THE STATE of ALASKA
GOVERNOR MICHAEL J. DUNLEAVY

Department of Natural Resources
DIVISION OF OIL & GAS
550 W 7th Avenue, Suite 1100
Anchorage, Alaska 99501-3560
Main: 907.269.8800
Fax: 907.269.8939

December 20, 2018

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Nick Pysz
Supervisor, WNS Subsurface
Conoco Phillips Alaska
P.O. Box 100360
Anchorage, Alaska 99510-0360

RE: Approval of the Fourth Revision of the Nanuq Nanuq Participating Area and Twelve-Year Reserves Estimates Revision (Colville River Unit)

Dear Mr. Pysz,

On July 13, 2018, ConocoPhillips Alaska, Inc. (ConocoPhillips), as Colville River Unit (CRU) Operator, submitted an application pursuant to Articles 9 and 10 of the Colville River Unit Agreement (CRUA) and 11 AAC 83.351, to the Department of Natural Resources, Division of Oil and Gas, (Division) for the Fourth Revision of the Nanuq Nanuq Participating Area ("NNPA") and Twelve-Year Reserves Estimates Revision ("Application"). The Application was updated on December 4, 2018, through the submittal of revised tract allocation factors ("TAF"). The NNPA consists of State of Alaska oil and gas leases, Arctic Slope Regional Corporation (ASRC) oil and gas leases, and State of Alaska and ASRC joint lands leases.

ConocoPhillips' Application seeks approval of the inclusion of expansion acreage to the NNPA pursuant to both the CRUA and 11 AAC 83.351(c), and approval of the revised division of interest and TAF submitted with the updated Application. This decision approves the 2018 Fourth Revision of the NNPA and Twelve-Year Reserves Estimates Revision, as updated on December 4, 2018. The revised division of interest submitted under Subsection 10.1.3(b) effective January 1, 2019, per Subsection 10.1.3(b)(v).

A participating area "must be expanded to include acreage reasonably estimated through use of geological, geophysical, or engineering data to be capable of producing or contributing to the production of hydrocarbons in paying quantities and must be contracted to exclude acreage reasonably proven through the use of geological, geophysical, and engineering data to be incapable of producing hydrocarbons in paying quantities, subject to approval by the commissioner." 11 AAC 83.351(c). ConocoPhillips submitted confidential and public information with the Application. The Division and ConocoPhillips conducted multiple technical meetings to discuss the merits of the NNPA revision and revised division of interest. The confidential geological, geophysical, and engineering data indicate that the area added to the NNPA is reasonably estimated to be capable of producing or contributing to production of hydrocarbons in paying quantities. The Division also considered the criteria set forth in 11 AAC 83.303(a) and (b) as it relates to the expansion of the NNPA. Based on the information ConocoPhillips provided and the Division's own analysis, the Division finds that the revisions to the NNPA and revised division of interest promotes conservation of all natural resources, promotes the prevention of economic and physical waste, provides for the protection of all parties of interest, including the State, and protects the public interest. AS 38.05.180(p); 11 AAC 83.303.

For the reasons discussed above, I hereby approve the Fourth Revision and the Twelve-Year Reserves Estimate Revision of the Colville River Unit, Nanuq Kuparuk Participating Area. The expansion and revised allocation factors are effective January 1, 2019.

An eligible 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 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@alaska.gov. This decision takes effect immediately. 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,

