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UNIT AGREEMENT

NORTHSTAR UNIT

STATE OF ALASKA

NORTHSTAR UNIT AGREEMENT

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NORTHSTAR UNIT AGREEMENT

RECITALS

The Working Interest Owners parties to this Agreement are owners of interests in oil and gas leases subject to this Agreement.

The Outer Continental Shelf Lands Act, Public Law 83-212, 67 Stat. 462, August 7, 1953 (43 U.S.C. 1331-1343), as amended September 18, 1978 by Public Law 95-372, 92 Stat. 629, as further amended April 7, 1986 by Public Law 99-272, Title VIII Section 8003, 100 Stat. 148, and as further amended on December 22, 1987 by Public Law 100-202, Section 101(y)(Title 1), 101 Stat. 1329-225; 30 CFR 250; Alaska Statutes 38.05.180; Alaska Statutes 38.05.037; Alaska Statutes 31.05.110; Alaska Administrative Code 11 AAC 83.300 - 11 AAC 83.395; an agreement dated October 26, 1979, entitled "Agreement Regarding Unitization for the Joint Federal/State Beaufort Sea Lease Sale Between The United States And The State of Alaska" (hereinafter "Agreement Regarding Unitization"); and an agreement dated October 26, 1979, entitled "Agreement Between The United States of America And The State of Alaska Pursuant To Section 7 Of The Outer Continental Shelf Lands Act, and the Alaska Statutes 38.05.137" (hereinafter "Section 7 Agreement") permit the United States of America and the State of Alaska to approve this unit agreement for the purpose of exploration, development and production of oil and gas.

AGREEMENT

In consideration of the premises and mutual promises contained in this Agreement, the parties commit to this Agreement their respective interests in the below-defined Unit Area, and agree severally among themselves as follows:

ARTICLE I Definitions

- 1.1 Act means the Outer Continental Shelf Lands Act of 1953, as amended (43 U.S.C. 1331, et seq.).
- 1.2 Agreement Regarding Unitization means the Agreement Regarding Unitization for the Joint Federal/State Beaufort Sea Lease Sale between the United States and the State of Alaska, dated October 26, 1979.
- 1.3 Alaska Oil and Gas Conservation Commission (AOGCC) means the independent quasi-judicial agency of the State of Alaska having

jurisdiction and authority over all persons and property, public and private, necessary to carry out the purpose and intent of the Alaska Oil and Gas Conservation Act, AS 31.05.

- 1.4 Commissioner means the Commissioner of the Department of Natural Resources, State of Alaska, or the Commissioner's duly authorized representative, who is authorized and has been delegated the authority to act for and on behalf of the Commissioner of the Department of Natural Resources.
- 1.5 Effective Date means the time and date this Agreement becomes effective as provided in Article 14.1.
- 1.6 Oil and Gas Rights means the rights to explore, develop, and produce Unitized Substances from lands within the Unit Area.
- 1.7 Outside Substances means oil, gas, other hydrocarbons or nonhydrocarbon substances purchased or otherwise obtained from outside the Unit Area by the Unit Operator and, with the approval of the Regional Supervisor, or the Commissioner, or both, injected into a Reservoir in the Unit Area.
- 1.8 Participating Area means all or parts of Unit Tracts described and designated as a Participating Area under this Agreement for the purposes of allocating one or more Unitized Substances produced from a Reservoir.
- 1.9 Participating Area Expense means all cost, expense or indebtedness incurred by the Unit Operator under this Agreement or the Unit Operating Agreement for or on account of production from or operations in a Participating Area and allocated solely to the Unit Tracts in that Participating Area.
- 1.10 Paying Quantities means quantities of Unitized Substances sufficient to yield a return in excess of operating costs.
- 1.11 Regional Supervisor means the Regional Supervisor, Field Operations, of the Minerals Management Service, U.S. Department of the Interior, or his designees, authorized and empowered to regulate and approve unit operations.
- 1.12 Regional Supervisor, or the Commissioner, or both, means, depending upon the context, the party having jurisdiction, which, unless otherwise specified, shall generally be deemed to be
 - (a) the Regional Supervisor, if only federally-managed land is directly implicated;

- (b) the Commissioner, if only State-managed land is directly implicated; and
- (c) both the Regional Supervisor and the Commissioner if both Federal and State-managed land is implicated.
- 1.13 Reservoir means that part of the Unit Area containing an accumulation of Unitized Substances which has been discovered by drilling and evaluated by testing a well or wells, and which is geologically separate from and not in hydrocarbon communication with any other accumulation.
- 1.14 Royalty Interest, with regard to Article 12, means a right to or interest in any portion of, or the proceeds or value of the Unitized Substances other than a Working Interest.
- 1.15 Section 7 Agreement means the Agreement between the United States of America and the State of Alaska pursuant to Section 7 of the Outer Continental Shelf Lands Act and Alaska Statutes 38.05.137, dated October 26, 1979.
- 1.16 State means the State of Alaska acting in this Agreement by and through the Commissioner of the Department of Natural Resources, or the Commissioner's authorized representative.
- 1.17 Sustained Unit Production means continuing production of Unitized Substances from a well in the Unit Area into production facilities and transportation from the Unit Area to market.
- 1.18 Unit Area means the lands described in Exhibits A and B to this Agreement, submerged or not.
- 1.19 Unit Equipment means all personal property, lease and well equipment, plants, platforms and other facilities and equipment used, taken over or otherwise acquired for use in Unit Operations.
- 1.20 Unit Expense means all costs, expenses or indebtedness incurred by the Unit Operator under this Agreement and the Unit Operating Agreement for or on account of Unit Operations except for Participating Area Expense.
- 1.21 Unitized Substances means all oil, gas (except helium), gaseous substances contained therein, condensate, distillate, and all associated constituent liquid or liquefiable substances (other than water) within or produced from the Unit Area.

- 1.22 Unit Operating Agreement means the agreement(s) entered into by the Unit Operator and the Working Interest Owners, as set forth in Article 7 of this Agreement. The Unit Operating Agreement shall provide for the apportionment of costs and liabilities incurred in conducting operations pursuant to this Agreement and the establishment of other rights and obligations between the Working Interest Owners and the Unit Operator which are not inconsistent with the provisions of this Agreement.
- 1.23 Unit Operations means all operations conducted under this Agreement in accordance with a plan or plans approved in accordance with Article 8 of this Agreement.
- 1.24 Unit Operator means the party designated by the Working Interest Owners and approved by the Regional Supervisor and the Commissioner under this Agreement to conduct Unit Operations within the Unit Area.
- 1.25 Unit Tract means each separate parcel (whether leased or unleased) which is described in Exhibit A and given a Unit Tract number.
- 1.26 Unit Tract Participation means the percentage allocation credited to a Unit Tract in a Participating Area for the purpose of allocating Unitized Substances under this Agreement.
- 1.27 Working Interest means an interest in Unitized Substances by virtue of a lease, operating agreement or otherwise, including a carried interest under which the owner of the interest has the right to drill, develop or produce, or cause to be drilled for, developed or produced, Unitized Substances.
- 1.28 Working Interest Owner means a party who owns a Working Interest.

ARTICLE 2

Exhibits

- 2.1 Exhibits. The following-described Exhibits are to be attached to and made a part of this Agreement. At the time of approval of this Agreement, only Exhibits A and B are required. Exhibits shall be supplied by the Unit Operator pursuant to the provisions of this Article.

