

AMERADA HESS CORPORATION

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COPY

Mr. Jim Eason
State of Alaska
Department of Natural Resources
Division of Oil and Gas
3601 "C" Street, Suite 1380
Anchorage, AK 99503

Mr. Rod Smith
Minerals Management Service
U. S. Department of the Interior
AK Outer Continental Shelf Region
949 E. 36th Avenue, Room 110
Anchorage, AK 99508-4302

Re: Northstar Unit
Third Annual Progress Report
Plan of Development

Gentlemen:

The Plan of Development that was approved as part of the formation of the Northstar Unit required the Unit Owners to conduct the following activities during 1992:

- Maintain Northstar and Seal Islands.
- Complete the seismic program.
- Initiate reservoir engineering studies.
- In the event of no drilling, pay the State of Alaska \$2 million in January, 1993.

A summary of the activities conducted in 1992 for the above obligations are as follows.

Maintain Northstar and Seal Islands

Inspections were conducted on both Northstar and Seal Islands in the summer of 1992. Repairs were required on both islands and 602 four-yard gravel bags were placed on Seal Island and 406 four-yard gravel bags were placed on Northstar Island. Amerada Hess participated with Amoco in picking up gravel bags from the Barrier Islands and the shorelines.

Seismic Program

Amerada Hess mobilized a seismic crew and acquired and processed 39 miles of data over the southern portion of the Northstar Unit in the first quarter of 1992. Additionally, 32.6 miles of Western data were purchased and reprocessed and 54.5 miles of 1984 Sefel data were processed. All seismic data required for submission to the Department of Natural Resources and the Minerals Management Service have been forwarded except for the velocity tape associated with the Sefel reprocessing.

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Seismic Mapping

Amerada Hess completed preliminary mapping using the 1991 marine seismic and the purchased Western seismic data. Final mapping is in progress utilizing the above data plus the 1992 ice seismic data and the reprocessed Western and Seffel seismic data.

Reservoir Engineering Studies

The reservoir modelling for the Ivishak Reservoir has been updated using the new mapping.

Drilling a Delineation Well

Amerada Hess and its partners elected not to drill a well in 1992. Amerada Hess will pay the State of Alaska \$2 million in January, 1993.

Plans for 1993

Plans are to inspect the islands and repair if necessary. Amerada Hess will evaluate new mapping, continue reservoir engineering, and determine whether to drill a well or not.

Very truly yours,



C. R. Richard
Manager, Engineering
& Technical Services

yb