

# STATE OF ALASKA

DEPARTMENT OF NATURAL RESOURCES

*DIVISION OF OIL & GAS*

**SEAN PARNELL, GOVERNOR**

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**CERTIFIED MAIL  
RETURN RECEIPT REQUESTED**

December 1, 2011

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

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

Dear Mr. Whitworth:

On June 21, 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 Kuparuk Participating Area (NKPA) (Application). There are no expansions to or contractions from the NKPA at this time. The legal description of the boundary for the NKPA remains as previously approved in the 2008 Second Revision. This approval is for the Fifth Year Reserves Estimate Revision. The Application includes a revised division of interest as described in Exhibit C, (Attachment 1), Exhibit D, Map of the NKPA, (Attachment 2), Exhibit E, Revised Allocation of NKPA Expense,

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

(Attachment 3), and Exhibit F, Revised Allocation of Unit Expense, (Attachment 4), 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 NKPA, 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  
ASRC, Teresa Imm  
BLM, Wayne Svejnoha

Attachments

1. NKPA Fifth Year Reserves Estimate Revision Exhibit C
2. NKPA Fifth Year Reserves Estimate Revision Exhibit D
3. NKPA Fifth Year Reserves Estimate Revision Exhibit E
4. NKPA Fifth Year Reserves Estimate Revision Exhibit F

**Attachment 1:** NKPA Fifth Year Reserves Estimate Revision Exhibit C

Exhibit C  
 Nanuq Kuparuk 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	Royalty (%) · NPSL (%)	Tract Owners	Working Interest (%)	Tract Allocation
23	ASRC NPRA2 932128	T11N,R4E, U.M.		None	16.667	CPAI	78.000000	0.04195845
		Sec. 21, E1/2, E1/2W1/2	<u>480.00</u>			APC	22.000000	
		TOTAL	480.00				100.000000	
44	25559 932104	T11N,R5E, U.M.		None	12.5	CPAI	78.000000	0.00000000
		Sec. 7, S1/2S1/2, N1/2SW1/4	218.00			APC	22.000000	
		Sec. 8, S1/2SW1/4, SW1/4SE1/4	<u>120.00</u>				100.000000	
TOTAL	338.00							
50	380075 932034	T11N,R4E, U.M.		None	16.667	CPAI	78.000000	0.00000000
		Sec. 12, S1/2S1/2, N1/2SE1/4	<u>240.00</u>			APC	22.000000	
		TOTAL	240.00				100.000000	
51	380075 932034	T11N,R4E, U.M.		None	16.667	CPAI	78.000000	0.00000000
		Sec. 11, S1/2SE1/4, SE1/4SW1/4, excl. NPRA	<u>120.00</u>			APC	22.000000	
		TOTAL	120.00				100.000000	
55	387208 932193	T11N,R4E, U.M.		None	Sliding Scale	CPAI	78.000000	0.00489351
		Sec. 16, SE1/4SW1/4, S1/2SE1/4, NE1/4SE1/4, within NPRA	<u>150.47</u>		Royalty	APC	22.000000	
		TOTAL	150.47		16.6666700*		100.000000	
56	380075 932034	T11N,R4E, U.M.		None	16.667	CPAI	78.000000	0.00039046
		Sec. 16, E1/2SE1/4, excl. NPRA	<u>9.53</u>			APC	22.000000	
		TOTAL	9.53				100.000000	