- 2.2 Exhibit A is a schedule that identifies and describes each Unit Tract, shows the Working Interest ownership of Oil and Gas Rights in each Unit Tract, and shows the royalty and net profit share rates applicable to each Unit Tract.
- 2.3 Exhibit B is a map that shows the boundary lines of the Unit Area and of each of the Unit Tracts.
- 2.4 Exhibit C is a schedule that identifies and describes a Participating Area established under this Agreement, including geologic descriptions and schedules showing Unit Tract numbers, legal descriptions, lease numbers (both Federal and State), and Unit Tract Participation. Separate Exhibits shall be prepared for each separate Participating Area established in the Unit Area. A revised Exhibit C shall be submitted to the Regional Supervisor and Commissioner within sixty (60) days of approval of any division of interest or allocation formula affecting or revising Unit Tract Participation.
- 2.5 Exhibit D is a map showing the boundary lines of a Participating Area and the Unit Tracts in that Participating Area established under this Agreement. Separate Exhibits shall be prepared for each separate Participating Area established within the Unit Area.
- 2.6 Exhibit E is a schedule that describes the allocation of Participating Area Expense to each Unit Tract in the Participating Area(s) established under this Agreement. Separate Exhibits shall be prepared for each separate Participating Area established in the Unit Area. A revised Exhibit E shall be submitted to the Regional Supervisor and Commissioner within sixty (60) days of approval of any division of interest or allocation formula affecting or revising Participating Area Expense allocated to the Tracts in a Participating Area.
- 2.7 Exhibit F is a schedule that describes the allocation of Unit Expense to each Unit Tract in the Unit Area. A revised Exhibit F shall be submitted to the Commissioner and the Regional Supervisor within sixty (60) days of approval of any division of interest or allocation formula affecting or revising Unit Expense allocated to the Tracts in the Unit Area.
- 2.8 Exhibits shall be revised by the Unit Operator whenever changes in the Unit Area, Participating Areas, ownership of one or more leases, or the allocations of Unitized Substances to the individual Unit Tracts render such changes necessary. Copies of the revised Exhibits shall be submitted for the approval of the Regional Supervisor, or the Commissioner, or both, and shall be filed for

public record in the filing office of the Department of Natural Resources, Anchorage, Alaska, and the filing office of the Minerals Management Service, Anchorage, Alaska.

- 2.9 Except where required under section 9.9, the Regional Supervisor will not exercise approval authority over Exhibit E or F, and will not be bound or affected by the agreement among the Working Interest Owners or the approval by the Commissioner concerning the matters set forth in those exhibits.

ARTICLE 3
Creation and Effect of Unit

- 3.1 All Oil and Gas Rights in and to the lands described in Exhibit A and shown in Exhibit B are made subject to this Agreement in order that Unit Operations may be conducted as if the Unit Area were a single lease.
- 3.2 Unit Operations conducted under a plan or plans approved in accordance with Article 8 of this Agreement shall, subject to the provisions of section 3.3, cause each lease in the Unit Area to continue in effect as if Unit Operations were conducted on each lease.
- 3.3 Except as otherwise provided in applicable regulations, where only a portion of a State of Alaska lease is committed to this Agreement, the commitment constitutes a severance of the lease as to the unitized and nonunitized portions of the lease. The portion of the lease not committed to this Agreement will be treated as a separate and distinct lease having the same effective date and term as the original lease and may be maintained thereafter only in accordance with the terms and conditions of the original lease, statutes, and regulations. Any portion of the State lease not committed to this Agreement will not be affected by the unitization or pooling of any other portion of the lease, by operations in the Unit Area, or by suspension approved or ordered for the unit under appropriate statutes and regulations. Except as otherwise provided in applicable regulations, where only a portion of a Federal lease is committed to the Unit Area, the lease will not be severed, and the portion of the lease outside the Unit Area will be extended so long as the portion inside the Unit Area is extended, but operations on the portion outside the Unit Area are not subject to the provisions of this Agreement.
- 3.4 Production from any part of a Participating Area shall be considered as production from each Unit Tract in the Participating Area and shall cause the portion of each lease that

is either wholly or partially contained within the Participating Area to continue in effect just as if a well were producing from each Unit Tract in the Participating Area.

- 3.5 The provisions of the various leases, agreements, or other instruments pertaining to the respective leases or production from those leases, are amended only to the extent necessary to make them conform to the written provisions of this Agreement, but otherwise shall remain in full force and effect.
- 3.6 Nothing in this Agreement shall be construed to result in the transfer of title to Oil and Gas Rights by any party to any other party or to the Unit Operator.
- 3.7 Except to the extent modified in this Agreement, the Unit Operator shall have the same rights to use of the surface and the subsurface and any other rights as are granted in the respective leases. The Unit Operator will, to the extent feasible and prudent, minimize and consolidate surface facilities in order to minimize surface impacts.
- 3.8 Except for Unit Equipment, all lease and well equipment, materials, and other facilities placed by a Working Interest Owner in the Unit Area shall be deemed to be and shall remain personal property belonging to and may be removed by the Working Interest Owner. The rights, obligations, and interests in a Working Interest Owner's personal property in the Unit Area may be addressed in the Unit Operating Agreement.
- 3.9 All data and information determined by the Regional Supervisor, the Commissioner, or the Alaska Oil and Gas Conservation Commission to be necessary for the administration of this Agreement or for the performance of statutory responsibilities shall be provided by the Unit Operator, or Working Interest Owner, or both, to the requesting authority upon written request. The data and information shall be submitted to the requesting authority regardless of whether the title to the land for which data and information are sought is owned by the State of Alaska, the United States, or is in dispute between the State of Alaska and the United States. All data and information provided to the Regional Supervisor, the Commissioner, or the Alaska Oil and Gas Conservation Commission shall be protected from disclosure pursuant to governing law and regulations.
- 3.10 All Working Interest Owners of a State of Alaska oil and gas lease must commit to this Agreement in order for that lease to be committed to this Agreement.

ARTICLE 4
Designation of Unit Operator

- 4.1 Amerada Hess Corporation is hereby designated as the Unit Operator and agrees to accept the rights and obligations of the Unit Operator to conduct Unit Operations and to explore for, develop and produce Unitized Substances as provided in this Agreement.
- 4.2 Except as otherwise provided in this Agreement and subject to the terms and conditions of plans approved in accordance with Article 8 of this Agreement, the exclusive rights and obligations of the Working Interest Owners to conduct operations to explore for, develop and produce Unitized Substances in the Unit Area are delegated to and shall be exercised by the Unit Operator. This delegation neither relieves a lessee of the obligation to comply with all lease terms nor transfers title to any lease. Unit Operator shall notify the other Working Interest Owners, the Commissioner and Regional Supervisor of all actions taken by the Unit Operator under this Agreement.

ARTICLE 5
Resignation or Removal of Unit Operator

- 5.1 The Unit Operator shall have the right to resign at any time. Such resignation shall not become effective until sixty (60) days after written notice of an intention to resign has been delivered by the Unit Operator to the Working Interest Owners, the Regional Supervisor and the Commissioner, and until all artificial islands, installations and other devices, including wells, used for conducting operations in the Unit Area are placed in a condition satisfactory to the Regional Supervisor, or the Commissioner, or both, for suspension or abandonment of operations. However, if a successor Unit Operator is designated and approved as provided in Article 6, the resignation shall be effective upon the approval of the successor Unit Operator by the Regional Supervisor and Commissioner.
- 5.2 The Unit Operator may be removed as provided in the Unit Operating Agreement. This removal shall not be effective until the Working Interest Owners notify the Regional Supervisor, the Commissioner and the Unit Operator, and until the Regional Supervisor and the Commissioner approve the designation of a successor Unit Operator.
- 5.3 The resignation or removal of the Unit Operator shall not release the Unit Operator from liability for any failure to meet its obligations which accrued before the effective date of its resignation or removal.

- 5.4 The resignation or removal of the Unit Operator shall not in itself terminate its rights, title or interest as the owner of a Working Interest or other interest in the Unit Area. Any termination of the Unit Operator's rights, title or interest would occur independently under the terms of the leases and governing law. When the resignation or removal of the Unit Operator becomes effective, the Unit Operator shall relinquish to the successor Unit Operator possession of all artificial islands, wells, installations, devices, records, and any other assets used for conducting Unit Operations, whether or not located in the Unit Area.

ARTICLE 6
Successor Unit Operator

- 6.1 Whenever the Unit Operator tenders its resignation as Unit Operator or is removed as provided in Article 5, a successor Unit Operator may be designated as provided in the Unit Operating Agreement and the successor Unit Operator's acceptance, in writing, of the rights and obligations of a Unit Operator. The successor Unit Operator shall file three (3) executed copies of the designation of successor with the Regional Supervisor, and five (5) executed copies of the designation of successor with the Commissioner. However, the designation of successor shall not become effective until approved by the Regional Supervisor and the Commissioner.
- 6.2 If no successor Unit Operator is designated as herein provided within sixty (60) days following notice to the Regional Supervisor and the Commissioner of the resignation or removal of a Unit Operator, the Regional Supervisor and the Commissioner, at their election, may designate one of the Working Interest Owners, other than the Unit Operator, as successor Unit Operator, or they may declare this Agreement terminated.