Chantal Walsh
Director

cc: Jason Lyons, ConocoPhillips
Teresa Imm, ASRC
Wayne Svejnoha, BLM

Attachments

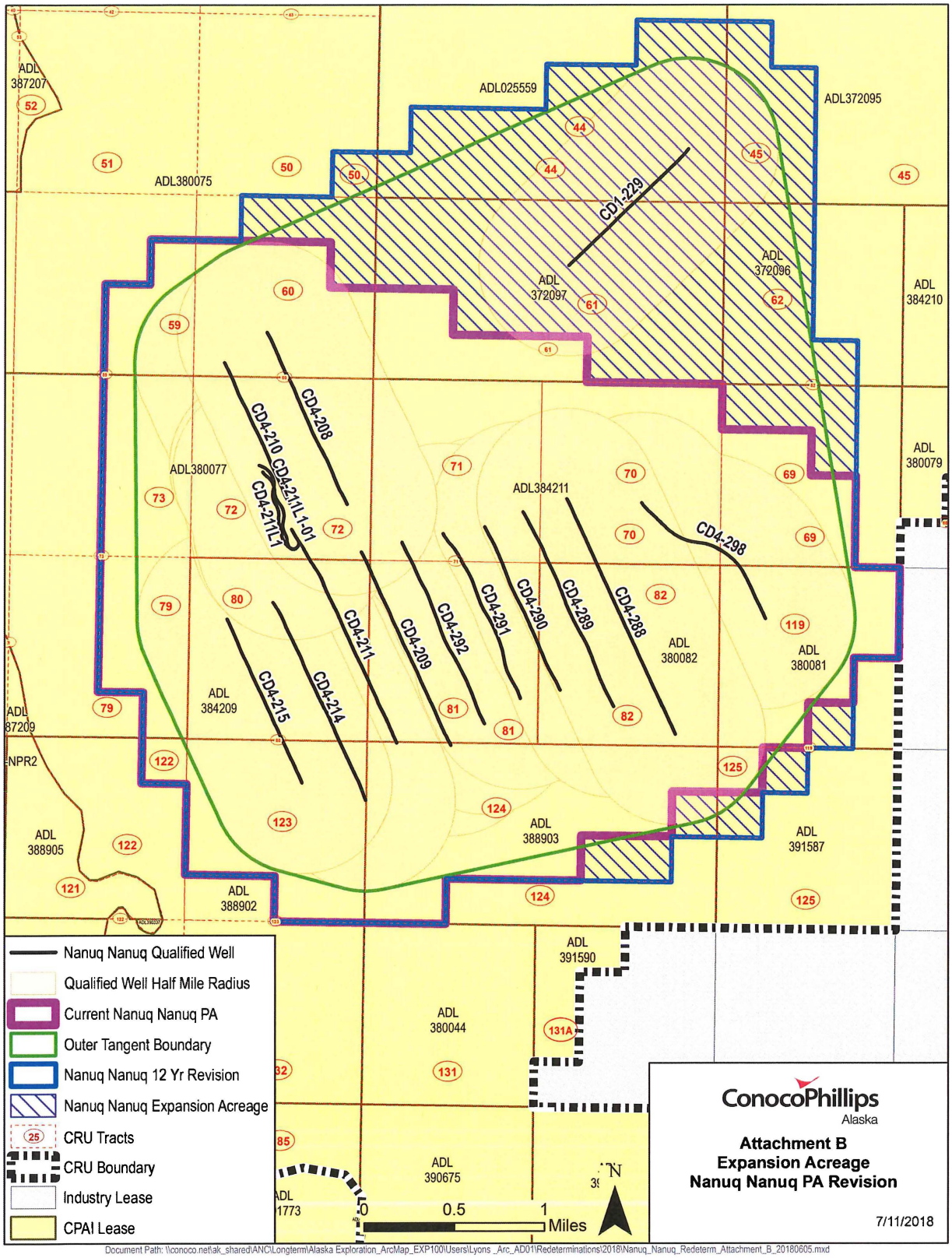
1. NNPA Twelve Year Reserves Estimate Revision Attachments A and B
2. NNPA Twelve Year Reserves Estimate Revision Exhibit C
3. NNPA Twelve Year Reserves Estimate Revision Exhibit D

Attachment 1
NNPA Twelve Year Reserves Estimate Revision Application Attachments A and B

Attachment A

Fourth Revision of the Nanuq Nanuq Participating Area and Twelve Year Reserves Estimate Revision