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Tr. No.	ADL No./ Tobin No.	Legal Description	Acres	Depth Restrictions	Royalty (%) NPSL (%)	Tract Owners	Working Interest (%)	Tract Allocation
57	387208	T11N,R4E, U.M.		None	Sliding Scale	CPAI	78.000000	0.00040258
	932193	Sec. 15, S1/2SW1/4, SW1/4NW1/4, N1/2NE1/4, NE1/4NW1/4, within NPRA	<u>63.94</u>		Royalty 16.6666700*	APC	22.000000	
		TOTAL	63.94				100.000000	
58	380075	T11N,R4E, U.M.		None	16.667	CPAI	78.000000	0.01025805
	932034	Sec. 15, E1/2, E1/2W1/2, W1/2SW1/4, SW1/4NW1/4, excl. NPRA	<u>536.06</u>			APC	22.000000	
		TOTAL	536.06				100.000000	
59	380075	T11N,R4E, U.M.		None	16.667	CPAI	78.000000	0.01738758
	932034	Sec. 14, All	<u>640.00</u>			APC	22.000000	
		TOTAL	640.00				100.000000	
60	380075	T11N,R4E, U.M.		None	16.667	CPAI	78.000000	0.00387126
	932034	Sec. 13, All	<u>640.00</u>			APC	22.000000	
		TOTAL	640.00				100.000000	
61	372097	T11N,R5E, U.M.		Above 10,350'	12.5	CPAI	78.000000	0.04351627
	931996	Sec. 17, All	640.00			APC	22.000000	
		Sec. 18, All	<u>599.00</u>				100.000000	
		TOTAL	1239.00					
62	372096	T11N,R5E, U.M.		Above 10,350'	12.5	CPAI	78.000000	0.00007309
	931994	Sec. 16, W1/2, W1/2E1/2, E1/2SE1/4, SE1/4NE1/4	<u>600.00</u>			APC	22.000000	
		TOTAL	600.00				100.000000	

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Tr. No.	ADL No./ Tobin No.	Legal Description	Acres	Depth Restrictions	Royalty (%)	NPSL (%)	Tract Owners	Working Interest (%)	Tract Allocation
69	384211	T11N,R5E, U.M.		None	16.667		CPAI	78.000000	0.00000000
	932080	Sec. 21, N1/2N1/2, S1/2NW1/4, SW1/4NE1/4, N1/2SW1/4, SW1/4SW1/4	<u>400.00</u>				APC	22.000000	
		TOTAL	400.00					100.000000	
70	384211	T11N,R5E, U.M.		Above 10,350'	12.5		CPAI	78.000000	0.06829732
	932080	Sec. 20, All	<u>640.00</u>				APC	22.000000	
		TOTAL	640.00					100.000000	
71	384211	T11N,R5E, U.M.		Above 7,631'	16.667		CPAI	78.000000	0.07445911
	932080	Sec. 19, All	<u>601.00</u>				APC	22.000000	
		TOTAL	601.00					100.000000	
72	380077	T11N,R4E, U.M.		None	16.667		CPAI	78.000000	0.10827647
	932036	Sec. 24, All	<u>640.00</u>				APC	22.000000	
		TOTAL	640.00					100.000000	
73	380077	T11N,R4E, U.M.		None	16.667		CPAI	78.000000	0.11719495
	932036	Sec. 23, All	<u>640.00</u>				APC	22.000000	
		TOTAL	640.00					100.000000	
74	380077	T11N,R4E, U.M.		None	16.667		CPAI	78.000000	0.01792135
	932036	Sec. 22, All, excl. NPRA	<u>228.74</u>				APC	22.000000	
		TOTAL	228.74					100.000000	
75	387208	T11N,R4E, U.M.		None	Sliding		CPAI	78.000000	0.04809163
	932193	Sec. 22, All, within NPRA	<u>411.26</u>		Scale		APC	22.000000	
		TOTAL	411.26		16.66667*			100.000000	

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Tr. No.	ADL No./ Tobin No.	Legal Description	Acres	Depth Restrictions	Royalty (%) NPSL (%)	Tract Owners	Working Interest (%)	Tract Allocation
76	387209	T11N,R4E, U.M.		None	Sliding	CPAI	78.000000	0.11606203
	932195	Sec. 27, Unsurveyed, All, within NPRA	<u>614.70</u>		Scale	APC	22.000000	
		TOTAL	<u>614.70</u>		16.66667*		100.000000	
77	380077	T11N,R4E, U.M.		None	16.667	CPAI	78.000000	0.00466623
	932036	Sec. 27, Unsurveyed, All, excl. NPRA	<u>25.30</u>			APC	22.000000	
		TOTAL	<u>25.30</u>				100.000000	
78	387209	T11N,R4E, U.M.		None	Sliding	CPAI	78.000000	0.00179061
	932195	Sec. 26, All, within NPRA	<u>25.23</u>		Scale	APC	22.000000	
		TOTAL	<u>25.23</u>		16.66667*		100.000000	
79	380077	T11N,R4E, U.M.		None	16.667	CPAI	78.000000	0.10490958
	932036	Sec. 26, All, excl. NPRA	<u>614.77</u>			APC	22.000000	
		TOTAL	<u>614.77</u>				100.000000	
80	384209	T11N,R4E,U.M.		None	16.667	CPAI	78.000000	0.1043562
	932195	Sec. 25, All	<u>640.00</u>			APC	22.000000	
		TOTAL	<u>640.00</u>				100.000000	
81	384211	T11N,R5E, U.M.		None	16.667	CPAI	78.000000	0.02926891
	932080	Sec. 30, All	<u>604.00</u>			APC	22.000000	
		TOTAL	<u>604.00</u>				100.000000	