ARTICLE 7
Unit Operating Agreement

- 7.1 The Working Interest Owners and the Unit Operator shall enter into a Unit Operating Agreement which shall describe how all costs and liabilities incurred in maintaining or conducting operations pursuant to this Agreement shall be apportioned and assumed. The Unit Operating Agreement shall also describe how the benefits which may accrue from operations conducted on the Unit Area shall be apportioned among the Working Interest Owners.
- 7.2 Any allocation of costs or liabilities, or allocation of the production of Unitized Substances or other unit benefits set forth in the Unit Operating Agreement will not be binding on the State for the purposes of determination or settlement of State royalties

or net profit share. Allocations of cost or hydrocarbon production for the purpose of determination or settlement of State royalties or net profit share must be based on Exhibits C, E and F of this Agreement, and must be approved by the Commissioner in writing before taking effect.

- 7.3** The Working Interest Owners and the Unit Operator may establish, by means of one or more Unit Operating Agreements, other rights and obligations between the Unit Operator and the Working Interest Owners as they deem necessary or appropriate. However, no Unit Operating Agreement shall be deemed to modify the terms and conditions of this Agreement, or to relieve the Working Interest Owners or the Unit Operator of any obligation set forth in this Agreement. In case of any conflict between the terms of this Agreement and the Unit Operating Agreement, this Agreement shall prevail. Where conflicts exist solely between Working Interest Owners, the Unit Operating Agreement shall control.
- 7.4** Any Working Interest Owner shall be entitled to drill wells on the unitized portion of its lease when the Unit Operator has declined to drill such wells, so long as such activities are conducted under an approved Permit to Drill, and a plan approved under Article 8 of this Agreement. If any such well drilled by a Working Interest Owner is determined to be capable of producing Unitized Substances in Paying Quantities, that land upon which it is situated shall be included in a Participating Area. Such Participating Area shall be established or enlarged as provided in this Agreement, and the well shall thereafter be operated by the Unit Operator in accordance with the terms of this Agreement and the Unit Operating Agreement.
- 7.5** Copies of the Unit Operating Agreement cited in Article 7.1 shall be attached to this Agreement when this Agreement is filed with the Regional Supervisor and Commissioner for approval. The copy of the Unit Operating Agreement filed with the Regional Supervisor and the Commissioner shall be for informational purposes only. The Unit Operating Agreement shall not be deemed to be approved by the State's approval of the Unit Agreement. Copies of all other Unit Operating Agreements and any amendments to Unit Operating Agreements also shall be filed with the Regional Supervisor and the Commissioner at least thirty (30) days prior to their effective dates.

ARTICLE 8
Plans of Operations, Exploration and
Development and Production

- 8.1** A unit plan of exploration or a unit plan of development shall be submitted for approval by the Regional Supervisor and the

Commissioner at the time this Agreement is filed. The plan must meet the requirements of State of Alaska Regulations 11 AAC 83.341 or 11 AAC 83.343. Requirements contained in a unit plan approved by the Regional Supervisor and the Commissioner are incorporated into this Agreement by reference as of the date of approval of that such plan.

- 8.2 No exploration, development or production activities may be commenced or conducted on the Unit Area except in accordance with an approved plan. Plans of operations, applications for Permits to drill, and other applications pertaining to proposed activities located only on and under leases managed by the State must be submitted to and approval obtained from the State agency normally receiving such applications prior to commencement of operations as provided under 11 AAC 83.341 - 11 AAC 83.346 and 20 AAC 25. Exploration plans and development and production plans, applications for permits to drill, and other applications pertaining to proposed activities located only on and under leases managed by the Minerals Management Service must be submitted to and approval obtained from the Regional Supervisor prior to commencement of operations as provided under 30 CFR 250. Applications pertaining to proposed activities located on and under leases managed by the State and leases managed by the Minerals Management Service must be submitted to and approval obtained from the Minerals Management Service and the State agency normally receiving that type of application prior to commencement of operations. Copies, for informational purposes only, of applications to conduct operations set forth in the approved plan of Unit Operations, submitted for approval to the Commissioner or the Regional Supervisor shall be furnished to each of the aforementioned regardless of whether their approval is required.
- 8.3 State standards and legal requirements will apply to those leases on undisputed State lands and pending resolution of the title dispute, to those leases on disputed lands in Zone B as described in the Section 7 Agreement. Federal standards and legal requirements will apply to those leases on undisputed Federal lands and, pending resolution of the title dispute, to those leases on disputed lands in Zone A as described in the Section 7 Agreement. After the title dispute is resolved, State and Federal standards and legal requirements will apply in accordance with the final resolution. Federal and State standards and legal requirements will apply to those leases where Unit Operations are conducted from a lease managed by the Federal government into a lease managed by the State, or vice versa.
- 8.4 For the purposes of conservation of natural resources, protection of correlative rights, and prevention of waste, all decisions affecting the Reservoir management of any Reservoir within the

Unit Area underlying lands owned by or within the jurisdiction of both the State of Alaska and the Federal Government will be made jointly by the Regional Supervisor, the Commissioner, and the Alaska Oil and Gas Conservation Commission.

- 8.5** When no Unitized Substances are being produced in Paying Quantities from the Unit Area and when all or part of the Unit Area is subject to one or more leases beyond the primary term and where there are one or more wells capable of producing hydrocarbons in Paying Quantities, a continuous drilling or well reworking program shall be maintained, with lapses of no more than ninety (90) days per lapse between such operations (unless a longer period is approved by the Director of the Minerals Management Service and the Commissioner), unless a suspension of production, or other operations has been ordered or approved by the Regional Supervisor and the Commissioner, or for State leases, operations are being conducted in accordance with an approved plan of exploration or development. Plans may call for a cessation of drilling operations for a reasonable period of time between the discovery and delineation of a Reservoir and the initiation of actual production when such a pause in drilling activities is warranted to permit the design, fabrication, and erection of platforms, artificial islands, installations, and other devices needed for development and production operations; provided, however, that the Unit Operator requests and obtains the approval of the Regional Supervisor and the Commissioner, for suspension of operations or production pursuant to applicable State and Federal statutes and regulations.
- 8.6** A suspension of Unit Operations pursuant to the authorization of the Regional Supervisor concurred with by the Commissioner shall be deemed to constitute a suspension as to each Federal lease and each Federally-managed disputed lease in the Unit Area.
- 8.7** The Regional Supervisor, or the Commissioner, or both, after giving written notice to the Unit Operator, may require the Unit Operator to modify the rate of exploration, or development or production from the Unit Area. Any modification required by the Regional Supervisor, or the Commissioner, or both, shall be pursuant to governing State and Federal laws and regulations.
- 8.8** For the purposes of this Agreement, if a well has been drilled, or drilling has commenced on a well on a lease which is committed to the Unit Agreement, that well will be considered to be a Unit Well upon the approval of this Agreement.
- 8.9** Any injection of Outside Substances into a Reservoir in the Unit Area must be approved by the Regional Supervisor, or the Commissioner, or both, as part of a unit plan of operation or development. Any injection of Outside Substances into a Reservoir underlying or partially underlying lands within the State or a Reservoir otherwise subject to the jurisdiction of the Alaska

Oil and Gas Conservation Commission must also be approved by the Alaska Oil and Gas Conservation Commission.

ARTICLE 9
Participating Areas

- 9.1** No later than six (6) months prior to Sustained Unit Production from a Reservoir in the Unit Area, the Unit Operator shall submit to the Regional Supervisor, or the Commissioner, or both, for approval a description of the proposed initial Participating Area. The effective date of the initial Participating Area will be no later than the date of the first Sustained Unit Production. For each subsequent Participating Area, the application shall be submitted no later than ninety (90) days prior to Sustained Unit Production, and the effective date shall be established by the Regional Supervisor, the Commissioner, or both.
- 9.1.1** If the Reservoir into which a unit well certified as capable of producing hydrocarbons in Paying Quantities is drilled lies completely under lands owned by the State of Alaska, the application for a Participating Area or any revision to that Participating Area for that Reservoir shall be made to the Commissioner. If the Reservoir into which a unit well certified as capable of producing hydrocarbons in Paying Quantities is drilled lies completely under lands owned by the Federal government, the application for a Participating Area or any revision to that Participating Area for that Reservoir shall be made to the Regional Supervisor. If the Reservoir into which a unit well certified as capable of producing hydrocarbons in Paying Quantities is drilled lies under both State and Federal lands, or if such a Reservoir underlies any lands to which the ownership is in dispute between the State and Federal governments, the application for a Participating Area or any revision to a Participating Area for that Reservoir shall be made to both the Regional Supervisor and the Commissioner.
- 9.1.2** Prior to the submission of an application to either the Regional Supervisor, or the Commissioner, but not both, as set out in Article 9.1.1, the Unit Operator must make a showing to the Regional Supervisor and the Commissioner that the Reservoir underlies either State or Federally owned lands, but not both. Both the Regional Supervisor and the Commissioner must agree with and approve such showing before an application for a Participating Area can be made to either the Commissioner, or the Regional Supervisor, but not both.

