073
		TOTAL	46.90						

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Fiord Nechelik Participating Area Tract Participations

Tr. No.	ADL No./ Tobin No.	Legal Description	Acres	Depth Restrictions	Original Royalty (%)	NPSL (%)	Tract Owners	Working Interest (%)	Tract Allocation
110	389725 932682	T13N-R4E, U.M. SE1/4, SE1/4NE1/4 of Sec. 34, Unsurveyed, All excluding tide and submerged lands seaward of the line of mean high water as shown on the official tract map for Oil and Gas Lease Sale 43	<u>153.10</u>	None	16.66667		CPAI APC Petro-Hunt	77.620000 22.000000 <u>0.380000</u> 100.000000	0.00058838
		TOTAL	153.10						
111	389725 932682	T13N,R4E-U.M. S1/2, S1/2N1/2, N1/2NE1/4, NE1/4NW1/4 of Sec. 35, Unsurveyed, All excluding tide and submerged lands seaward of the line of mean high water as shown on the official tract map for Oil and Gas Lease Sale 43	<u>576.23</u>	None	16.667		CPAI APC Petro-Hunt	77.620000 22.000000 <u>0.380000</u> 100.000000	0.00869536
		TOTAL	576.23						
112	388527 932623	T13N,R4E-U.M. N1/2NE1/4, NE1/4NW1/4 of Sec. 35, Unsurveyed, All tide and submerged lands seaward of the line of mean high water and the channel closing line as shown on the official tract map for Oil and Gas Lease Sale 75A dated June 17, 1993	<u>23.77</u>	None	16.66667		CPAI APC	78.000000 <u>22.000000</u> 100.000000	0.00000000
		TOTAL	23.77						
113	388527 932623	T13N,R4E-U.M. All of Sec. 36, Unsurveyed, All tide and submerged lands seaward of the line of mean high water and the channel closing line as shown on the official tract map for Oil and Gas Lease Sale 75A dated June 17, 1993	<u>43.00</u>	None	16.66667		CPAI APC	78.000000 <u>22.000000</u> 100.000000	0.00000000
		TOTAL	43.00						

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Fiord Nechelik Participating Area Tract Participations

Tr. No.	ADL No./ Tobin No.	Legal Description	Acres	Depth Restrictions	Original Royalty (%)	NPSL (%)	Tract Owners	Working Interest (%)	Tract Allocation
114	389725 932682	T13N,R4E-U.M. All of Sec. 25, Unsurveyed, All excluding tide and submerged lands seaward of the line of mean high water as shown on the official tract map for Oil and Gas Lease Sale 43	 <u>196.00</u>	None	16.667		CPAI APC Petro-Hunt	77.620000 22.000000 <u>0.380000</u> 100.000000	0.00160360
		TOTAL	196.00						
115	388527 932623	T13N,R4E-U.M. NE1/4, SW1/4, SE1/4NW1/4, N1/2SE1/4 of Sec. 25, Unsurveyed, All tide and submerged lands seaward of the line of mean high water and the channel closing line as shown on the official tract map for Oil and Gas Lease Sale 75A dated June 17, 1993	 <u>315.47</u>	None	16.66667		CPAI APC	78.000000 <u>22.000000</u> 100.000000	0.00000000
		TOTAL	315.47						
TOTAL PA ACRES			14037.01						

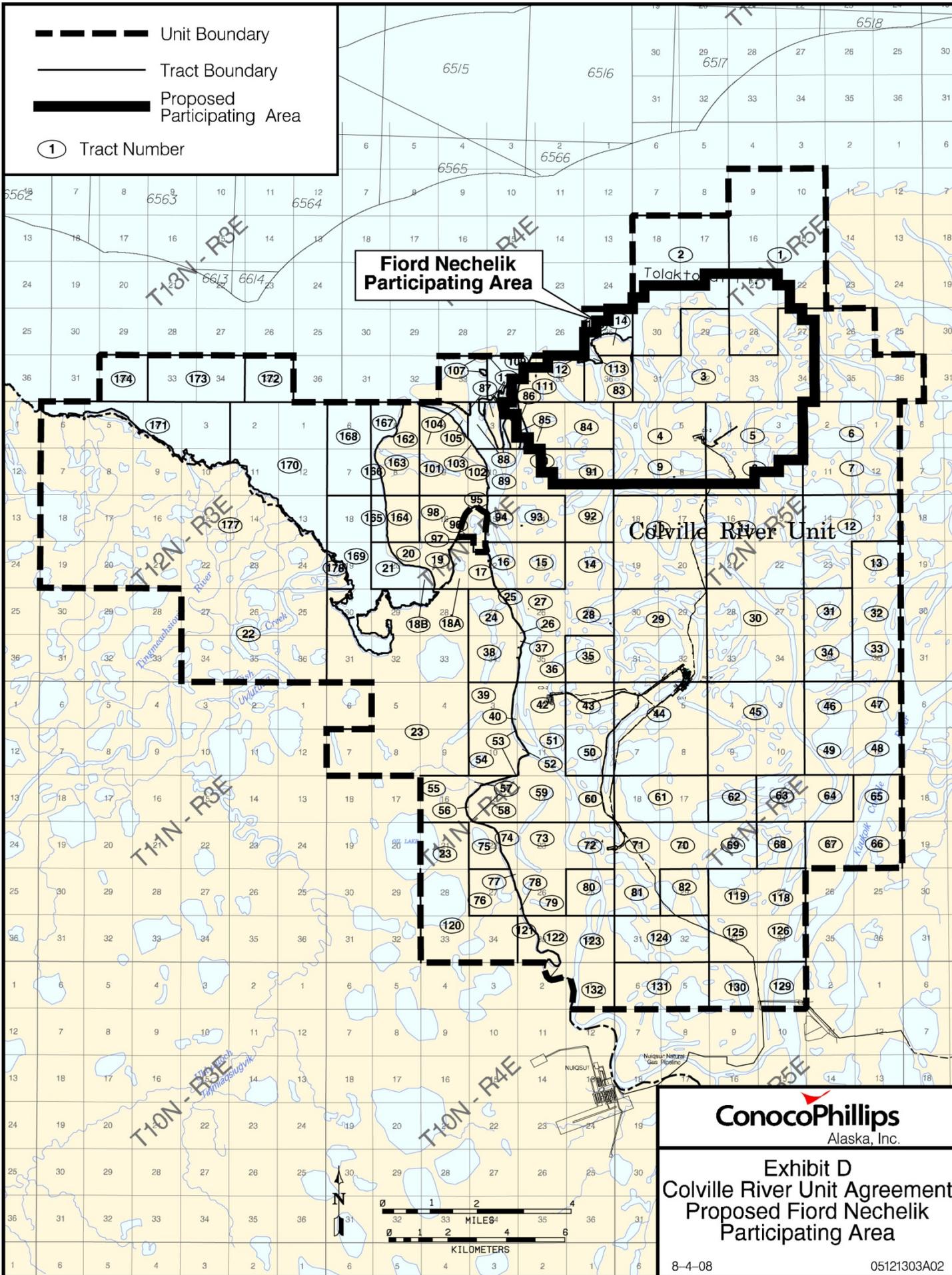
KEY:

CPAI: ConocoPhillips Alaska, Inc.

APC: Anadarko Petroleum Corporation

Petro-Hunt: Petro-Hunt, LLC

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



ConocoPhillips
Alaska, Inc.

Exhibit D
Colville River Unit Agreement
Proposed Fiord Nechelek
Participating Area