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Tr. No.	ADL No./ Tobin No.	Legal Description	Acres	Depth Restrictions	Royalty (%) NPSL (%)	Tract Owners	Working Interest (%)	Tract Allocation
82	380082	T11N,R5E, U.M.		None	16.667	CPAI	78.000000	0.00708235
	932046	Sec. 29, N1/2N1/2, S1/2NW1/4, SW1/4NE1/4, N1/2SW1/4, SW1/4SW1/4				APC	22.000000	
			<u>400.00</u>				<u>100.000000</u>	
		TOTAL	400.00					
120	ASRC NPRA2	T11N,R4E, U.M.		None	16.667	CPAI	78.000000	0.07420232
	932128	Sec. 28, E1/2, E1/2NW1/4, NE1/4SW1/4	440.00			APC	22.000000	
		Sec. 34, NE1/4NW1/4, N1/2NE1/4	<u>120.00</u>				<u>100.000000</u>	
		TOTAL	560.00					
121	388905	T11N,R4E, U.M.		None	Sliding Scale	CPAI	78.000000	0.00011794
	932357	Sec. 35, N1/2NW1/4, within NPRA	<u>32.98</u>		Royalty 16.66667*	APC	22.000000	
		TOTAL	32.98				<u>100.000000</u>	
122	388902	T11N,R4E, U.M.		None	16.667	CPAI	78.000000	0.00055175
	932351	Sec. 35, N1/2N1/2, Unsurveyed, excl. NPRA	<u>127.02</u>			APC	22.000000	
		TOTAL	127.02				<u>100.000000</u>	
123	388902	T11N,R4E, U.M.		None	16.667	CPAI	78.000000	0.00000000
	932351	Sec. 36, N1/2N1/2, Unsurveyed,	<u>160.00</u>			APC	22.000000	
		TOTAL	160.00				<u>100.000000</u>	