- 9.2** The Unit Operator shall also submit to the Regional Supervisor, or the Commissioner, or both, for approval a proposed division of interest or formula allocating Unit Tract Participation as described in Exhibits C and D and this Article. Upon approval by the Regional Supervisor, or the Commissioner, or both, the area of productivity as described in Exhibits C and D constitutes a Participating Area.
- 9.3** In conjunction with the submission of the materials set out in Article 9.2 above, the Unit Operator shall submit to the Commissioner for approval a proposed formula for allocating Participating Area Expense and Unit Expense as described in Exhibits E and F.
- 9.4** A Participating Area shall include only the land known to be underlain by Unitized Substances and known or reasonably estimated through use of geological, geophysical and engineering data to be capable of producing or contributing to production of Unitized Substances in Paying Quantities.
- 9.5** A separate Participating Area shall be established for each separate Reservoir in the Unit Area. Any two or more Reservoirs or Participating Areas may be combined into one Participating Area with the consent of the Regional Supervisor, or the Commissioner, or both, as prescribed below. If both Reservoirs lie completely under lands owned by the State of Alaska, the application for a combined Participating Area or any revision to that Participating Area for that Reservoir shall be made to the Commissioner. If both Reservoirs lie completely under lands owned by the Federal government, the application for a combined Participating Area or any revision to that Participating Area for that Reservoir shall be made to the Regional Supervisor. If one of both Reservoirs lie under State and Federal lands, or if one or both Reservoirs underlies any lands to which the ownership is in dispute between the State and Federal governments, the application for a combined Participating Area or any revision to the combined Participating Area for that Reservoir shall be made to both the Regional Supervisor and the Commissioner.
- 9.6** The Unit Operator, at its own election or at the direction of the Regional Supervisor, or the Commissioner, or both, shall submit an application for approval by the Regional Supervisor, or the Commissioner, or both, for expansion or contraction of the Participating Area whenever expansion or contraction is warranted on the basis of further drilling or otherwise. The application shall be submitted to the Regional Supervisor, or the Commissioner, or both, as provided above in Articles 9.1.1 and 9.5, depending upon the land status. Before any directed

expansion or contraction of the Participating Area is implemented, the Regional Supervisor, or the Commissioner, or both, will give the Unit Operator reasonable notice and an opportunity to be heard.

- 9.7 A Participating Area shall be expanded to include acreage reasonably proven through use of geological, geophysical, and engineering data to be capable of producing or contributing to production of Unitized Substances in Paying Quantities, or contracted to exclude acreage reasonably proven through use of geological, geophysical, and engineering data to be incapable of producing or contributing to production of Unitized Substances in Paying Quantities, subject to the approval of the Regional Supervisor and the Commissioner. A revision of a Participating Area becomes effective as of the first day of the month in which is obtained the knowledge or information on which the revision is predicated unless a more appropriate effective date is approved or prescribed by the Regional Supervisor, or the Commissioner, or both. New exhibits showing such new Tract, Tract Participation and boundaries by Tract based on the decisions of the Regional Supervisor and the Commissioner shall be filed with the Regional Supervisor and the Commissioner for approval.
- 9.8 No land in a Participating Area shall be excluded from the Participating Area due to the depletion of Unitized Substances.
- 9.9 In the event that the Working Interest Owners are unable to agree on the fair, reasonable and equitable allocation of production or costs, such allocation will be prescribed by (1) the Regional Supervisor, if only leases on undisputed Federal lands are included in the Participating Area, (2) the Commissioner and the Alaska Oil and Gas Conservation Commission, if only leases on undisputed State lands are included in the Participating Area, (3) the Regional Supervisor, the Commissioner and the Alaska Oil and Gas Conservation Commission, if any leases on disputed lands, whether leased by the United States or the State of Alaska as lessor, are included in the Participating Area, or (4) the Regional Supervisor, the Commissioner, and the Alaska Oil and Gas Conservation Commission, if both undisputed Federal and State lands are included in the Participating Area.
- 9.10 If any gas saved, removed or sold from one Participating Area is used for repressuring or recycling purposes in another Participating Area, the first gas withdrawn from such last-mentioned Participating Area that is saved, removed or sold during the life of this Agreement shall be considered to be the gas so transferred until an amount equal to that transferred shall be so saved, removed or sold and such gas shall be allocated to the Participating Area from which initially produced as constituted at the time of such final production.

ARTICLE 10
Allocation of Production

- 10.1** For the purpose of allocating Unitized Substances for the determination of royalty or Net Profit Share payments accruing under this Agreement, each Unit Tract in the Participating Area shall have allocated to it such percentage of the Unitized Substances saved, removed, or sold from the Participating Area as computed on the basis of the ratio of the estimated volume of recoverable Unitized Substances originally in place under each Unit Tract in the Participating Area to the estimated total volume of recoverable Unitized Substances originally in place under the Participating Area. The Unitized Substances which are saved, removed or sold from a Participating Area shall be allocated in the manner as described in Exhibit C regardless of where any well is drilled in the Participating Area.
- 10.2** The allocation of Unitized Substances saved, removed or sold for purposes other than settlement of the royalty or Net Profit Share obligations of the Working Interest Owners shall be on the basis prescribed in a Unit Operating Agreement, whether in conformity with the basis of allocation set forth above or otherwise. If there is a separate division of interest or allocation formula among any of the parties holding an interest in the unit that is different from the division of interest or allocation formula approved by the Regional Supervisor, or the Commissioner, or both, the parties to the separate division of interest or allocation formula not approved by the Regional Supervisor, or the Commissioner, or both, shall submit a copy of that formula to the Regional Supervisor, or the Commissioner, or both, and a statement explaining the reasons for the difference.
- 10.3** Prior to the injection of Outside Substances into any Reservoir within the Unit Area, the Working Interest Owners, the Regional Supervisor, or the Commissioner, or both, shall agree upon the rate at which such Outside Substances will be considered to be recovered. No royalty shall be due or payable for produced substances which are determined to be recovered Outside Substances. However, as to Outside Substances, only dry gas and not products extracted therefrom may be saved, removed or sold royalty-free. If more than one type of Outside Substance is injected at any time, the Working Interest Owners, the Regional Supervisor, or the Commissioner, or both, may agree upon differing recovery rates for each type of Outside Substance. Any withdrawal of royalty-free Unitized Substances shall terminate not later than upon the withdrawal of an amount equal to the Outside Substances originally injected.

- 10.4 No royalty, overriding royalty, production, or other profit-based payments shall be payable to the State of Alaska on account of the proportion of Unitized Substances used in the Unit Area for development and production or unavoidably lost that is attributable to State leases. Gas that is flared for any reason other than safety purposes as directed by the Alaska Oil and Gas Conservation Commission shall not be deemed to be unavoidably lost.

ARTICLE 11

Federal Leases, Rentals and Minimum Royalties

- 11.1 Rentals are payable in advance on or before the anniversary date of each Federal lease included in the Unit Area. Rentals shall be paid by the lessees of record.
- 11.2 For each lease year commencing on or after the Effective Date of this Agreement and after the Regional Supervisor has determined that a well on a Federal lease in the Unit Area is capable of being produced in Paying Quantities, a minimum royalty of \$8.00 an hectare/year shall be paid for each hectare or fraction thereof under Federal lease in the Unit Area. However, if there is production from the Unit Area during the lease year, the amount of royalty paid for production allocated to the lease during the lease year shall be credited against the minimum royalty obligation. Minimum royalties are payable within thirty (30) days after the last day of each lease year and shall be paid by the Unit Operator.

ARTICLE 12

State Leases, Rentals, Royalties and Net Profit Share Payments

- 12.1 All terms imposed under this Article shall apply only to State leases included in the Unit Area and subject to this Agreement.
- 12.2 In addition to the rental, royalty, and net profit share payments prescribed in the State oil and gas leases committed to this Agreement, the following extension fee payments shall be paid by the State lessees to the State, unless the fee obligation is extinguished as provided below:

January 31, 1991 - \$ One million
January 31, 1992 - \$ Two million
January 31, 1993 - \$ Two million
January 31, 1994 - \$ Three million
January 31, 1995 - \$ Four million

The actual commencement of the drilling of a new well (one not in existence as of the Effective Date of this Agreement) in the Unit Area, whether on State, Federal or disputed land, will extinguish all subsequent extension fee payments or obligations if that well is completed to its proposed bottomhole location. The extension payments attributable to State Net Profit Share Leases qualify as Development Costs under .11 AAC 83.219(b)(4).