Tract No.	Type Acreage	Agency No.	Legal Description
44	Expansion	ADL 025559	T11N R5E, U.M. Sec. 7: SE1/4, NE1/4SW1/4, S1/2SW1/4 Sec. 8: S1/2NW1/4, NE1/4, S1/2
45	Expansion	ADL 372095	T11N R5E, U.M. Sec. 9: NW1/4NW1/4, S1/2NW1/4, SW1/4
50	Expansion	ADL 380075	T11N R4E, U.M. Sec. 12: SE1/4SE1/4
60	Expansion	ADL 380075	T11N R4E, U.M. Sec. 13: NE1/4NW1/4, N1/2NE1/4, SE1/4NE1/4
61	Expansion	ADL 372097	T11N R5E, U.M. Sec. 17: N1/2, SE1/4, N1/2SW1/4, SE1/4SW1/4 Sec. 18: N1/2, N1/2SE1/4
62	Expansion	ADL 372096	T11N R5E, U.M. Sec. 16: W1/2, SW1/4SE1/4
69	Expansion	ADL 384211	T11N R5E, U.M. Sec. 21: NW1/2NW1/4, W1/2NE1/4
119	Expansion	ADL 380081	T11N R5E, U.M. Sec. 28: SW1/4SE1/4
124	Expansion	ADL 388903	T11N R5E, U.M. Sec. 32: SE1/4NE1/4, NW1/4SE1/4, NE1/4SW1/4
125	Expansion	ADL 391587	T11N R5E, U.M. Sec. 33: NE1/4NW1/4, SW1/4NW1/4


ADL 387207
ADL025559
ADL372095
ADL380075
CD1-229
ADL 372097
ADL 372096
ADL 384210
CD4-208
CD4-210
CD4-211L1-01
CD4-211L1
ADL380077
ADL384211
ADL 380079
CD4-298
CD4-291
CD4-290
CD4-289
CD4-288
CD4-292
CD4-209
CD4-211
CD4-214
CD4-215
ADL 384209
ADL 380082
ADL 380081
ADL 387209
NPR2
ADL 388905
ADL 388903
ADL 391587
ADL 388902
ADL 391590
ADL 380044
ADL 390675
Nanuq Nanuq Qualified Well
Qualified Well Half Mile Radius
Current Nanuq Nanuq PA
Outer Tangent Boundary
Nanuq Nanuq 12 Yr Revision
Nanuq Nanuq Expansion Acreage
CRU Tracts
CRU Boundary
Industry Lease
CPAI Lease
0 0.5 1 Miles
N
ConocoPhillips
Alaska
Attachment B
Expansion Acreage
Nanuq Nanuq PA Revision
7/11/2018
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Attachment 2
NNPA Twelve Year Reserves Estimate Revision Exhibit C

Exhibit C

Nanuq Nanuq 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 (%)	Oil Tract Allocation	Gas Tract Allocation
44	25559	T11N,R5E, U.M.		None	12.5		CPAI	100.000000	0.00010241	0.0593517
	932104	Sec. 7, SE1/4, NE1/4SW1/4, S1/2SW1/4	269.00					100.000000		
		Sec. 8: S1/2NW1/4, NE1/4, S1/2	560.00							
		TOTAL	829.00							
		T11N,R5E, U.M.		Above 10,350'	12.5		CPAI	100.000000		
45	372095								0.0003343	0.02556103
	931992	Sec. 9, Unsurveyed, NW1/4NW1/4, S1/2NW1/4, SW1/4	280.00					100.000000		
		TOTAL	280.00							
50	380075	T11N,R4E, U.M.		None	16.667		CPAI	100.000000	0.00000238	0.00031439
	932034	Sec. 12, Unsurveyed, SE1/4SE1/4	40.00					100.000000		
		TOTAL	40.00							
59	380075	T11N,R4E, U.M.		None	16.667		CPAI	100.000000	0.00020861	0.00074035
	932034	Sec. 14, Unsurveyed, SE1/4, SE1/4NE1/4	200.00					100.000000		
		TOTAL	200.00							
60	380075	T11N,R4E, U.M.		None	16.667		CPAI	100.000000	0.00108219	0.01890661
	932034	Sec. 13, Unsurveyed, NE1/4NW1/4, S1/2NW1/4, NE1/4, S1/2	600.00					100.000000		
		TOTAL	600.00							
61	372097	T11N,R5E, U.M.		Above 10,350'	12.5		CPAI	100.000000	0.00440208	0.12055827
	931996	Sec. 17, Unsurveyed, All	640.00					100.000000		
		Sec. 18, Unsurveyed, All	599.00							
		TOTAL	1,239.00							

