

AMERADA HESS CORPORATION

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REGIONAL SUPERVISOR  
FIELD OPERATION  
MINERALS MANAGEMENT SERVICE  
TULSA, OKLAHOMA 74102  
918-599-4200

January 30, 1992

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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  
Second 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 during 1991:

- Maintain Northstar and Seal Islands.
- Complete a Petrological/Petrophysical study.
- Complete a Conceptual Production Facilities Design.
- Conduct a seismic program.
- In the event of no drilling, pay the State of Alaska \$2 million in January, 1992.

A summary of the activities conducted in 1991 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 1991. Repairs were required on both islands and 773 four-yard gravel bags were placed on Northstar Island and 1,250 four-yard gravel bags were placed on Seal Island. Amerada Hess again teamed up with Amoco to pick up gravel bags from the Barrier Islands and the shorelines.

Petrological/Petrophysical Study

This study conducted by Neil Berry and Associates and Core Lab Inc. was completed in 1991. Amerada Hess made a presentation to the Department of Natural Resources, Minerals Management Service, and the Alaska Oil & Gas Conservation Commission on December 12, 1991 and conveyed copies of the study to the agencies.

Conceptual Production Facilities Design

The Conceptual Production Facilities Design was completed in 1991 by the R. M. Parsons Co. An overview of the study was presented to the Department of Natural Resources, Minerals Management Service, and the Alaska Oil & Gas Conservation Commission on December 12, 1991 and copies of the study were conveyed to the agencies at that time.

Seismic

Amerada Hess mobilized a seismic crew and conducted seismic over the Northstar Unit during August of 1991. Amerada Hess reviewed the status of the seismic program with the Department of Natural Resources, Minerals Management Service, and the Alaska Oil & Gas Conservation Commission on December 12, 1991 and proposed a modified 1992 winter program. The modified seismic plan will obtain coverage that exceeds that of the originally proposed seismic plan.

Drilling a Delineation Well

Amerada Hess and its partners elected not to drill a well in 1991. Amerada Hess paid the State of Alaska \$2 million in January, 1992.

Plans for 1992

Island Maintenance - Amerada Hess plans to inspect the islands again in 1992 and repair if necessary.

Seismic - Amerada Hess plans to mobilize a seismic crew and complete the seismic program in March of 1992. Data from the seismic will be analyzed with new maps being constructed in 1992. The new mapping will form the basis of an updated reservoir description for reservoir engineering.

Very truly yours,

  
C. R. Richard  
Manager, Engineering  
& Technical Services

yb