- 12.3** The division of interest or the formula which allocates the Unit Expense and Participating Area Expense among the Unit Tracts encompassing any State lease within the Unit Area shall not take effect until approved by the Commissioner in writing. Any proposed revision of an approved division of interest or allocation formula which allocates the Unit Expense and Participating Area Expense among the Unit Tracts encompassing any State lease within the Unit Area shall not take effect until approved by the Commissioner in writing. When requested by the Commissioner, the Unit Operator shall promptly file with the Commissioner all data that relates to the proposed or revised division of interest or the allocation formula.
- 12.4** All Unitized Substances saved, removed, or sold from the Unit Area shall be allocated to the Participating Area established for the Reservoir from which the Unitized Substances were produced, as set forth in Exhibit C. Unitized Substances allocated to a Participating Area shall be allocated to each Unit Tract within the Participating Area in accordance with each Unit Tract's Unit Tract Participation and among Working Interest Owners in accordance with each Working Interest Owner's ownership in the Oil and Gas Rights in the Unit Tract. The amount of Unitized Substances allocated to each Tract, regardless of whether the amount is more or less than the actual production of Unitized Substances from the Unit Tract, if any, shall be deemed for all purposes to have been produced from that Unit Tract.
- 12.5** For all Participating Areas, the Working Interest Owners may allocate Unitized Substances, Participating Area Expense, and Unit Expense among themselves, in amounts other than those set out in Exhibits C, E, and F, provided that any allocation which is different than the allocations required in Exhibits C, E, and F shall be submitted to the Commissioner for the State's information with a statement explaining the reason for the different allocation.
- 12.6** Each month, the Unit Operator shall furnish to the Commissioner a schedule which shall specify, for the previous month, the total amount of Unitized Substances produced, the amount of Unitized

Substances used for development and production or unavoidably lost, the amount of Unitized Substances allocated to each Tract as royalty delivered in kind to the Commissioner, and the amount of Unitized Substances allocated to each Tract as royalty production to be settled in value.

- 12.7 Each Working Interest Owner under a State lease shall make settlement for its share of royalty on Unitized Substances taken in value by the State as provided under the terms of each respective lease, except that any reference in the lease to the "leased area" shall mean "Unit Area", and any reference to "oil, gas, or associated substances" shall mean "Unitized Substances."
- 12.8 All payments to the State of Alaska shall be made payable in the manner directed by the Commissioner to any depository designated by him or her with at least sixty (60) days notice to the Unit Operator and the Working Interest Owners.
- 12.9 In the event of the failure of any Working Interest Owner to make proper settlement of any royalty due, the Commissioner shall have all rights and remedies available to him or her under law, the lease, and this Agreement, including any rights of cancellation and termination of the lease.
- 12.10 As close as practicable to six (6) months before the commencement of Sustained Unit Production from a Participating Area, the Unit Operator shall give the Commissioner notice of the anticipated date for commencement of production. Within ninety (90) days of receipt of that notice, the Commissioner shall give written notice to the Unit Operator of the State's election to take in kind all, none, a specified percentage, or a specified quantity of its royalty on any Unitized Substances produced from the Participating Area. Upon ninety (90) days advance written notice to the Unit Operator, the Commissioner may increase or decrease (including ceasing to take royalty in kind) the amount of royalty on any Unitized Substances the State takes in kind.
- 12.10.1 In the written notices given under this Article, the Commissioner may elect to specify the Tracts from which royalty taken in kind by the State is to be allocated. If the Commissioner does not specify any Tracts in the notice, the royalty taken in kind shall be allocated to all Tracts in accordance with the Tract Participation.
- 12.10.2 The royalty taken in kind by the State shall be delivered to the Commissioner at the Unit Area boundary and in a pipeline or other facility capable of

carrying the State's royalty share with the Unitized Substances of the Working Interest Owners, or at any other place mutually agreed upon by the Commissioner and the Unit Operator, and shall be delivered to the State or to any individual, firm, or corporation designated by the Commissioner.

12.10.3 The State's royalty Unitized Substances delivered in kind shall be delivered in good and merchantable conditions and be of pipeline quality. Royalty delivered in kind shall be free and clear of all lease expenses, Unit Expense, and Participating Area Expense (including any portion of those expenses which is incurred away from the Unit Area), including but not limited to expenses for separating, cleaning, dehydration, gathering, salt water disposal, and preparing the Unitized Substances for transportation off the Unit Area, and free from any lien for them.

12.10.4 Each Working Interest Owner shall furnish storage for the State's royalty share of Unitized Substances produced from the Unit Area to the same extent that the Working Interest Owner provides storage for its own share of Unitized Substances. The Working Interest Owner shall not be liable for the loss or destruction of stored royalty Unitized Substances from causes beyond the Unit Operator's or the Working Interest Owner's reasonable control.

12.11 If a State royalty purchaser refuses or for any reason fails to take delivery of Unitized Substances, or in an emergency, and with as much notice to the Unit Operator as practical or reasonable under the circumstances, the Commissioner may elect without penalty to underlift for up to six (6) months all or a portion of the State's royalty on Unitized Substances produced from the Unit Area or from any Tract within the Unit Area, and taken in kind. The State's right to underlift is limited to the portion of royalty Unitized Substances that the royalty purchaser refused or failed to take delivery of, or the portion necessary to meet the emergency condition. Underlifted Unitized Substances may be recovered by the State at a daily rate not to exceed ten percent (10%) of its Royalty Interest share of daily production at the time of the underlift recovery. Recovery of underlifted Unitized Substances will be completed within two (2) years of the date such underlift commences. The State and any Working Interest Owner shall be free to enter into an agreement covering underlifting of Unitized Substances by the State, and in such event said agreement shall control the rights and obligations of said parties rather than the provisions of this Section 12.11.

- 12.12 The Unit Operator and the Working Interest Owners shall keep and have in their possession books and records showing the development and production (including records of development and production expenses) and disposition (including records of sales prices, volumes, and purchasers) of all Unitized Substances produced from the Unit Area. The Unit Operator and the Working Interest Owners shall permit the Commissioner to examine those books and records at all reasonable times. These books and records of development, production and disposition shall employ methods and techniques that shall ensure the most accurate figures reasonably available without requiring separate tankage or meters for each well. The Working Interest Owners shall use generally accepted and internally consistent accounting procedures.
- 12.13 Notwithstanding the provisions of paragraph 7 of State Oil and Gas Lease Form No. DMEM-1-79A (Net Profit Share) (Revised November 5, 1979) all rights and obligations relating to net profit share shall be determined in accordance with 11 AAC 83.201 -- 11 AAC 83.295 as amended through August 15, 1982. Notwithstanding any statute, regulation or other law to the contrary, the period of limitation for lawsuits by the State of Alaska concerning net profits share reports or payments shall be no earlier than three (3) years following the audit periods specified in 11 AAC 83.245, as amended through August 15, 1982. The Working Interest Owners holding interests in net profit share leases agree to maintain the records relevant to determination of net profit share unless destruction of the documents is approved by the Commissioner, provided that this obligation shall terminate not later than five (5) years after the termination of the applicable State lease.

ARTICLE 13
Expansion and Contraction

- 13.1 After notice to the Working Interest Owners, and with the approval of the Regional Supervisor and the Commissioner, the Unit Operator, at its own election or at the direction of the Regional Supervisor and Commissioner shall, when warranted, expand the Unit Area to include any additional lands determined to overlie any Reservoir, any part of which is within the Unit Area, or to include any additional lands regarded as reasonably necessary for the purposes of this Agreement. Any expansion shall not be effective until approved by the Regional Supervisor and Commissioner.

- 13.2** Any lease, no part of which is included in a Participating Area on the tenth anniversary of the effective date of the initial Participating Area established under this Agreement, shall be excluded from the Unit Area and from this Agreement. If any portion of a lease is included in a Participating Area, the portion of the lease outside the Participating Area will neither be severed nor will it continue to be subject to the terms and conditions of the Unit Agreement. The portion of the lease outside the Participating Area will continue in full force and effect (a) with regard to a State lease, so long as production is allocated to the unitized portion of the lease and the lessee satisfies the remaining terms and conditions of the lease, and (b), with regard to a Federal lease, so long as drilling and well reworking is occurring or a suspension is approved.
- 13.3** Not sooner than ten (10) years from the Effective Date of this Unit Agreement, the Regional Supervisor and the Commissioner will, in their discretion, contract the Unit Area to include only that land (a) covered by an approved unit plan of exploration or development, (b) underlain by one or more oil and gas reservoirs or one or more potential hydrocarbon accumulations, and (c) that facilitate production, including the immediate adjacent lands necessary for secondary or tertiary recovery, pressure maintenance, reinjection or cycling operations.
- 13.4** Before any directed contraction or expansion of the Unit Area under this Article, the Regional Supervisor and the Commissioner will give the Unit Operator and the Working Interest Owners of the affected leases reasonable notice and an opportunity to be heard.