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62	372096	T11N,R5E, U.M.		Above 10,350'	12.5		CPAI	100.000000	0.00223906	0.01824745
	931994	Sec. 16, Unsurveyed, W1/2, SW1/4SE1/4	360.00					100.000000		
		TOTAL	360.00							
69	384211	T11N,R5E, U.M.		None	16.667		CPAI	100.000000	0.01596875	0.03013927
	932080	Sec. 21, Unsurveyed, W1/2, W1/2E1/2	480.00					100.000000		
		TOTAL	480.00							
70	384211	T11N,R5E, U.M.		Above 7,631'	16.667		CPAI	100.000000	0.05061419	0.07750526
	932080	Sec. 20, Unsurveyed, All	640.00					100.000000		
		TOTAL	640.00							
71	384211	T11N,R5E, U.M.		Above 7,631'	16.667		CPAI	100.000000	0.05537150	0.14108290
	932080	Sec. 19, Unsurveyed, All	601.00					100.000000		
		TOTAL	601.00							
72	380077	T11N,R4E, U.M.		None	16.667		CPAI	100.000000	0.05067316	0.09688212
	932036	Sec. 24, Unsurveyed, All	640.00					100.000000		
		TOTAL	640.00							
73	380077	T11N,R4E, U.M.		None	16.667		CPAI	100.000000	0.00488390	0.02614214
	932036	Sec. 23, Unsurveyed, E1/2	320.00					100.000000		
		TOTAL	320.00							

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Tr. No.	ADL No./ Tobin No.	Legal Description	Acres	Depth Restrictions	Royalty (%)	NPSL (%)	Tract Owners	Working Interest (%)	Oil Tract Allocation	Gas Tract Allocation
79	380077	T11N,R4E, U.M.		None	16.667		CPAI	100.000000	0.00663902	0.01664330
	932036	Sec. 26, Unsurveyed, NE1/4, N1/2SE/14,						100.000000		
		SE1/4SE1/4, excl. NPRA	280.00							
		TOTAL	280.00							
80	384209	T11N,R4E, U.M.		None	16.667		CPAI	100.000000	0.28136702	0.06253395
	932195	Sec. 25, Unsurveyed, All	640.00					100.000000		
		TOTAL	640.00							
81	384211	T11N,5E, U.M.		None	16.667		CPAI	100.000000	0.34696792	0.07991204
	932080	Sec. 30, Unsurveyed, All	604.00					100.000000		
		TOTAL	604.00							
82	380082	T11N,R5E, U.M.		None	16.667		CPAI	100.000000	0.05522936	0.09725469
	932046	Sec. 29, Unsurveyed, All	640.00					100.000000		
		TOTAL	640.00							
119	380081	T11N,R5E, U.M.		None	16.667		CPAI	100.000000	0.01812610	0.03923823
	932044	Sec. 28, N1/2, SW1/4, W1/2SE1/4	560.00					100.000000		
		TOTAL	560.00							
122	388902	T11N,R4E, U.M.		None	16.667		CPAI	78.000000	0.00091550	0.00227802
	932351	Sec. 35, Unsurveyed, NE1/4NE1/4, excl. NPRA	40.00				APC	22.000000		
		TOTAL	40.00					100.000000		
123	388902	T11N,R4E, U.M.		None	16.667		CPAI	100.000000	0.06159723	0.02230011
	932351	Sec. 36, Unsurveyed, N1/2,						100.000000		
		N1/2S1/2, S1/2SE1/4	560.00							
		TOTAL	560.00							