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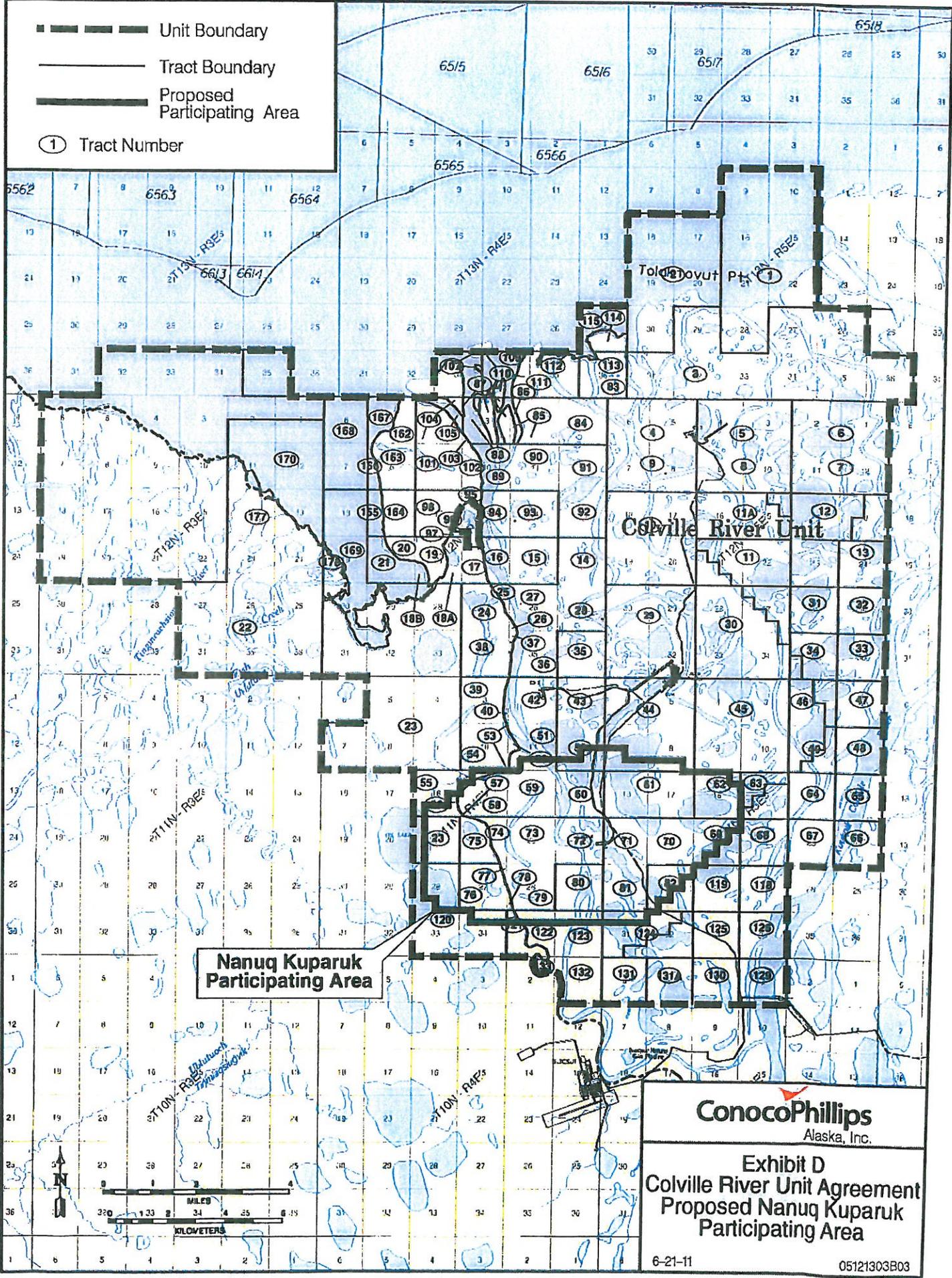
Tr. No.	ADL No./ Tobin No.	Legal Description	Acres	Depth Restrictions	Royalty (%)	NPSL (%)	Tract Owners	Working Interest (%)	Tract Allocation
124	388903	T11N,R5E, U.M.		None	16.667		CPAI	78.000000	0.00000000
	932353	Sec. 31, N1/2 N1/2, Unsurveyed	<u>151.75</u>				APC	<u>22.000000</u>	
		TOTAL	151.75					100.000000	
<b>TOTAL PA ACREAGE</b>			<b>12,573.75</b>						

\*Sliding Scale Overriding Royalty - The Original Royalty Percentage of this lease will vary between 16.66667% and 33.33333%.

**KEY:** CPAA: ConocoPhillips Alaska, Inc.  
 APC: Anadarko Petroleum Corporation

**Attachment 2: NKPA Fifth Year Reserves Estimate Revision Exhibit D**

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



**Nanuq Kuparuk Participating Area**

**ConocoPhillips**  
Alaska, Inc.

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

**Attachment 3:** NKPA Fifth Year Reserves Estimate Revision Exhibit E

## Exhibit E

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### Allocation of Nanuq Kuparuk Participating Area Expense