ARTICLE 14

Effective Date, Term and Termination

- 14.1** This Agreement shall become binding upon each party as of the date each party signs the instrument by which it becomes a party, and shall become effective as of 12:01 a.m. on the day following approval by the Commissioner and the Regional Supervisor. At least one counterpart of this Agreement shall be filed for record by the Unit Operator in the filing office of the Department of Natural Resources, Anchorage, Alaska, one counterpart shall be filed for record with the office of the Alaska Oil and Gas Conservation Commission, Anchorage, Alaska, and one counterpart shall be filed for record with the Regional Supervisor of Field Operations, Minerals Management Service, Anchorage, Alaska.
- 14.2** This Agreement terminates five (5) years from the Effective Date unless:

(a) A unit well in the Unit Area has been certified as capable of producing Unitized Substances in Paying Quantities, in which case the Unit Agreement will remain in effect for so long as Unitized Substances are produced in Paying Quantities from the Unit Area, or for so long as Unitized Substances can be produced in paying Quantities or Unit Operations are being conducted in accordance with an approved Unit Plan of Exploration or Development, or, should production cease, for so long thereafter as diligent operations are in progress to restore production and then so long thereafter as Unitized Substances are produced in Paying Quantities, or

(b) The Unit term is extended with the approval of the Regional Supervisor and the Commissioner. No extension shall exceed five (5) years.

- 14.3 If the Regional Supervisor and the Commissioner have ordered or approved a suspension of Unit Operations or suspension of production on all or part of the Unit Area, this Agreement shall be continued in force and effect during the period of the authorized suspension, and thereafter so long as operations are being conducted in accordance with the provisions of Article 8.
- 14.4 Nothing in this Article holds in abeyance the obligations to pay rentals, royalties or other production or profit-based payments to the State of Alaska and the United States from operations or production in any part of the Unit Area which is not suspended or temporarily prohibited, or from operations or production which are not affected by any suspension or temporary prohibition. For the purposes of this Article, any seasonal restriction on operations or production or other conditions specifically required or imposed as a term of sale of the original lease, or as a condition imposed under this Agreement, will not be considered a suspension of operations or production ordered pursuant to law or prevention due to force majeure. However, upon application and written approval by the Regional Supervisor, or the Commissioner, or both, seasonal restrictions on operations or production imposed subsequent to approval of this Agreement, may provide a basis for a suspension of operations or production.
- 14.5 Nothing in this Article serves to continue a Federal lease in effect beyond the term provided by the lease in the absence of production from the Unit, drilling or well reworking conducted in accordance with 30 CFR 250.13, or a suspension obtained in accordance with 30 CFR 250.10.
- 14.6 This Agreement may be terminated, with the approval of the Regional Supervisor and the Commissioner, at any time by an affirmative vote of the Working Interest Owners as specified in the Unit Operating Agreement.

ARTICLE 15
Effect of Contraction and Termination

- 15.1** Any lease or a portion of a lease eliminated from the Unit Area pursuant to this Agreement, may be maintained only in accordance with the terms and conditions contained in the applicable State or Federal statutes and regulations and the lease.
- 15.2** Upon termination of this Agreement, a lease which was subject hereto may be continued in force and effect in accordance with the terms and conditions contained in the applicable State or Federal statutes and regulations and the leases.
- 15.3** Each State lease or other agreement covering State lands within the Unit Area shall remain in force for at least ninety (90) days after the date on which this Agreement terminates, and for a further period, if any, as provided by the lease.
- 15.4** The Unit Operator and the Working Interest Owners shall have the right for a period of one (1) year after the date of termination of this Agreement in which to salvage and remove Unit Equipment. The Unit Operator and Working Interest Owners shall rehabilitate the leases eliminated from this Agreement to the satisfaction of the Commissioner insofar as State leases are involved, and to the satisfaction of the Regional Supervisor insofar as Federal leases are involved, within one (1) year after the date of termination of this Agreement. The Commissioner may extend the period for salvage and removal of Unit Equipment and rehabilitation of State leases.

ARTICLE 16
Counterparts

- 16.1** An owner of Oil and Gas Rights may become a party to this Agreement by signing the original of this instrument, or a counterpart or other instrument agreeing to become a party. The signing of these instruments shall have the same effect as if all parties had signed this Agreement.

ARTICLE 17
Laws and Regulations

- 17.1** This Agreement is subject to and incorporates all valid applicable Federal and State laws, rules, regulations and orders in effect on the Effective Date, and is subject to and incorporates all valid

applicable Federal and State laws, rules and regulations subsequently enacted or adopted. Except as provided in section 12.13, this Agreement shall not have the effect of altering the applicability of any State or Federal statute, regulation, or other law.

- 17.2 State leases are subject to all valid applicable local laws and regulations in effect on the Effective Date of this Agreement, insofar as such laws and regulations:
- (a) do not conflict with Federal or State statutes, regulations, or other law;
 - (b) do not conflict with the provisions of this Agreement; and
 - (c) do not conflict with the terms of any lease subject to this Agreement.
- 17.3 This Agreement controls the respective rights and obligations of the Unit Operator, the Working Interest Owners, the State of Alaska and the United States in case of conflict between this Agreement and the Unit Operating Agreement.
- 17.4 The table of contents contained in this Agreement and the title headings are inserted for convenience only and do not have the force or effect of law. They shall not be deemed to be a part of this Agreement nor shall they be considered in interpreting this Agreement.

ARTICLE 18
Appearances and Notices

- 18.1 The Unit Operator, after notice to the other affected parties, shall have the right to appeal any decisions under or affecting this Agreement. The expense of these appearances shall be paid and apportioned as provided in the Unit Operating Agreement(s). However, any affected Working Interest Owner shall have the right, at its own expense, to be heard at any such proceeding.
- 18.2 Any order or notice relating to this Agreement which is given to the Unit Operator shall be deemed given to all Working Interest Owners in the Unit Area. All notices required by this Agreement to be given to the Unit Operator shall be deemed properly given if they are in writing and delivered personally or sent by prepaid registered or certified mail to the addresses set forth below.

ARTICLE 19
Joinders

- 19.1 The Regional Supervisor, or the Commissioner, or both, may order or, upon request, approve a subsequent joinder to the Unit Agreement pursuant to the expansion provisions of Article 13. A request for a subsequent joinder shall be accompanied by a signed counterpart to this Agreement and shall be submitted by the Unit Operator at the time it submits a notice of proposed expansion pursuant to Article 13. A subsequent joinder shall be subject to the requirements which may be contained in the Unit Operating Agreement, if any; provided, however, that the Regional Supervisor and the Commissioner may require modification of any provision in a Unit Operating Agreement which they find would prevent or frustrate a subsequent joinder.

ARTICLE 20
Default

- 20.1 Failure to comply with any of the terms of this Agreement, including any plan approved under Article 8 of this Agreement, is a default under this Agreement.
- 20.2 The Regional Supervisor and the Commissioner will give notice to the Unit Operator of the default. The notice will state the nature of the default, and include a demand to cure the default by a specified date determined by the Regional Supervisor and the Commissioner.
- 20.3 If there is no well certified as capable of producing Unitized Substances in Paying Quantities at the time a default occurs under this Agreement and the default is not cured by the date indicated in the demand, the Regional Supervisor and the Commissioner will, at their discretion, and after giving the Unit Operator reasonable notice and an opportunity to be heard, terminate this Agreement by mailing notice of the termination to the Unit Operator. Termination is effective upon mailing the notice.
- 20.4 If there is a well capable of producing Unitized Substances in Paying Quantities at the time a default occurs under this Agreement and the default is not cured by the date indicated in the demand, the Regional Supervisor and the Commissioner will, at their discretion, seek to terminate this Agreement by judicial proceedings.