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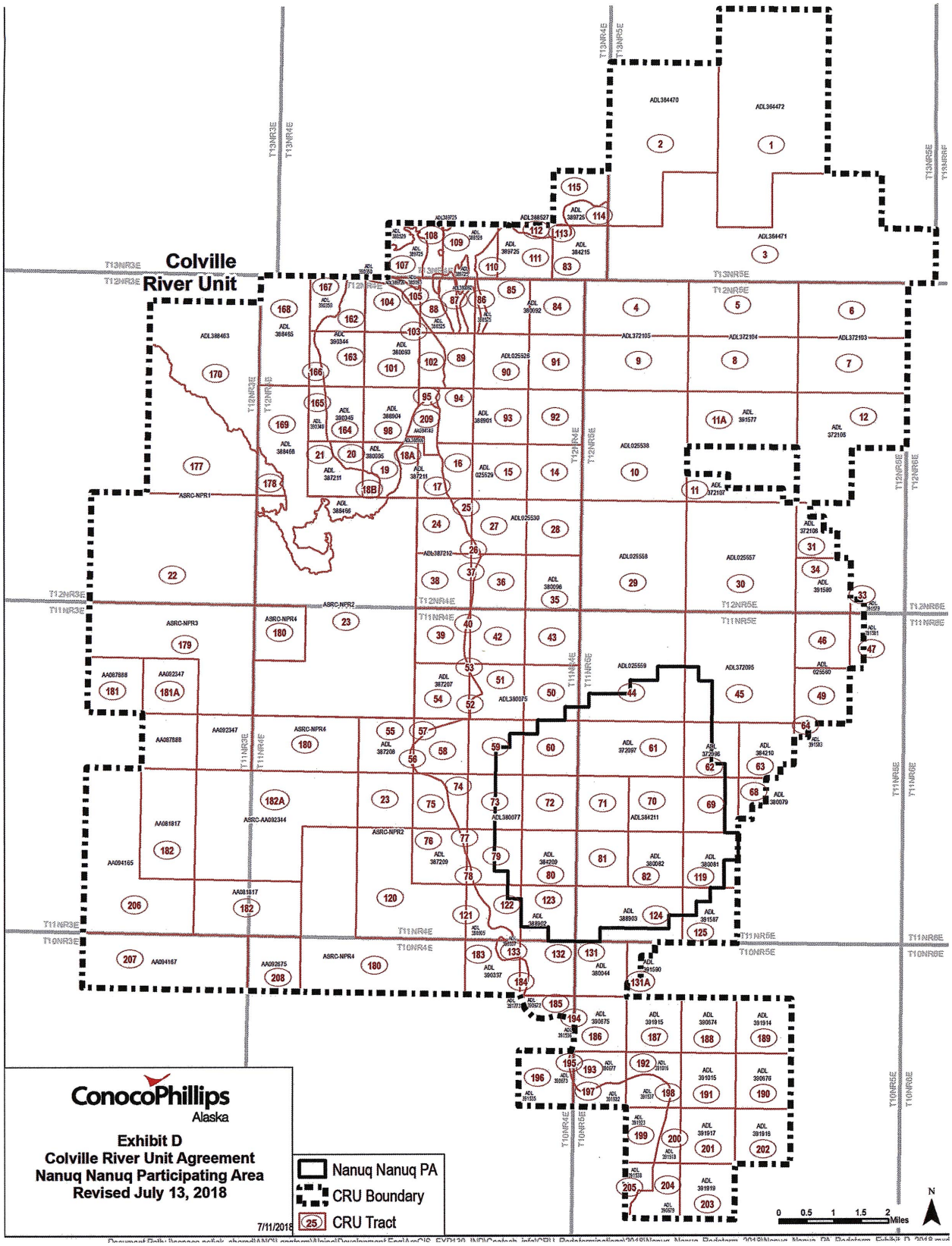
Tr. No.	ADL No./ Tobin No.	Legal Description	Acres	Depth Restrictions	Royalty (%)	NPSL (%)	Tract Owners	Working Interest (%)	Oil Tract Allocation	Gas Tract Allocation
124	388903	T11N,R5E, U.M.		None	16.667		CPAI	100.000000	0.04117522	0.05885516
	932353	Sec. 31, Unsurveyed, N1/2,						100.000000		
		N1/2S1/2, S1/2SW1/4,	527.00							
		Sec. 32, Unsurveyed, N1/2, NW1/4SE1/4,								
		N1/2SW1/4	440.00							
		TOTAL	967.00							
125	391587	T11N,R5E, U.M.		None	16.667		CPAI	100.000000	0.00210010	0.00555301
	341409	Sec. 33, Unsurveyed, N1/2NW1/4,						100.000000		
		SW1/4NW1/4	120.00							
		TOTAL	120.00							
TOTAL PA ACREAGE			**10,640.00**							

KEY: CPAI: ConocoPhillips Alaska, Inc.

Attachment 3
NNPA Twelve Year Reserves Estimate Revision Exhibit D