#### Participating Area Expense for Capital Expenditures

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

#### Participating Area Expense for Operating Expenditures

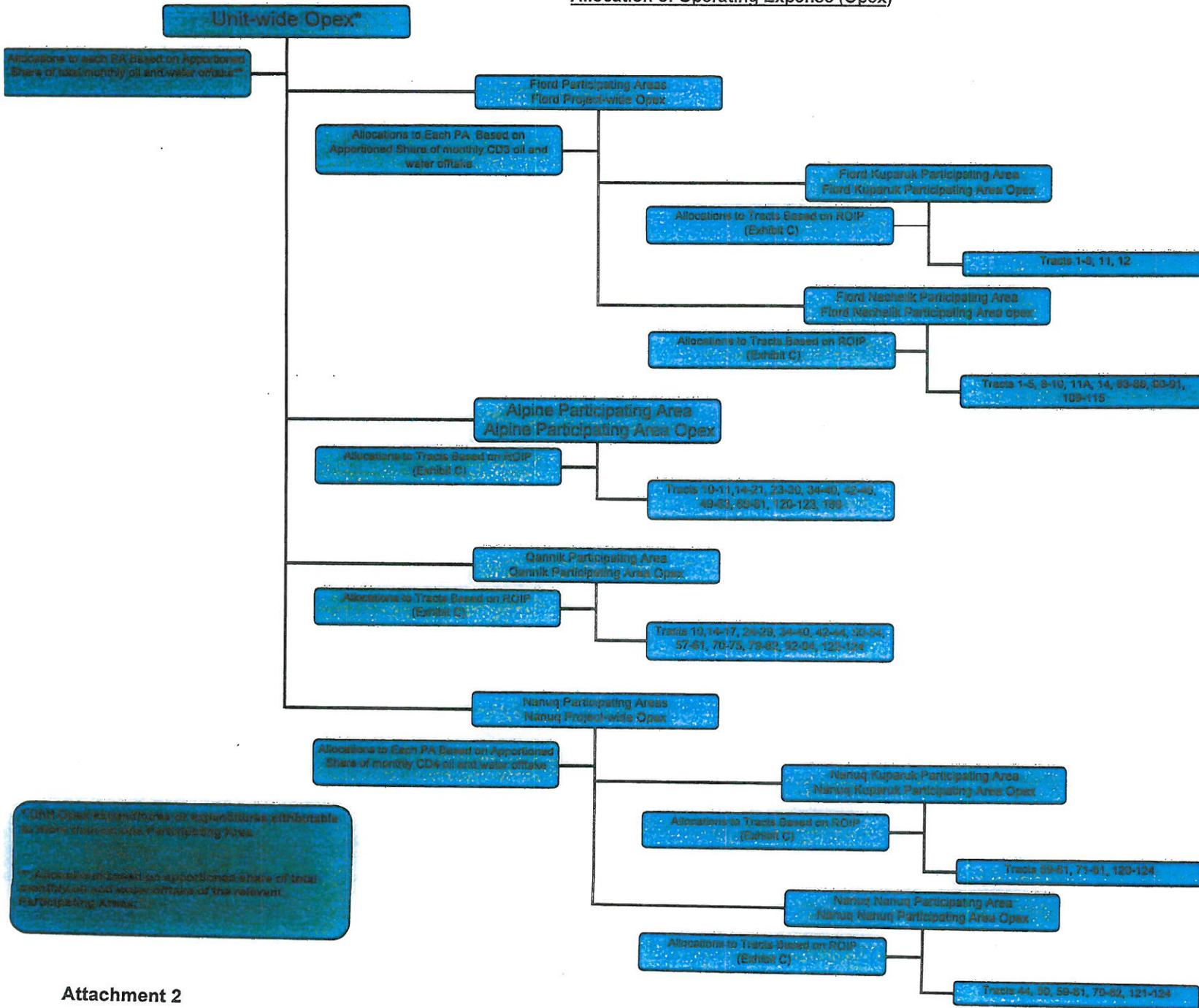
Nanuq Kuparuk Participating Expense for operating expenditures that benefit both the Nanuq Kuparuk Participating Area and the Nanuq Nanuq Participating Area will be allocated between the Participating Areas based on their apportioned shares of total monthly Nanuq Participating Area oil and water off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

Allocation of Capital Expense (Capex)



\* Unit-wide capex refers to capex that is attributable to more than one Participating Area.  
 \*\* Allocations based on ROIP of the relevant Participating Area.

Allocation of Operating Expense (Opex)



CD4 Opex expenditures or expenses attributable to more than one Participating Area.

\* Allocation based on apportioned share of total monthly oil and water offtake of the relevant Participating Areas.