EXHIBIT F

Unless otherwise provided in the Unit Operating Agreement, all costs, expenses or indebtedness incurred by the Unit Operator for or on account of Unit Operations shall be borne in the following proportions:

Amerada Hess Corporation	63.86%
Enterprise Oil Ex Co Inc	16.99%
Murphy Oil USA, Inc.	1.92%
Shell Western E&P Inc.	17.23%

20.5 The remedies provided in this article are in addition to any other administrative or judicial remedy which may be prescribed or provided for in the leases subject to this Agreement, this Agreement, or federal or State law.

ARTICLE 21
Revenue Distribution

21.0 The United States of America will distribute to the State of Alaska that portion of bonuses, rents, royalties and other revenues received from federal Unit Tracts as required under applicable law. The United States of America agrees that the State of Alaska's entitlement to 27 percent of royalties from federal Unit Tracts under section 8(g) of the Outer Continental Shelf Lands Act, as amended, (43 U.S.C. 1337(g)), shall be based upon production allocated in Exhibit C to this Agreement, rather than upon production actually recovered at the surface of any particular Unit Tract.

IN WITNESS OF THE FOREGOING, the parties have executed this Unit Agreement on the dates opposite their respective signatures.

ATTEST:

By: D. G. Stevenson
D. G. STEVENSON
Assistant Secretary

Date: October 13, 1989

AMERADA HESS CORPORATION

By: M. B. Bianchi
M. B. BIANCHI
Title: Senior Vice President
Address: P. O. Box 2040
Tulsa, Oklahoma 74102

WITNESSES:

Michael G. Laska
Shirley Blair

WITNESSES:

W. Bayless Rowe

La Frieda De Bruin

Date: 10-10-89

WITNESSES:

Date: _____

WITNESSES:

Date: _____

MURPHY OIL USA, INC.

By: Charles A. Ganus

CHARLES A. GANUS
Title: Attorney-in-Fact

Address: 200 Peach
El Dorado, Ark. 71730

SHELL WESTERN E & P INC.

By: _____
RICK A. GOENNER
Title: Attorney-in-Fact

Address: _____

ENTERPRISE OIL EX CO INC

By: _____
ALAN R. BULLINGTON
Title: Attorney-in-Fact

Address: _____

WITNESSES:

Date: _____

WITNESSES:

W. B. Champlin
E. J. Stewart

Date: 10/10/89

WITNESSES:

Date: _____

MURPHY OIL USA, INC.

By: _____

CHARLES A. GANUS
Title: Attorney-in-Fact

Address: _____

SHELL WESTERN E & P INC.

By: Rick A. Goenner
RICK A. GOENNER
Title: Attorney-in-Fact

Address: P. O. Box 831
Houston, TX 77001

ENTERPRISE OIL EX CO INC

By: _____
ALAN R. BULLINGTON
Title: Attorney-in-Fact

Address: _____

WITNESSES:

Date: _____

WITNESSES:

Date: _____

WITNESSES:

Denise D. Cook

Sharon C. Nations

Date: 10/10/89

MURPHY OIL USA, INC.

By: _____

CHARLES A. GANUS
Title: Attorney-in-Fact

Address: _____

SHELL WESTERN E & P INC.

By: _____

RICK A. GOENNER
Title: Attorney-in-Fact

Address: _____

ENTERPRISE OIL EX CO INC

By: Alan R. Bullington
ALAN R. BULLINGTON
Title: Attorney-in-Fact

Address: 4201 FM 1960 West, # 310
Houston TX
77068

STATE OF OKLAHOMA)
) ss.
COUNTY OF TULSA)

On this 13th day of October, 1989, before me, Neva A. Martin, a Notary Public, State of Oklahoma, duly commissioned and sworn, personally appeared M. B. BIANCHI, known to me to be the Senior Vice President of AMERADA HESS CORPORATION, the corporation described in and that executed the within instrument, and also known to me to be the person who executed the within instrument on behalf of the corporation therein named, and acknowledged to me that such corporation executed the same.

In Witness Whereof I have hereunto set my hand and affixed my official seal at Tulsa, Oklahoma the day and year in this certificate first above written.



Notary Public, State of Oklahoma
My Commission Expires: 1-17-93

STATE OF _____)
) ss:
COUNTY OF _____)

On this ___ day of October, 1989, before me, _____, a Notary Public, State of _____, duly commissioned and sworn, personally appeared CHARLES A. GANUS, known to me to be the Attorney-in-Fact of MURPHY OIL USA, INC., the corporation described in and that executed the within instrument, and also known to me to be the person who executed the within instrument on behalf of the corporation therein named, and acknowledged to me that such corporation executed the same.

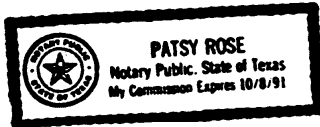
In Witness Whereof I have hereunto set my hand and affixed my official seal at _____, _____ the day and year in this certificate first above written.

Notary Public, State of _____
My Commission Expires: _____

STATE OF Texas)
COUNTY OF Harris) ss:

On this 11th day of October, 1989, before me, the undersigned, a Notary Public, State of Texas, duly commissioned and sworn, personally appeared RICK A. GOENNER, known to me to be the Attorney-in-Fact of SHELL WESTERN E&P INC., the corporation described in and that executed the within instrument, and also known to me to be the person who executed the within instrument on behalf of the corporation therein named, and acknowledged to me that such corporation executed the same.

In Witness Whereof I have hereunto set my hand and affixed my official seal at Houston, 21 the day and year in this certificate first above written.



Patsy Rose
Notary Public, State of Texas
My Commission Expires: 10/8/91

STATE OF _____)
COUNTY OF _____) ss:

On this ___ day of October, 1989, before me, _____, a Notary Public, State of _____, duly commissioned and sworn, personally appeared ALAN R. BULLINGTON, known to me to be the Attorney-in-Fact of ENTERPRISE OIL EX CO INC, the corporation described in and that executed the within instrument, and also known to me to be the person who executed the within instrument on behalf of the corporation therein named, and acknowledged to me that such corporation executed the same.

In Witness Whereof I have hereunto set my hand and affixed my official seal at _____, _____ the day and year in this certificate first above written.

Notary Public, State of _____
My Commission Expires: _____

STATE OF _____)
COUNTY OF _____) ss:

On this ___ day of October, 1989, before me, _____, a Notary Public, State of _____, duly commissioned and sworn, personally appeared RICK A. GOENNER, known to me to be the Attorney-in-Fact of SHELL WESTERN E&P INC., the corporation described in and that executed the within instrument, and also known to me to be the person who executed the within instrument on behalf of the corporation therein named, and acknowledged to me that such corporation executed the same.

In Witness Whereof I have hereunto set my hand and affixed my official seal at _____, _____ the day and year in this certificate first above written.

Notary Public, State of _____
My Commission Expires: _____

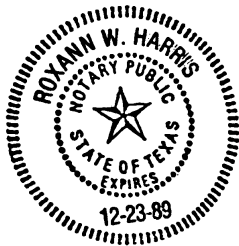
STATE OF Texas)
COUNTY OF Harris) ss:

On this 12th day of October, 1989, before me, Roxann W. Harris, a Notary Public, State of _____, duly commissioned and sworn, personally appeared ALAN R. BULLINGTON, known to me to be the Attorney-in-Fact of ENTERPRISE OIL EX CO INC, the corporation described in and that executed the within instrument, and also known to me to be the person who executed the within instrument on behalf of the corporation therein named, and acknowledged to me that such corporation executed the same.

In Witness Whereof I have hereunto set my hand and affixed my official seal at Houston, Texas the day and year in this certificate first above written.