**Attachment 4:** NKPA Fifth Year Reserves Estimate Revision Exhibit F

## **Exhibit F**

### **Allocation of Unit Expense for the Nanuq Kuparuk Participating Area**

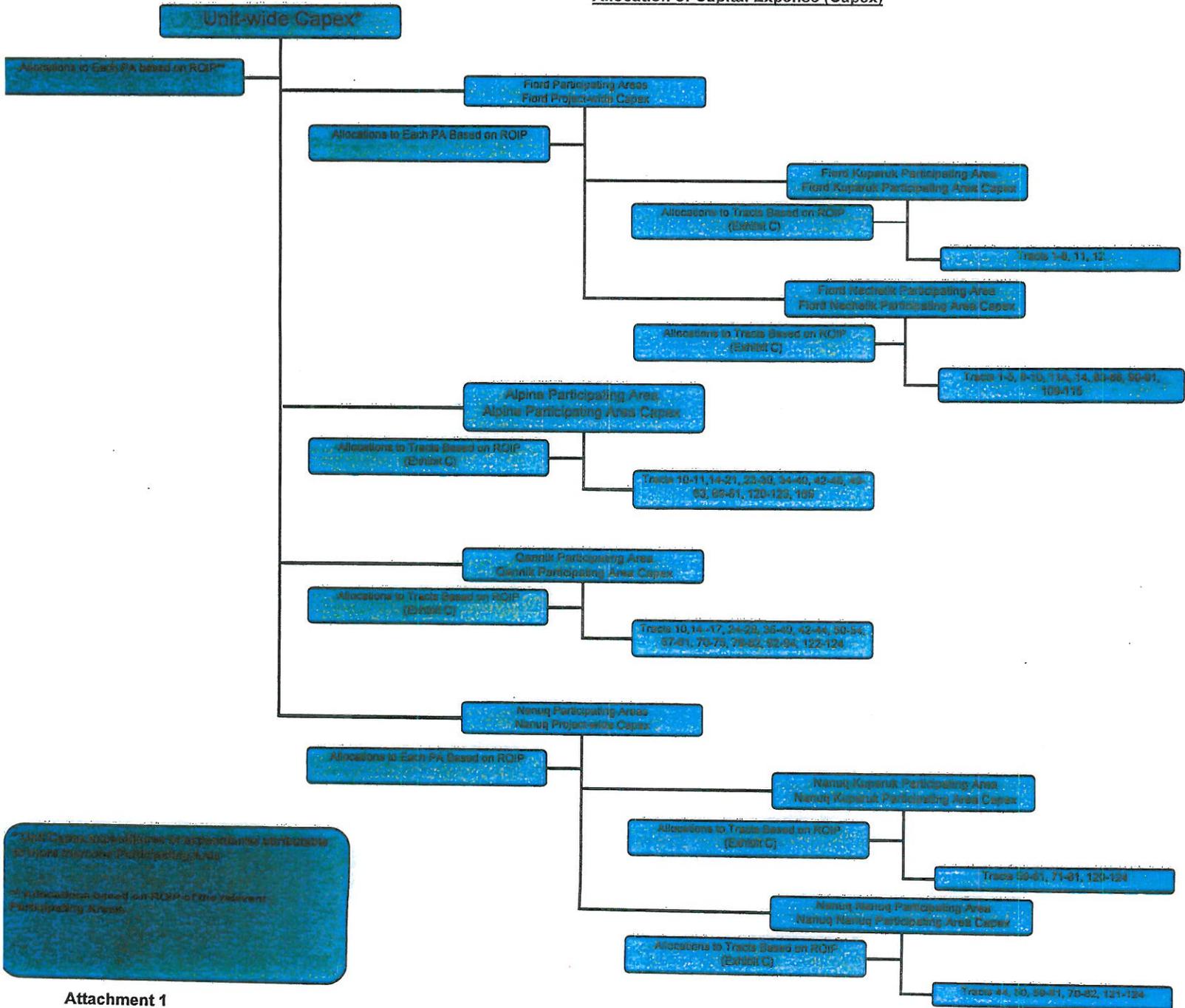
#### Unit Expense for Capital Expenditures

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

Allocation of Capital Expense (Capex)



\* Unit Capex expenditures of expenditures attributable to those that are Participating Areas  
 \*\* Allocations based on ROIP of the relevant Participating Areas

Allocation of Operating Expense (Opex)