Roxann W. Harris

Notary Public, State of TEXAS
My Commission Expires: 12-23-89



**EXHIBIT A
NORTHSTAR UNIT AGREEMENT
OWNERSHIP INFORMATION**

**PUBLIC FILE
COPY**

(Showing amendments to royalty and net profit share provisions
of State Leases, made effective as of 7/11/96)

Unit Tract No.	Lease No.	Sale Tract No. and Legal Description	Acreage	Royalty (%)	Net Profit Share	ORRI (%)	Working Interest & Percentage
TR-101	ADL 312798	Tract C30-46 (BF-46) <u>T. 14 N., R. 13 E., Umiat Meridian, Alaska</u> <u>T. 13 N., R. 13 E., Umiat Meridian, Alaska</u> Tract C30-46 (BF-46) is a portion of Blocks 470 and 514 as shown on the "Leasing and Nomination Map" for the Federal/State Beaufort Sea Oil and Gas Lease Sale, dated 1/30/79.	4,392.82	20% + Supplemental Royalty	None	None	BP Exploration (Alaska) 100%
TR-102	ADL 312799	Tract C30-47 (BF-47) <u>T. 14 N., R. 13 E., Umiat Meridian, Alaska</u> <u>T. 13 N., R. 13 E., Umiat Meridian, Alaska</u> Tract C30-47 (BF-47) is a portion of Blocks 471 and 515 as shown on the "Leasing and Nomination Map" for the Federal/State Beaufort Sea Oil and Gas Lease Sale, dated 1/30/79.	4,472.37	20% + Supplemental Royalty	None	None	BP Exploration (Alaska) 100%
TR-103	ADL 312808	Tract C30-56 (BF-56) <u>T. 13 N., R. 13 E., Umiat Meridian, Alaska</u> Tract C30-56 (BF-56) is a portion of Blocks 514, 515, 558 and 559 as shown on the "Leasing and Nomination Map" for the Federal/State Beaufort Sea Oil and Gas Lease Sale, dated 1/30/79.	3,432.92	20% + Supplemental Royalty	None	None	BP Exploration (Alaska) 100%
TR-104	ADL 312809	Tract C30-57 (BF-57) <u>T. 13 N., R. 13 E., Umiat Meridian, Alaska</u> <u>T. 13 N., R. 14 E., Umiat Meridian, Alaska</u> Tract C30-57 (BF-57) is a portion of Blocks 516 and 560 as shown on the "Leasing and Nomination Map" for the Federal/State Beaufort Sea Oil and Gas Lease Sale, dated 1/30/79.	5,301.38	20% + Supplemental Royalty	None	None	BP Exploration (Alaska) 100%
TR-105	ADL 355001	Tract 39-01 <u>T. 13 N., R. 13 E., Umiat Meridian, Alaska</u> Section 17, Protracted, All, 640 acres; Section 18, Protracted, All, 631 acres; Section 19, Protracted, All, 633 acres; Section 20, Protracted, All, 640 acres; Section 25, Protracted, All, 640 acres; Section 26, Protracted, All, 640 acres; Section 27, Protracted, All, 640 acres; Section 28, Protracted, All, 640 acres; Section 29, Protracted, All, 640 acres.	5,744.00	20% + Supplemental Royalty	None	2%	BP Exploration (Alaska) 100%
SUBTOTAL OF STATE ACREAGE			23,343.49				

RECEIVED
June, Alaska
JUN 29 1999

**EXHIBIT A
NORTHSTAR UNIT AGREEMENT
OWNERSHIP INFORMATION**

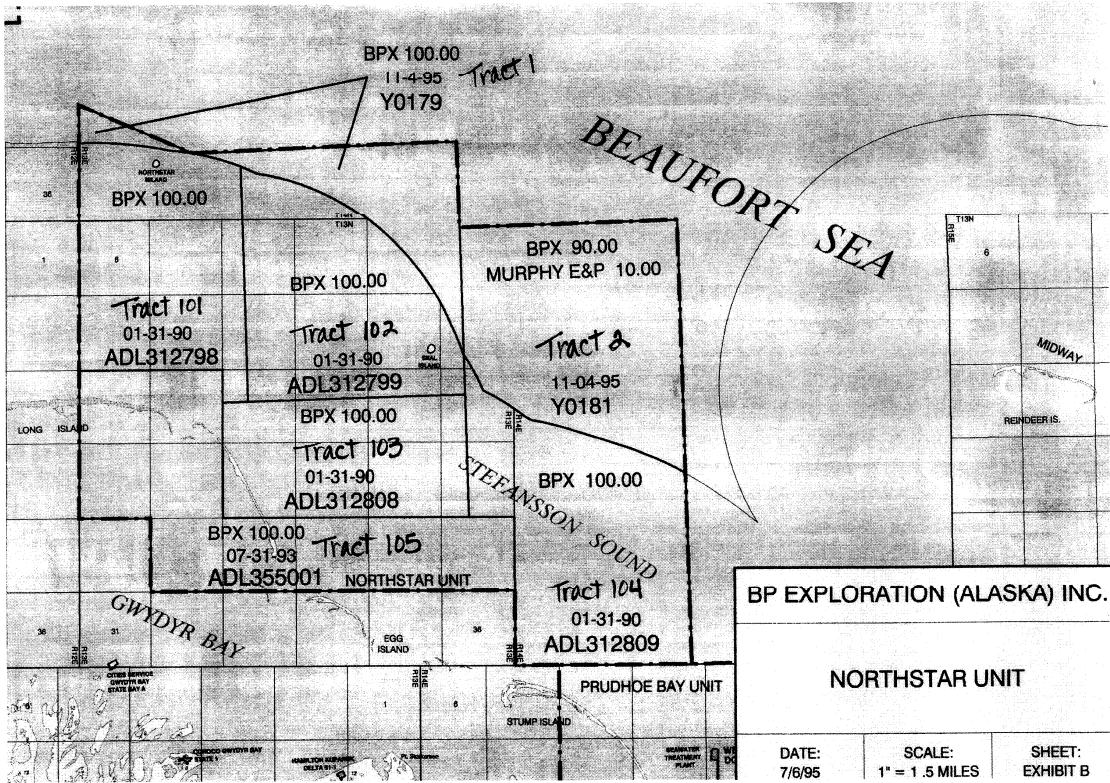
(Showing amendments to royalty and net profit share provisions
of State Leases, made effective as of 7/11/96)

Unit Tract No.	Lease No.	Legal Description	Acreeage	Royalty (%)	Net Profit Share	ORRI (%)	Working Interest & Percentage
TR-1	OCS-Y-0179	That area of Block 470 lying east of the line marking the western boundary of Parcel "1", and between the two lines bisecting Block 470, identified as Parcel "1", containing approximately 94.30 hectares, and Parcel "2", containing approximately 15.27 hectares, as shown on the Supplemental Official OCS Block Diagram, dated 10/4/79, based on Official Protraction Diagram NR 6-3, Beechey Point, approved 4/29/75; and That area lying between the two lines bisecting Block 471, containing approximately 611.95 hectares, as shown on the Supplemental Official OCS Block Diagram, dated 10/4/79, based on Official Protraction Diagram NR 6-3, Beechey Point, approved 4/29/75; and That area lying northeasterly of the line bisecting Block 515, containing approximately 189.83 hectares, as shown on the Supplemental Official OCS Block Diagram, dated 10/4/79, based on Official Protraction Diagram NR 6-3, Beechey Point, approved 4/29/75.	2,251.95	Fixed Sliding Scale (minimum of 16.66667%)	None	None	BP Exploration (Alaska) 100%
TR-2	OCS-Y-0181	That area lying northeasterly of the line bisecting Block 516, containing approximately 2076.98 hectares, as shown on the Supplemental Official OCS Block Diagram, dated 10/4/79, based on Official Protraction Diagram NR 6-3, Beechey Point, approved 4/29/75; and That area lying northeasterly of the line bisecting Block 560, located in the northeast corner of Block 560, containing approximately 44.65 hectares, as shown on the Supplemental Official OCS Block Diagram, dated 10/4/79, based on Official Protraction Diagram NR 6-3, Beechey Point, approved 4/29/75.	5,242.55	Fixed Sliding Scale (minimum of 16.66667%)	None	None	BP Exploration (Alaska) 90% Murphy Exploration 10%
SUBTOTAL OF FEDERAL ACREAGE			7,494.50				
TOTAL UNIT ACREAGE			30,837.99				

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JUN 29 1999

REGIONAL SUPERVISOR
FIELD OPERATION
MINERALS MANAGEMENT SERVICE



BPX 100.00
11-4-95
Y0179

Tract 1

BPX 100.00

Tract 101
01-31-90
ADL312798

BPX 100.00
Tract 102
01-31-90
ADL312799

BPX 90.00
MURPHY E&P 10.00

Tract a
11-04-95
Y0181

BPX 100.00
Tract 103
01-31-90
ADL312808

BPX 100.00

BPX 100.00
07-31-93
ADL355001

Tract 105

NORTHSTAR UNIT

STEFANSSON SOUND

Tract 104
01-31-90
ADL312809

BP EXPLORATION (ALASKA) INC.

NORTHSTAR UNIT

DATE: 7/6/95	SCALE: 1" = 1.5 MILES	SHEET: EXHIBIT B
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EXHIBIT "F"
NORTHSTAR UNIT AGREEMENT

Unless otherwise provided in the Unit Operating Agreement, all costs, expenses or indebtedness incurred by the Unit Operator for or on account of Unit operations shall be borne in the following proportions:

BP Exploration (Alaska) Inc.	98.08%
Murphy Exploration & Production Company	1.92%

July 1, 1995